IMMOFINANZ

ANNUAL REPORT 2016A

Annual Report of the 2016 Abbreviated Financial Year
1 May 2016 – 31 December 2016

SPACE TO SUCCEED

CONTENT

KEY FIGURES

Earnings Data

		2016A	(unaudited) 2015A	Change in %	2015/16
Rental income	in MEUR	156,7	155.7	0.7%	232.3
Results of asset management	in MEUR	91.0	100.2	-9.2%	142.3
Results of property sales	in MEUR	-2.8	16.9	n.a.	0.8
Results of property development	in MEUR	-18.1	-26.1	30.6%	-14.5
Results of operations	in MEUR	50.9	52.2	-2.4%	75.8
Revaluations	in MEUR	0.3	30.3	-99.0%	-55.8
EBIT	in MEUR	37.7	78.7	-52.0%	-20.3
Financial results	in MEUR	-45.2	4.3	n.a.	-58.0
EBT	in MEUR	-7.5	83.0	n.a.	-78.4
Net profit for the period	in MEUR	-182.0	-150.5	-20.9%	-390.4
FFO 1 (excl. results of property sales & property development)[1]	in MEUR	34.7	37.6	-7.6%	34.2
FFO 2 (incl. results of property sales)[1]	in MEUR	31.9	54.5	-41.4%	35.0

1 The comparable prior year data were adjusted accordingly, see calculation on page 65.

Asset Data

		31 Dec 2016	30 Apr 2016	Change in %
Balance sheet total	in MEUR	7,003.4	7,246.8	-3.4%
Equity as % of the balance sheet total	in %	37.8%	39.8%	n.a.
Net financial liabilities	in MEUR	3,316.9	3,081.8	7.6%
Cash and cash equivalents	in MEUR	189.3	371.6	-49.1%
Loan to value ratio (net)	in %	52.2%	49.2%	n.a.
Gearing	in %	92.6%	101.3%	n.a.
Average interest rate on financial liabilities, incl. hedging	in %	4.0%	3.9%	n.a.
Average term of financial liabilities	in years	3.3	3.8	-13.3%

Property Data

		31 Dec 2016	30 Apr 2016	Change in %
Total number of properties		244	385	-36.6%
Lettable space	in sqm	1,770,031	2,241,587	-21.0%
Occupancy rate	in %	89.6%	86.3%	n.a.
Gross return	in %	6.1%	6.2%	n.a.
Gross return adjusted for occupancy	in %	6.8%	7.2%	n.a.
Portfolio value	in MEUR	4,003.5	5,484.0	-27.0%
Thereof investment properties	in MEUR	3,531.4	4,961.8	-28.8%
Thereof property under construction	in MEUR	379.0	410.0	-7.6%
Thereof real estate inventories	in MEUR	93.1	112.1	-17.0%
Unencumbered investment property	in MEUR	755.2	871.4	-13.3%

EPRA Indicators

		31 Dec 2016	30 Apr 2016	Change in %
EPRA Net Asset Value	in MEUR	3,014.2	3,270.1	-7.8%
EPRA Net Asset Value per share	in EUR	3.12	3.39	-7.8%
EPRA Triple Net Asset Value	in MEUR	2,867.9	3,204.3	-10.5%
EPRA Triple Net Asset Value per share	in EUR	2.97	3.32	-10.5%

		2016A	(unaudited) 2015A	Change in %
EPRA earnings	in MEUR	24.5	16.4	49.6%
EPRA earnings per share	in EUR	0.03	0.02	51.2%
EPRA earnings after company-specific adjustments	in MEUR	109.4	68.6	59.5%
EPRA earnings per share after company-specific adjustments	in EUR	0.11	0.07	61.1%
EPRA Net Initial Yield	in %	5.4%	5.0%	n.a.

Stock Exchange Data

		31 Dec 2016	30 Apr 2016	Change in %
Book value per share	in EUR	2.75	2.99	-8.0%
Share price at end of period	in EUR	1.85	2.06	-10.0%
Discount of share price to diluted NAV per share	in %	40.6%	39.2%	n.a.
Total number of shares		975,955,651	975,955,651	0.0%
Thereof number of treasury shares		9,999,973	10,000,000	0.0%
Market capitalisation at end of period	in MEUR	1,808.4	2,009.5	-10.0%

		2016A	(unaudited) 2015A	Change in %
Earnings per share	in EUR	-0.19	-0.15	-27.0%
Earnings per share (diluted)	in EUR	-0.19	-0.15	-27.0%

The 22nd annual general meeting in December 2015 approved a change in IMMOFINANZ's financial year to correspond with the calendar year. The 2016 financial year therefore represents an abbreviated financial year from 1 May 2016 to 31 December 2016.

On 19 December 2016 the Executive Board and Supervisory Board approved the separation of the retail portfolio in Russia through a sale or spin-off. The Russian portfolio is therefore presented as a discontinued operation in the consolidated financial statements for 2016A in accordance with IFRS 5.

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.

"Our efforts during the past eight months successfully continued IMMOFINANZ's transformation into a leading European commercial property company with a focused portfolio based on clearly defined brands."

Oliver Schumy. CEO

REPORT OF THE EXECUTIVE BOARD

OUR COURSE FOR GROWTH THROUGHOUT EUROPE

Oliver Schumy, CEO, on the further focusing of the portfolio during the abbreviated financial year and the next steps on the road to becoming a leading real estate company in Continental Europe.

Dear Shareholders,

In the eight months of the abbreviated 2016 financial year, we successfully continued the focus on our core office and retail businesses, improved the portfolio efficiency and substantially increased the occupancy rate in our properties. Our three clearly defined brands – STOP SHOP and VIVO! for the retail sector and myhive for offices – create a high degree of standardisation which gives us competitive advantages in rentals and also safeguards continued growth.

A clear brand strategy

Activities in the retail sector supported our goal to expand the STOP SHOP portfolio to more than 100 locations and become the leading retail park operator in Central and Eastern Europe. We opened three fully rented STOP SHOPs in Poland and Serbia during the past abbreviated financial year. In addition, we acquired nine locations in Slovakia, Hungary and Romania which will be rebranded in line with the STOP SHOP concept during 2017. That also represents our market entry with the STOP SHOP retail park brand in Romania, where we currently operate four shopping centers.

IMMOFINANZ's STOP SHOP portfolio has now grown to 67 locations in eight countries with nearly 450,000 sqm of rentable space. Three retail parks in Serbia are currently under development and will open in 2017. Our STOP SHOPs are almost fully rented – the occupancy rate equalled roughly 97% at year-end.

Our VIVO! brand was rolled out to other shopping centers in our portfolio during the past year. Work also started on a VIVO! location in Krosno, a city in southern Poland. This shopping center will have roughly 21,000 sqm of space and open at the end of 2017. Leases have already been signed with numerous tenants, including Media Markt , H&M and Helios Cinema. The occupancy rate in our VIVO! shopping centers is also very high at 94%.

The successful experience with our STOP SHOP and VIVO! brands in the retail sector was followed by the development and launch of myhive, an international office brand. In first step, myhive will be rolled out to 20 of our office buildings in six countries. This work has been largely completed, among others at the *myhive Twin Tower* in Vienna. myhive stands for a friendly and lively atmosphere combined with optimal infrastructure and wide-ranging services.

“A wide range of new opportunities for further profitable growth!”

OLIVER SCHUMY. CEO

COMMENTS & QUOTES

Dietmar Reindl, COO, on our brands and retail parks

On the IMMOFINANZ brand world:
The IMMOFINANZ brand world was expanded during the past abbreviated financial year to also include the myhive office concept. Our portfolio is now focused on three brands: STOP SHOPs for our retail parks, VIVO! for our shopping centers and myhive for the office of the future.

These brands stand for high quality – they create security and confidence for our tenants. For IMMOFINANZ as a major real estate corporation, this brand policy also represents a competitive advantage due to the high degree of standardisation. We don't develop a large number of individual models, but roll out a single concept with high recognition value. That allows us to expand quickly and save costs at the same time.

On the successful launch of the new myhive office concept:
With myhive, we have given the office a new meaning. Instead of being cool and impersonal, myhive projects a friendly, lively atmosphere just like a hotel. myhive is a place where people like to linger, work and meet. We see ourselves as a partner and host whose function is to support tenants on all types of issues and create a feel-well environment. The outstanding features of these offices include numerous services and top infrastructure as well as space for communication and interaction between the tenants – for example in exclusive lounges. Networking is a particular focus: our after-work events in the tenant lounges, for example, have already become very popular.

We have rolled out the myhive concept at 15 office buildings in Vienna, Budapest, Warsaw, Bucharest and Prague since September 2016, and five more properties will soon follow. Our future acquisitions and own development projects will concentrate on further myhive locations. The response to our new office brand has been very positive – and that is illustrated, above all, by the increase in our occupancy rate.

On the advantages of retail parks over large shopping centers:
Our STOP SHOPs are a standardised product that allows us to grow not only quickly, but also economically, and generate rental returns of roughly 8%. The total investment for each location is in the one to low two million Euro range and, from the project development standpoint, is connected with relatively low risk. Construction takes less than one year, and the retail parks are fully occupied when they open. Additional momentum is created by the rising demand from retailers who have traditionally settled in shopping centers or shopping streets. They see the broad market coverage that can be reached in a short period of time through our STOP SHOPs, and that with comparatively low rents and good quality.

On the other hand, there are virtually no overlaps with online retailing. Quite the contrary: retailers are increasingly turning to our decentralised product because it gives them an opportunity to be close to their customers. Our customers, in turn, benefit from the optimal combination of "click and collect" and physical proximity.

Based on our positive experience, the expansion of our STOP SHOP network will now focus on larger locations with more than 8,000 sqm of rentable space. In that way, we can expand our already extensive offering of gastronomy, entertainment and recreational opportunities – like playgrounds. One good example is our STOP SHOP in Niš, the third largest city in Serbia, which opened in 2016. It has 13,000 sqm of rentable space with the largest cinema in this university city.

On the effects of digitalisation:
We see digitalisation as an opportunity to further improve our offering and our customer orientation. For our myhive offices, we are developing a tenant app that will supply us with necessary feedback and also provide additional services for our tenants.

In our STOP SHOPs, we installed internet-based frequency measurements

Dietmar Reindl welcomes Barbara Priesching, Managing Director of the Vaillant Group Austria GmbH, *as the new major tenant in the Business Park Vienna.*

at all locations during the past year. Free WLAN is also standard.

Frequency counting gives us detailed feedback on the performance of the individual locations and shops, which we also bundle at the country level and can share with our tenants. We see which shops are most popular at what times of the day and can also learn where the visitors come from. In addition, this information can be linked with weather conditions and revenues. These measures help us to optimise the branch mix and the arrangement of tenants at each location.

We expect these brand features will increase the attractiveness of our properties for tenants, and recent new rentals have confirmed this strategy. The myhive locations had an occupancy rate of almost 91% at the end of December.

Sustainable investments in portfolio quality

Our focus for property management remains on the acquisition of new tenants and the strengthening of ties with existing tenants. Here we have made substantial progress: from the end of April to the end of December 2016, the overall occupancy rate in our properties rose to 89.6%. In our office portfolio, we recorded an increase of nearly six percentage points to 87.3%. Our customer orientation and targeted investments in the quality of our properties will lead to a steady increase in the occupancy rate over the coming quarters.

Portfolio optimisation and efficiency improvements

We are continuing to sell properties that no longer fit with our core portfolio and, as previously announced, these transactions should amount to roughly EUR 1 billion over the medium-term. The programme is proceeding as planned: we sold properties with a volume of approximately EUR 280 million during the abbreviated 2016 financial year, and properties with a value of approximately EUR 420 million are classified as held for sale over the short-term.

The efficiency improvements in our portfolio management are also illustrated by the following indicators. In the office sector, the book value and rentable space in our properties rose by more than 20% on average to nearly EUR 33 million and roughly 16,100 sqm. Average growth of 16% to EUR 16.5 million and 50% to 10,100 sqm of rentable space was also recorded in the retail sector.

Other previously implemented optimisation measures are related to our cost structures and include a substantial reduction in personnel expenses. In the financing area, we reduced the outstanding volume of bonds with interest rates that reflect previously high levels and secured long-term financing at attractive conditions through the issue of a new convertible bond shortly after the end of the reporting period. The out-of-court settlement of lawsuits initiated by investors prior to 2009 and the reduction of the Group's complexity through the concentration and streamlining of the portfolio also represent important steps to cut overheads. The effects of these optimisation measures have not been fully reflected in revenues up to now due to the various stages of implementation, but they create a solid foundation for our company's future success.

Reduction in the BUWOG investment

Our investment in BUWOG was further reduced during the past year. We sold 18.5 million BUWOG shares for approximately EUR 360 million in June 2016 and generated proceeds of nearly EUR 100 million from the placement of 4.5 million shares shortly after the end of the reporting year in January 2017. In addition, we met the goal announced at the time of the BUWOG spin-off in April 2014 to withdraw from our former residential property subsidiary over the medium-term. We still hold nearly 4.7 million BUWOG shares, which are reserved for the proportional servicing of the convertible bonds that are scheduled to mature in 2017 and 2018.

Basis created for the separation of the Russian portfolio

In Moscow, we also used the past quarters to adjust our five shopping centers to better reflect the current market environment. We installed an experienced local management team and, for our *Golden Babylon Rostokino* shopping center, entered into a cooperation with ECE, the market leader in the European shopping center sector. Professional retail concepts were also developed for the shopping centers to safeguard their market positions over the long-term.

All these measures have a positive effect and are an important requirement for the planned separation of the Russian portfolio. The occupancy rate in our five Moscow shopping centers equalled 81.9% at the end of April and, as a result of our efforts, rose to almost 88% by year-end. The new major tenants include the international toy merchant Hamley's with roughly 5,000 sqm and the Russian fashion retailer Podium Market with more than 3,000 sqm.

These are important successes in a market that remains difficult. Economic conditions have stabilised in recent months as can be seen, for example, in the development of the Ruble. However, there are still no signs of an improvement in the purchasing power of the general population or a corresponding increase in retail revenues. Results for the IMMOFINANZ Group were again influenced by the difficult market environment in Russia during the past year and the

COMMENTS & QUOTES

Stefan Schönauer, CFO, on earnings, financing and liquidity

On results for the year:
Our retail portfolio in Moscow is presented as a discontinued operation in the 2016A financial year. Group net profit from continuing operations, in other words excluding Russia, totalled EUR 26.9 million, but was negatively influenced by non-recurring costs in several areas. Among the most important factors are:

> Increased maintenance costs of EUR -29.1 million for our modernisation projects in the office properties and the roll-out of our myhive and VIVO! brands. These steps are important to acquire new tenants and strengthen ties with existing tenants – which will lead to a further increase in the occupancy rate.
> The optimisation of our portfolio through the sale of properties that no longer fit with our core businesses because of their size, location or quality. This improves the portfolio efficiency, but, in 2016A, was reflected in slightly negative results of EUR -2.8 million from property sales.
> The market-based valuation, i.e. EUR -91.9 million, of our investment in CA Immo shares. The purchase of roughly 26% plus four registered shares of CA Immo is the basis for the merger of the two companies into one of the largest commercial property corporations in Continental Europe. This non-cash valuation effect has already been offset in part by an increase in the CA Immo share price during 2017.

Rental income (excluding Russia) totalled EUR 156.7 million in the abbreviated 2016 financial year, for an increase of 0.7% over the comparable pro-forma period in 2015A. That means we were able to offset the decline in rental income resulting from the sale of properties with completions and new rentals. Rental income rose by 1.5% to EUR 74.3 million in the office sector and by 3.3% to EUR 68.8 million in the retail sector.

The results of discontinued operations amounted to EUR -208.8 million and reflect the still difficult market environment in Russia. This situation led to lower rental income and negative valuation effects in our Moscow shopping centers. In total, the IMMOFINANZ Group recorded a loss of EUR -182.0 million for the abbreviated 2016 financial year.

On the development of financing costs:
At year-end 2016 our outstanding bonds had a combined nominal value of EUR 628.5 million. Included here are one

Stefan Schönauer explains the focus of the financing programme: "Long-term protection for our attractive interest rate level"

corporate bond and two convertible bonds, whereby the convertible bond 2018 represents the largest component at over EUR 500 million. These bonds have a high coupon for historical reasons – they are connected with annual interest payments of EUR 27.1 million and have terms ranging up to March 2018.

We started a multistage refinancing project shortly after the end of the reporting year. The first step involved the incentivised conversion of the convertible bond 2018, which reduced the outstanding volume to EUR 287.3 million and strengthened equity by almost EUR 100 million. At the same time we issued a new convertible bond with a volume of nearly EUR 300 million and a term ending in 2024. The coupon equals 2% per year and will decline to 1.5% per year as soon as we receive an investment grade rating. We successfully used the current attractive interest rate environment and now have the necessary liquidity on hand to redeem the maturing bonds.

The redemption of the corporate bond 2017 in July, the convertible bond 2017 in November and the conversion or repayment of the remaining certificates from the convertible bond 2018 in March 2018 will leave us with only the convertible bond 2024 outstanding at a volume of nearly EUR 300 million. As a result, our annual interest payments for bonds will fall from roughly EUR 27.1 million to EUR 5.9 million. That means long-term financing for IMMOFINANZ up to 2024.

Our average financing costs, including Russia and derivatives, equalled 4.01% at the end of December 2016. The incentivised conversion of the convertible bond 2018 and the parallel new issue of the 2% convertible bond 2024 reduced our financing costs (excluding Russia) to 2.82% including derivatives and 2.45% excluding derivatives.

The partial conversion of the convertible bond 2018 also "released" roughly 4.5 million of the BUWOG shares held by IMMOFINANZ. In other words, they are no longer required as underlying securities. These shares were subsequently sold over the capital market in a further step and, after the deduction of all related costs, generated proceeds of approximately EUR 97.4 million.

On liquidity and debt:
Our cash and cash equivalents totalled EUR 189.3 million at the end of December 2016, or EUR 206.2 million including the liquid funds in the discontinued operation and disposal groups. Through the premature incentivised conversion of the convertible bond 2018, the issue of the new convertible bond 2024 and the sale of the BUWOG shares, we generated roughly EUR 280 million of cash and cash equivalents shortly after the end of the reporting year. We are also still holding nearly 4.7 million BUWOG shares, which are required to service the outstanding certificates from the convertible bond 2018.

IMMOFINANZ had a net loan-to-value ratio of 49.0% at the end of December 2016. We are targeting a reduction in this ratio to a range of 40% to 45% over the medium-term, primarily through planned property sales and the repayment of liabilities from the proceeds. That will also form a solid foundation for the investment grade rating we are working towards after we complete our exit from the Russian market.

On the distribution policy:
Our distribution policy combines dividend payments with share buybacks and, in this way, allows us to meet the slightly different preferences of our investors. Many investors prefer to receive dividends, but just as many welcome share buybacks, above all when the repurchase price is lower than the net asset value. For the eight-month, 2016A financial year, we will make a recommendation to the annual general meeting – as announced – to pay a dividend of six Euro cents per share. Shortly after the end of the reporting year we also announced the share buyback programme 1/2017, which will cover up to 20 million shares.

related extensions of rental price reductions granted to tenants.

We plan to separate our Russian portfolio because it has distinct market characteristics and a different risk profile than our other properties. Plans call for this process to take the form of a sale or spin-off in 2017. The separation has been approved by IMMOFINANZ's Executive Board and Supervisory Board, and the Russian portfolio is therefore presented as a discontinued operation in this annual report in accordance with IFRS 5.

Growth in a new European league

In August 2016 we finalised the purchase of an investment of roughly 26% plus four registered shares of CA Immobilien Anlagen AG. The closing followed the fulfilment of all conditions precedent within a very short time and the release of the transaction by the antitrust authorities in six countries. This acquisition creates the basis for the merger of IMMOFINANZ and CA Immo into one of the leading commercial property companies in Continental Europe – and will create a wide range of new opportunities for further profitable growth.

Our efforts during the past eight months successfully continued the transformation started by IMMOFINANZ in 2015/16 to create a leading European commercial property company with a focused portfolio. The Executive Board of IMMOFINANZ looks forward to pursuing this course with its full strength, commitment and passion in the future.

Oliver Schumy
31 March 2017

Polus Towers I & II
Bratislava | SLO |
approx. 38,000 sqm
rentable space

myhive Twin Tower
Vienna | AT |
approx. 67,000 sqm
rentable space

myhive Victoria Park
Bucharest | RO |
approx. 21,000 sqm
rentable space

Our Company at a Glance

With a property portfolio of EUR 4 billion*, we are one of the largest companies on the commercial real estate market in Continental Europe. Our office and retail portfolio covers the stable markets in Western Europe as well as the faster growing countries in Eastern Europe. In addition to professional property management, we focus on value-creating growth through our own development projects and acquisitions and on the further optimisation of the portfolio structure – always with the goal of improving our standing investments, strengthening our sustainable cash flow and safeguarding a sustainable dividend policy.

143*

STANDING INVESTMENTS
Standing investments represent 82.7% of the total property portfolio and are our most important earnings driver. These properties are located in seven core markets in the European Union.

3.3*

CARRYING AMOUNT IN EUR BILLION
Austria is responsible for nearly 27% of our standing investment portfolio based on the carrying amount, followed by Romania and Poland.

1.8*

RENTABLE SPACE IN MILLION SQM
This space is distributed almost equally between our core office and retail businesses, with additional areas in our completed development projects.

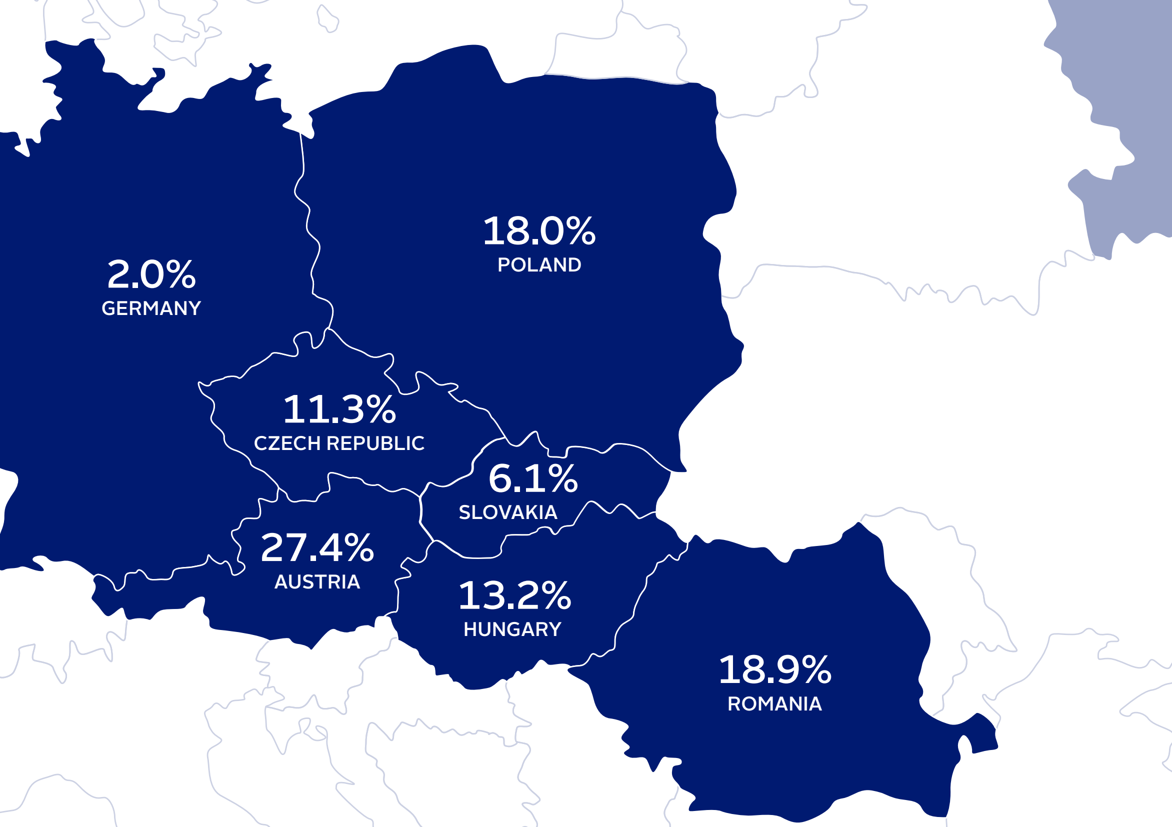
89.6*

OCCUPANCY RATE IN %
Strengthening ties with existing tenants and acquiring new tenants are the focal points of our daily activities.

* Excluding the discontinued operations in Russia

KEY DATA ON THE STANDING INVESTMENT PORTFOLIO BY CORE MARKET AS OF 31 DECEMBER 2016

Share of the carrying amount of the standing investments (EUR 3,309.1 million)[1]



AUSTRIA	27.4%
Number of properties	37
Carrying amount in MEUR	907.3
Rentable space in sqm	398,854
Occupancy rate in %	83.3%
Rental income 2016A (MEUR)	31.9
Gross return	5.3% (6.3%)[2]

ROMANIA	18.9%
Number of properties	17
Carrying amount in MEUR	624.2
Rentable space in sqm	345,190
Occupancy rate in %	95.8%
Rental income 2016A (MEUR)	30.8
Gross return	7.4% (7.7%)[2]

POLAND	18.0%
Number of properties	20
Carrying amount in MEUR	594.1
Rentable space in sqm	288,688
Occupancy rate in %	96.0%
Rental income 2016A (MEUR)	22.9
Gross return	5.8% (6.0%)[2]

HUNGARY	13.2%
Number of properties	23
Carrying amount in MEUR	437.2
Rentable space in sqm	280,069
Occupancy rate in %	90.7%
Rental income 2016A (MEUR)	17.5
Gross return	6.0% (6.6%)[2]

CZECH REPUBLIC	11.3%
Number of properties	20
Carrying amount in MEUR	374.7
Rentable space in sqm	236,317
Occupancy rate in %	83.0%
Rental income 2016A (MEUR)	14.6
Gross return	5.9% (7.1%)[2]

SLOVAKIA	6.1%
Number of properties	13
Carrying amount in MEUR	200.8
Rentable space in sqm	119,720
Occupancy rate in %	89.9%
Rental income 2016A (MEUR)	9.5
Gross return	7.1% (7.9%)[2]

GERMANY	2.0%
Number of properties	3
Carrying amount in MEUR	65.6
Rentable space in sqm	29,512
Occupancy rate in %	79.2%
Rental income 2016A (MEUR)	2.7
Gross return	6.2% (7.8%)[2]

NON-CORE COUNTRIES	3.2%
Number of properties	10
Carrying amount in MEUR	105.2
Rentable space in sqm	71,681
Occupancy rate in %	91.4%
Rental income 2016A (MEUR)	5.0
Gross return	7.1% (7.8%)[2]

IMMOFINANZ[1]	100%
Number of properties	143
Carrying amount in MEUR	3,309.1
Rentable space in sqm	1,770,031
Occupancy rate in %	89.6%
Rental income 2016A (MEUR)	135.0
Gross return	6.1% (6.8%)[2]

RUSSIA[3]	–
Number of properties	5
Carrying amount in MEUR	1,024.1
Rentable space in sqm	277,825
Occupancy rate in %	87.7%
Rental income 2016A (MEUR)	50.1
Gross return	7.3% (8.4%)[2]

Additional information on IMMOFINANZ's standing investment portfolio is provided in the portfolio report beginning on page 41.

1 Excluding the discontinued operations in Russia
2 Occupancy-adjusted gross return in brackets
3 Discontinued operation

Our Company
myhive

An office not only needs to be the right place to work, it should also offer much more. Our new 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. These facilities also include concierge assistance and a business networking lounge plus goods and services to meet everyday needs.

15*

STANDING INVESTMENTS

Our activities in the office sector are concentrated on the capital cities of Central and Eastern Europe and on the major commercial locations in Germany. In a first step, we are rolling out myhive in six countries. The rebranding of our existing office properties is almost complete.

866.0

CARRYING AMOUNT IN EUR BILLION

Our myhive offices represent roughly 40% of the carrying amount of our office standing investment. These properties have roughly 25,000 sqm of rentable space on average.

90.6

OCCUPANCY RATE IN %

Strong customer orientation and investments in the quality of our buildings led to an increase in the occupancy rate of our office properties to approx. 90%.

* Twenty properties will be branded as myhive. Of this total, two buildings are not shown separately because they are part of the *IRIDE Business Park*. The other three properties are classified as development projects.

myhive – OFFICES FOR A COMFORTABLE FEELING AND GOOD NETWORKING

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

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

Over 400,000 sqm of rentable space

Countries: Germany, Austria, Poland, Romania, Czech Republic, Hungary

ROLL-OUT OF THE myhive BRAND

Location development: 20 myhive buildings in the first step

November 2016	December 2016	Q1 2017	Q2 2017	Q3 2017	Q1 2018	Q4 2018
IRIDE 20, Bucharest **Pankrac House,** Prague	**Haller Gardens,** Budapest **Greenpoint 7,** Budapest **Park Postepu,** Warsaw **Crown Point,** Warsaw **Brama Zachodnia,** Warsaw **Nimbus,** Warsaw **Equator,** Warsaw **Twin Towers,** Vienna	**S-Park,** Bucharest **Metroffice,** Bucharest **Átrium Park,** Bucharest	**IO-1,** Warsaw **Thirteen,** Budapest **(Globe & Xenter)**	**Victoria Park,** Bucharest **Vinice,** Prague	**IRIDE 19,** Bucharest	**Hohenzollernring,** Cologne

Additional information on the office properties is provided in the portfolio report beginning on page 43.

myhive

Offices that promise optimal conditions for day-to-day work – and far beyond

Our Company VIVO!

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. VIVO! makes shopping a special experience for the entire family. These shopping centers are normally single-storey, have a high recognition value and are therefore optimally suited for further growth.

9

STANDING INVESTMENTS

VIVO! was launched in 2014 as an IMMOFINANZ development project and subsequently rolled out to existing shopping centers. Work also started on a new VIVO! location in the Polish city of Krosno during the abbreviated 2016 financial year.

614.2

CARRYING AMOUNT IN EUR MILLION

Our VIVO! shopping centers make up nearly half the carrying amount of our standing investments in the retail sector. Most of these properties are existing VIVO! shopping centers (approx. 97%), which generated approx. EUR 29.3 million of rental income in 2016A.

94.2

OCCUPANCY RATE IN %

Our tenants value the high standardisation of VIVO! shopping centers. That increases cost efficiency and synergies – and everyone benefits. During the abbreviated 2016 financial year we increased the occupancy rate by 0.3 percentage points to approx. 94%.


SAMKO Autoryzowany dealer

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

VIVO! is an uncomplicated shopping experience for the entire family. These shopping centers are normally single-storey and have a balanced mix with strong anchor tenants. Other characteristic features include:

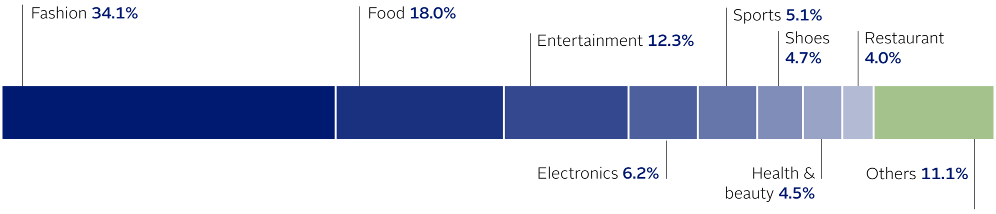
- Rentable space of 15,000 sqm or more
- Lots of parking
- A focus on the shopping experience combined with recreational activities
- International merchandising concepts and local retailers
- Concentration on the target group and its requirements

Over 290,000 sqm of rentable space

Countries: Poland, Romania, Slovakia, Czech Republic

TENANT MIX VIVO!

Only rented space in standing investments



Additional information on the VIVO! properties is provided in the portfolio report beginning on page 46.

Practical, when everything at VIVO! is under a single roof. Only the parking is outside.

Our Company 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.

58

STANDING INVESTMENTS
Our STOP SHOP portfolio is growing quickly. We opened three fully rented retail parks in Poland and Serbia between May and December 2016 and recently acquired nine additional locations.

546.2

CARRYING AMOUNT IN EUR MILLION
With manageable investments at every location, STOP SHOP is the ideal brand for fast portfolio growth.

96.8

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.

STOP. SHOP.
TAKKO FASHION
DEICHMANN
dm
TEDi TEDi TEDi
SPORTSDIRECT.com
PIKAPOLONICA
OTROŠKI SVET
TELEFONIKA
DEICHMANN

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

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

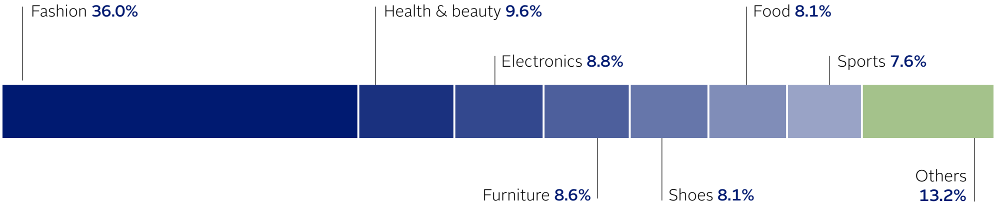
- Approx. 8,000 to 15,000 sqm of rentable space at each location
- Good traffic connections
- Lots of parking
- High functionality with an attractive tenant mix of international and national retailers
- High recognition value through architectonic features like open design and common areas with a canopy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

Over 380,000 sqm of rentable space

Countries: Austria, Poland, Romania, Serbia, Slovakia, Slovenia, Czech Republic, Hungary

TENANT MIX STOP SHOP

Only rented space in standing investments



Additional information on the STOP SHOP properties is provided in the portfolio report beginning on page 46.

Cities grow. And STOP SHOP grows with them. But never beyond the real demand.

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

The sharp drop in share prices that initially followed the surprising results of the Brexit referendum in the UK at the end of June 2016 was followed by recovery on the European stock markets during the second half of the year.

This recovery was supported primarily by positive economic reports from the USA, China and the Euro zone as well as the temporary postponement of a further interest rate hike by the US Federal Reserve. The OPEC agreement in November on the reduction of output volumes also had a positive effect and led to the stabilisation of the crude oil price. In December the European Central Bank extended its bond purchase programme to the end of 2017 and indicated that interest rates would remain low for a longer period of time. The US Federal Reserve followed a different course by raising its key rate to a range of 0.50% to 0.75% at the end of the year, but the effects of this step were limited as it had been expected by the financial markets.

The IMMOFINANZ share started the abbreviated 2016 financial year on 1 May 2016 at EUR 2.06 and closed at EUR 1.85 on 31 December 2016.

INFORMATION ON THE IMMOFINANZ SHARE

		31 December 2016	30 April 2016	Change in %
EPRA Net Asset Value per share	in EUR	3.12	3.39	-7.8%
EPRA Triple Net Asset Value per share	in EUR	2.97	3.32	-10.5%
Book value per share	in EUR	2.75	2.99	-8.0%
Discount of share price to NAV per share	in %	40.6%	39.2%	n.a.

		31 December 2016
Share capital	in EUR	975,955,651.00[1]
Total number of shares		975,955,651[1]
Thereof treasury shares		9,999,973
Free float	in %	approx. 83%[2]
Established		April 1990
Segment		ATX, WIG
Class of shares		Bearer common shares
ISIN		AT0000809058
Reuters		IMFI VI
Bloomberg		IIA AV
Datastream		O: IMMO 866289
ISIN ADR programme		US45253U2015
2016 abbreviated financial year		1 May to 31 December 2016
Share price on 31 December 2016	in EUR	1.85
Share price high FY 2016A (end of the day)	in EUR	2.17
Share price low FY 2016A (end of the day)	in EUR	1.84
Market capitalisation on 31 December 2016	in MEUR	1,808.4

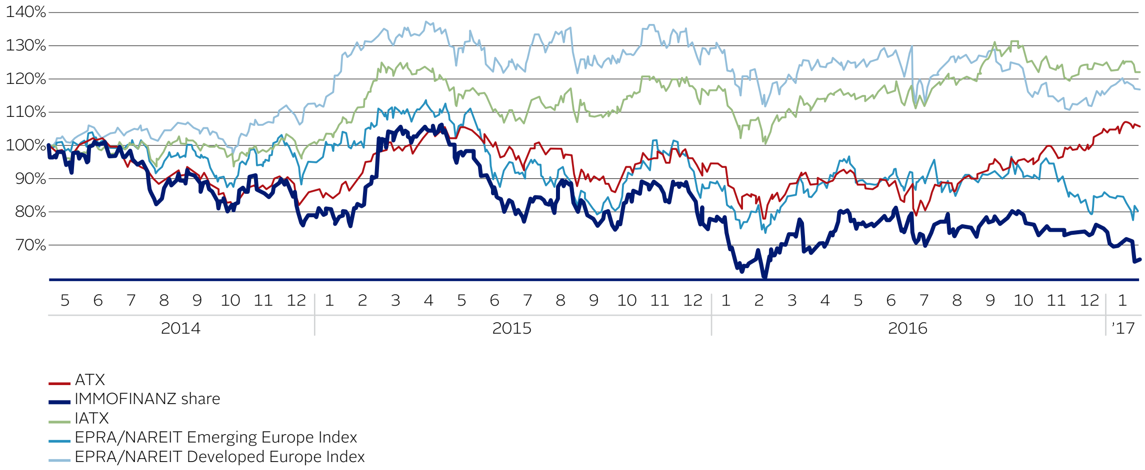
1 The number of voting rights totalled 1,039,488,118 at the end of January 2017, i.e. after the end of the reporting year. This change resulted from a capital increase of EUR 63,532,467.00, representing 63,532,467 zero par value voting shares of IMMOFINANZ AG, from conditional capital which was carried out by the company.
2 The free float equalled approx. 87% as of 9 February 2017.

PERFORMANCE COMPARISON

1 May to 31 December 2016	in %
IMMOFINANZ share	-10.0%
ATX	12.4%
Immobilien ATX	7.8%
EPRA/NAREIT Emerging Europe Index	-10.9%
EPRA/NAREIT Developed Europe Index	-4.2%

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 May 2014



SHARE CAPITAL AND DISTRIBUTION POLICY

The share capital of IMMOFINANZ AG totalled EUR 975,955,651 as of 31 December 2016 (unchanged since 30 April 2016) and was divided into 975,955,651 bearer shares (ISIN AT0000809058; 2015/16: 975,955,651 shares), each of which represents a proportional share of EUR 1.00 in share capital. In January 2017 an incentivised conversion invitation was accepted by the holders of approx. 43.4% of the nominal value of the convertible bond 2018 certificates outstanding as of 31 December 2016 (see below). This acceptance resulted in the issue of 63.5 million IMMOFINANZ shares. The company's share capital therefore totalled EUR 1,039,488,118 at the end of January 2017, which was divided into 1,039,488,118 shares. IMMOFINANZ held 9,999,973 treasury shares as of 31 December 2016.

Dividend

The 23rd annual general meeting on 29 September 2016 approved the payment of a EUR 0.06 dividend per share for the 2015/16 financial year. That represented a total pay-out of EUR 58 million to IMMOFINANZ shareholders. The dividend 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.*

Plans also call for the payment of an ordinary dividend of EUR 0.06 per share for the abbreviated 2016 financial year (1 May 2016 to 31 December 2016). The Executive Board will therefore recommend this distribution to the 24th annual general meeting on 1 June 2017. Based on the closing price on 31 December 2016, that represents a dividend return of approx. 3.2%.

EUR 0.06 ordinary dividend planned for FY 2016A

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

SHAREHOLDER STRUCTURE

IMMOFINANZ shares are widely held, primarily by Austrian private investors and long-term value-oriented institutional investors from Europe and the USA. Free float, excluding treasury shares, equals nearly 83%*.

LARGEST SINGLE SHAREHOLDERS

Fries Group	69,781,813 shares	7.15%
CA Immobilien Anlagen (via PHI Finanzbeteiligungs und Investment GmbH)	54,805,566 shares	5.62%
Erste Asset Management (together with subsidiaries)	39,042,380 shares	4.00%[1]
Och-Ziff Capital Management Group LLC (together with companies under its control)	50,895,979 voting rights	5.08%[2]

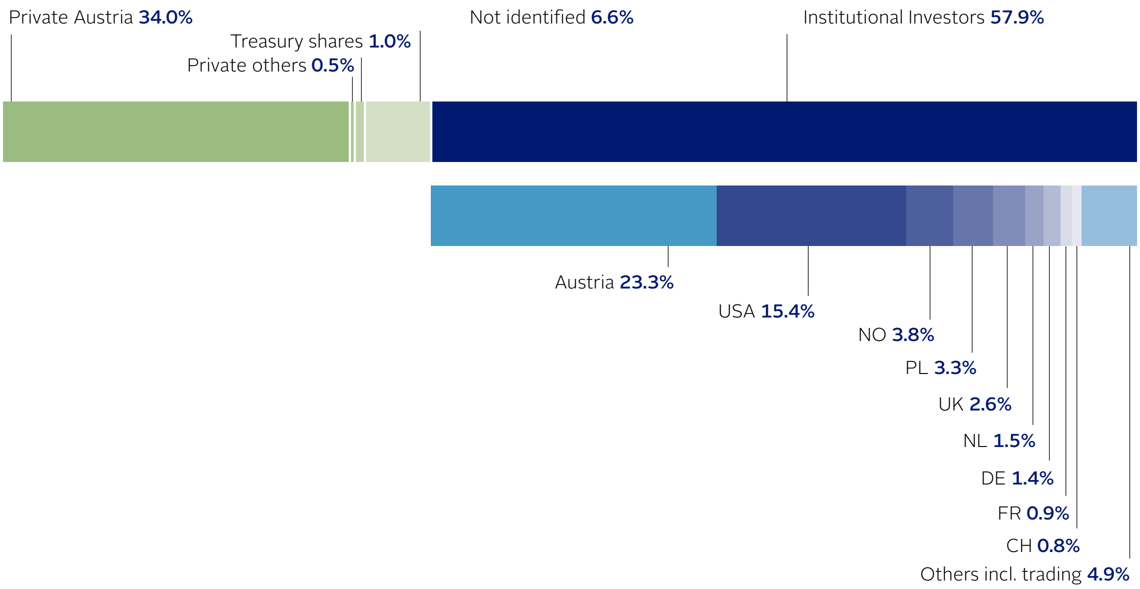
1 This investment fell below the 4% reporting threshold after the end of the reporting period on 20 January 2017.
2 Report as of 9 February 2017; includes shares and other financial instruments of IMMOFINANZ AG

There are no other reports of shareholding over 4%, respectively 5%.

DETAILED ANALYSIS

Regular shareholder surveys help to define the regional focal points for investor relations activities. The latest survey was carried out in February 2017 and shows the following picture: 34.0% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold approx. 58.0%, whereby most come from Austria (23.3%), the USA (15.4%) and Norway (3.8%). Polish investors hold 3.3% of the shares. The remaining 8.1% are not identified investors or represent treasury shares or holdings by foreign private investors.

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



Source: IPREO, February 2017

* The free float equalled approx. 87% as of 9 February 2017

23rd ANNUAL GENERAL MEETING

The 23rd annual general meeting of IMMOFINANZ AG was held in the METAStadt in Vienna on 29 September 2016 with more than 500 shareholders or shareholder representatives in attendance. The related documents and information can be found on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/general-meeting. The agenda is listed below, and all proposals were approved by the shareholders.

1. Presentation of the adopted annual financial statements including the management report, the corporate governance report, the consolidated financial statements including the group management report and the report of the supervisory board on the 2015/16 financial year.
2. Resolution on the appropriation of the balance sheet profit stated in the financial statements for the 2015/16 financial year.
3. Resolution on the approval of the actions of the members of the Executive Board for the 2015/16 financial year.
4. Resolution on the approval of the actions of the members of the Supervisory Board for the 2015/16 financial year.
5. Resolution on the remuneration of the Supervisory Board members for the 2015/16 financial year.
6. Election of the auditor for the individual and consolidated financial statements for the abbreviated 2016 financial year.
7. Elections to the Supervisory Board.
8. Resolution on authorisations of the Executive Board for the repurchase and sale of treasury shares.
9. Resolution upon the approval of a settlement with the former member of the Executive Board Mr. Norbert Gertner according to § 84 (4) sentence 3 of the Austrian Stock Corporation Act.

BONDS

IMMOFINANZ had two convertible bonds and one corporate bond outstanding as of 31 December 2016. These securities have a total nominal value of EUR 628.5 million.

The 4.25% convertible bond 2018 (ISIN XS0592528870) had an outstanding volume of EUR 507.1 million as of 31 December 2016. On 12 January 2017, i.e. after the end of the reporting year, IMMOFINANZ invited the holders of the convertible bond 2018 to submit incentivised conversion declarations (see page 61 for details). The bondholders issued conversion declarations for a total of EUR 219.8 million, or 43.4%, which reduced the outstanding volume to EUR 287.3 million at the end of January 2017. This outstanding volume will be repaid on 8 March 2018 (maturity date) unless there are conversions into shares before that date. One certificate of this bond (nominal value: EUR 4.12) can currently be converted into 1.1908 IMMOFINANZ shares and 0.0649 BUWOG shares.

The 1.25% convertible bond 2017 (ISIN XS0332046043) still has a nominal value of EUR 21.4 million outstanding and will be redeemed on 19 November 2017 (maturity date) unless it is converted in full or in part before that date. One certificate of the convertible bond 2017 (nominal value: EUR 100,000.0) can currently be converted into 12,909.75 IMMOFINANZ shares and 718.10 BUWOG shares.

IMMOFINANZ held approx. 10 million BUWOG shares as of 31 December 2016, which represent an investment of approx. 10%. After the incentivised conversion of the convertible bond 2018 in January 2017 (see above), approx. 4.5 million BUWOG shares were successfully placed through an accelerated bookbuilding process. The net proceeds from the transaction totalled EUR 97.4 million. IMMOFINANZ held approx. 4.7 million BUWOG shares after this transaction, which are reserved for the proportional servicing of the convertible bonds 2017 and 2018.

Parallel to the incentivised conversion of the convertible bond 2018, IMMOFINANZ issued a seven-year convertible bond (ISIN XS1551932046) with a 2% coupon and a volume of EUR 297.2 million. The bond terms call for a reduction of 50 basis points in the coupon starting with the interest payment period which begins on the day after the company receives an investment grade rating from S&P, Moody´s or Fitch. The initial conversion price equals EUR 2.3933. The convertible bond is initially convertible into 124.2 million zero par value shares of IMMOFINANZ AG, which represent roughly 12% of the company's currently outstanding share capital. The convertible bond 2024 includes a put option for bondholders after five years (i.e. 24 January 2022) and will be repaid at 100% of the nominal value on 24 January 2024 (maturity date) unless it is redeemed in full or in part before that date.

The 5.25% corporate bond 2017 (AT0000A0VDP8) was issued in July 2012 with a nominal value of EUR 100 million and will be redeemed at 100% of this amount on 3 July 2017.

Additional details on the bonds is provided under *Financing* on page 60 and in the consolidated financial statements under note 4.12.

INVESTOR RELATIONS ACTIVITIES

The goal of investor relations activities is to communicate an accurate picture of the Group and thereby ensure an appropriate valuation of the IMMOFINANZ share. We also took part in a wide variety of investor conferences, roadshows and information events during the abbreviated 2016 financial year, among others in Amsterdam, Berlin, Chicago, Den Haag, Frankfurt/Main, Helsinki, London, Montreal, Munich, New York, Paris, Prague, Stegersbach (Austria), Stockholm, Tallinn, Warsaw, Vienna and Zurich. In addition, numerous investors and analysts took advantage of the opportunity to learn about the IMMOFINANZ property portfolio through visits to various core markets. The continuous and timely distribution of information is supported by our website www.immofinanz.com, corporate blog http://blog.immofinanz.com and newsletter.

As an additional service for investors and analysts, IMMOFINANZ offers a free investor relations app for iPhone, iPad and Android. This app can be used to review and download news, the share price, presentations and financial reports. IMMOFINANZ's financial calendar can also be transferred to personal planners with a simple click.

ANALYSTS' RECOMMENDATIONS

The following 10 national and international houses publish regular evaluations and studies on IMMOFINANZ: Alpha Value, Baader Bank, Barclays, Erste Group, HSBC, Kepler Cheuvreux, Morgan Stanley, Raiffeisen Centrobank, Société Générale and Wood & Company. These evaluations are updated regularly and can be reviewed on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/our-share/analyses.

FINANCIAL CALENDAR 2017

The 22nd annual general meeting in December 2015 approved a change in IMMOFINANZ's financial year to correspond with the calendar year. The 2016 financial year therefore represents an abbreviated financial year from 1 May 2016 to 31 December 2016. As of 1 January 2017, the IMMOFINANZ financial year will correspond to the calendar year.

22 May 2017	Record date for participation in the 24th annual general meeting
29 May 2017	Announcement of results for the first quarter of 2017 (after the close of trading)
30 May 2017	Report on the first quarter of 2017
1 June 2017	24th Annual general meeting
2 June 2017	Expected ex-dividend date[1]
6 June 2017	Expected record date for the determination of dividend rights[1]
7 June 2017	Expected dividend payment date[1]
29 August 2017	Announcement of results for the first half of 2017 (after the close of trading)
30 August 2017	Report on the first half of 2017
28 November 2017	Announcement of results for the third quarter of 2017 (after the close of trading)
29 November 2017	Report on the third quarter of 2017

1 This information is preliminary and will be confirmed at a later date.

CONTACT

The investor relations team is available to answer your questions and provide additional information on IMMOFINANZ AG and its share.

Investor Relations Contacts

Bettina Schragl
T: +43 1 88090 2290
investor@immofinanz.com

Simone Korbelius
T: +43 1 88090 2291
investor@immofinanz.com

Report of the Supervisory Board

DEAR SHAREHOLDERS,

IMMOFINANZ continued to optimise its offering in the office and retail sectors during the abbreviated 2016 financial year. Activities also focused on further quality and efficiency improvements as well as the strengthening of ties with existing tenants and the acquisition of new tenants. The introduction of myhive added an international office concept to the company's previous product brands: STOP SHOP for retail parks and VIVO! for shopping centers. The future development of the portfolio will concentrate on these three brands. The 23rd annual general meeting on 29 September 2016 approved a dividend of six Euro cents per share and therefore re-established a sustainable distribution policy. In addition, the annual general meeting approved the conclusion of a settlement with former Executive Board member Norbert Gertner.

The Supervisory Board accompanied IMMOFINANZ and its Executive Board on all activities during the abbreviated 2016 financial year 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 on the company's asset, financial and earnings position and, in this way, met its information requirements.

Four Supervisory Board meetings were held during the abbreviated 2016 financial year, all of which included the members of the Executive Board. 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 and financing situation as well as developments on the capital market and in IMMOFINANZ's core markets. Focal points included the acquisition of a 26% investment in CA Immobilien Anlagen AG (CA Immo) and the further optimisation and financing of the property portfolio. The Executive Board also provided regular reports on the development of the shopping centers in Moscow. At the Supervisory Board meeting in December 2016, the Executive Board and Supervisory Board concluded that the separation process for the Russian properties would take longer than originally planned. This decision was based, among other factors, on the recent stabilisation of economic conditions in Russia, and efforts will be made to conclude the transaction during 2017. Since the separation of the Russian property portfolio is a precondition for the merger of IMMOFINANZ and CA Immo, the respective annual general meetings to approve the merger will presumably be held in 2018.

Further resolutions by the Supervisory Board involved, among others, the sale of a smaller retail portfolio in Austria with 88 properties, the sale of the *BBC Centrum A* and *B* office buildings in Prague and the acquisition of six retail parks in Slovakia. After the end of the reporting year, the Supervisory Board approved the incentivised premature conversion of the convertible bond 2018 and the issue of a new convertible bond with a term ending in 2024. These refinancing measures will help to improve the term structure of the company's liabilities and financing costs.

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 September 2016. The Supervisory Board members also assessed the efficiency of their work (self-evaluation) at this meeting. Information on the composition and responsibilities of the committees is provided in the Corporate Governance Report on page 28.

APPROVAL OF THE 2016A 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 29 September 2016: the annual financial statements of IMMOFINANZ AG as of 31 December 2016 including the management report and the consolidated financial statements together with the group management report. All of these documents were awarded an unqualified opinion (see page 208).

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 2016, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2016 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 abbreviated 2016 financial year will therefore include a proposal to distribute a dividend of six Euro cents per share. Based on a recommendation by the Audit Committee, the Supervisory Board approved a proposal to the annual general meeting for the abbreviated 2016 financial year which calls for the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as the auditor for the 2017 financial year.

On behalf of the entire 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, 6 April 2017

For the Supervisory Board

Michael Knap
Chairman

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 the code during the abbreviated 2016 financial year, whereby there was a variance to the following C-Rule (comply or explain):

Rule 83: In addition to the scheduled audit of the annual financial statements, there was no special audit of the effectiveness of the risk management system by the auditor for the abbreviated 2016 financial year. This review is planned for the 2017 financial year.

CORPORATE BODES 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. In this function he is responsible for project development, transactions, legal affairs, human resources as well as corporate communications and investor relations. Mr. Schumy exercises control or supervisory functions in the following material subsidiaries: he serves as the managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, vice-chairman of the Supervisory Board of BUWOG AG** and a member of the supervisory board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) since 2 August 2016.

Stefan Schönauer
> Member of the Executive Board since 11 March 2016
> Appointed up to 11 March 2019
> Born in 1979

Stefan Schönauer 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. Schönauer exercises control or supervisory functions in the following material subsidiaries: he serves as the managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH and the managing director of AO Kashirskij Dvor-Severyanin in Moscow*** and is also a member of the supervisory board of CA Immo since 2 August 2016.

Dietmar Reindl
> Member of the Executive Board since 1 May 2014
> Appointed up to 30 April 2017 with an extension 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 exercises control or supervisory functions in the following material subsidiaries: he serves as the managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH and the managing director of AO Kashirskij Dvor-Severyanin in Moscow***. He holds no positions on the supervisory boards of non-group companies.

* The current version of the code (dated January 2015) 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).
** Mr. Schumy resigned from this function as of 6 February 2017 (effective as of 6 March 2017).
*** This company holds and operates the *Golden Babylon Rostokino* shopping center.

THE SUPERVISORY BOARD
From left to right:
Christian Böhm,
Wolfgang Schischek,
Nick van Ommen,
Michael Knap,
Horst Populorum,
Rudolf Fries,
Philipp Obermair,
Werner Ertelthalner

THE SUPERVISORY BOARD

Member	Function
Michael Knap (Born in 1944)	Chairman of the Supervisory Board
Rudolf Fries (Born in 1958)	Vice-Chairman of the Supervisory Board
Christian Böhm (Born in 1958)	Member
Nick J. M. van Ommen, FRICS (Born in 1946)	Member
Horst Populorum (Born in 1973)	Member
Wolfgang Schischek (Born in 1944)	Member
Mark Anthony Held (Born in 1979)	Member up to 6 Dec. 2016
Philipp Obermair (Born in 1979)	Member
Carmen Balazs (Born in 1983)	Member up to 2 Aug. 2016
Werner Ertelthalner (Born in 1987)	Member since 2 Aug. 2016

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

First appointed in	Term ends in	Other functions
2008	2020	> Vice-president of IVA Interessenverband für Anleger, Vienna
2008	2020	> Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden > Attorney, partner in Eckert Fries Prokopp Rechtsanwälte GmbH, Baden
2010	2020	> 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
2008	2020	Member of the supervisory board of: > W.P. Carey & Co. LLC, USA > Allianz Nederland Asset Management B.V., Netherlands > Allianz Benelux SA, Belgium
2015	2019	Holds no other supervisory board positions
2015	2019	Member of the supervisory board of: > Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling > Kostwein Holding GmbH, Klagenfurt
2013	2016	Delegated by the IMMOFINANZ Works' Council
2014		Delegated by the IMMOFINANZ Works' Council
2015	2016	Delegated by the IMMOFINANZ Works' Council
2016		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**	
Mark Anthony Held up to 6 Dec, 2016	**Werner Ertelthalner** since 2 Aug. 2016	
	Carmen Balazs up to 2 Aug. 2016	

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 two members delegated by the Works' Council. Four Supervisory Board meetings were held during the abbreviated 2016 financial year.

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. 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 business sector in which IMMOFINANZ operates. The Audit Committee met twice during the abbreviated 2016 financial year.

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 during the abbreviated 2016 financial year.

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. This committee met twice during the abbreviated 2016 financial year.

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 (e.g. occupancy level, cash flow, net profit for the year). The variable component of the Executive Board remuneration is limited to 100% of the fixed remuneration.

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 time.

EXECUTIVE BOARD REMUNERATION FOR THE ABBREVIATED 2016 FINANCIAL YEAR

in EUR	Oliver Schumy	Dietmar Reindl	Stefan Schönauer	Total
Fixed remuneration, gross	400,000.00	342,857.17	200,000.00	942,857.17
Compensation in kind	7,680.00	7,680.00	7,258.40	22,618.40
Total fixed remuneration	**407,680.00**	**350,537.17**	**207,258.40**	**965,475.57**
Fixed remuneration as a % of total remuneration	*41.16%*	*58.70%*	*56.66%*	*49.42%*
Total variable remuneration	**528,571.45[1]**	**204,761.89**	**133,333.29**	**866,666.63**
Variable remuneration as a % of total remuneration	*53.36%*	*34.29%*	*36.45%*	*44.36%*
Contributions to pension fund[2]	40,000.00	33,333.33	20,000.00	93,333.33
Contributions to employee benefit funds	14,324.66	8,496.09	5,211.05	28,031.80
Total fund contributions	**54,324.66**	**41,829.42**	**25,211.05**	**121,365.13**
Total remuneration	**990,576.11**	**597,128.48**	**365,802.74**	**1,953,507.33**

1 The variable remuneration for Oliver Schumy also includes a bonus of EUR 128,571.42 for the 2015/16 financial year.
2 Defined contribution commitments

Directors' and officers' insurance (D&O insurance) with coverage of EUR 100.0 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 abbreviated 2016 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 2016A

in EUR	Michael Knap	Rudolf Fries	Christian Böhm	Nick J. M. van Ommen,	Horst Populorum	Wolfgang Schischek
Total	**80,250.50**	**52,687.88**	**35,125.25**	**32,625.25**	**30,125.25**	**30,125.25**

SHAREHOLDINGS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS AS OF 31 DECEMBER 2016

Name	Number of IMMOFINANZ shares
Oliver Schumy	362,000
Dietmar Reindl	14,000
Stefan Schönauer	15,000
Michael Knap	1,250
Rudolf Fries (incl. investment companies under the scope of influence and members of the Fries family)	69,781,813
Nick J. M. van Ommen, FRICS	110,000
Horst Populorum (and related persons)	62,480
Wolfgang Schischek	47,500
Christian Böhm	10,000

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.

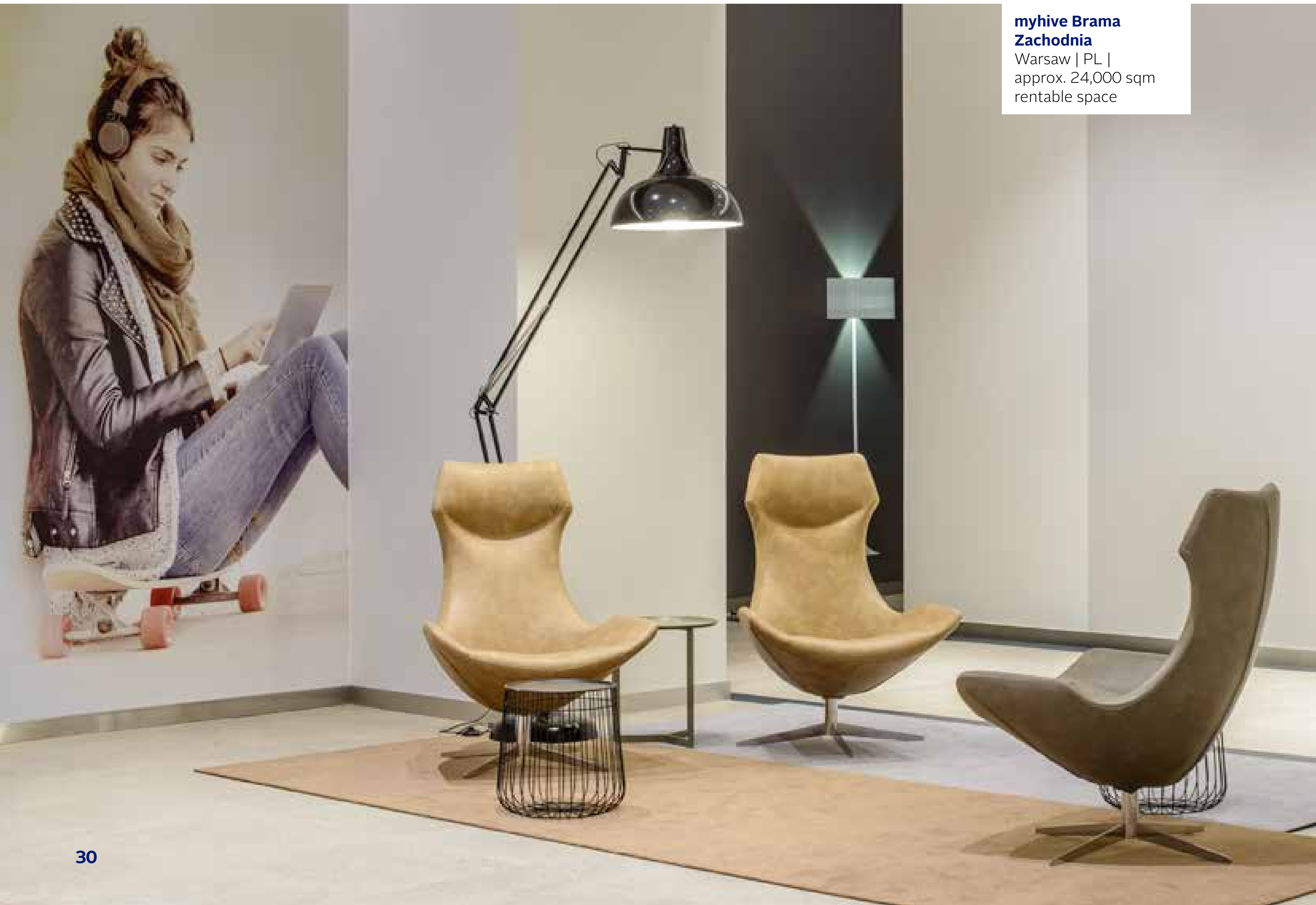
The members of the Supervisory Board are required to represent the interests of the company and must disclose any conflicts of interest without delay. They may not accept positions on the corporate bodies of any companies that compete with IMMOFINANZ.

Christian Böhm, a member of the IMMOFINANZ Supervisory Board member, 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 during the abbreviated 2016 financial year are disclosed in this report under the section on remuneration and also in the notes to the consolidated financial statements.

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



myhive Brama Zachodnia
Warsaw | PL | approx. 24,000 sqm rentable space

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 POSITIONS

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 36.8% of the management positions and represented approx. 62.9% of the total workforce during the abbreviated 2016 financial year. At IMMOFINANZ women hold key management positions in central corporate functions (compliance, corporate communications and investor relations) and on the local country boards (Poland and Romania).

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

EXTERNAL EVALUATION

The Austrian Corporate Governance Code requires a regular external evaluation (at least every three years) of compliance with the code (C-Rule 62). IMMOFINANZ arranges for this evaluation on an annual basis. The latest review was performed by Deloitte Audit Wirtschaftsprüfung GmbH in connection with the audit of the annual financial statements for the abbreviated 2016 financial year; it confirmed that the statement issued by IMMOFINANZ on compliance with the Corporate Governance Code corresponds to the actual circumstances.

The report on the external evaluation is available for download under:
www.immofinanz.com/en/investor-relations/corporate-governance/code

Vienna, 31 March 2017

The Executive Board

Stefan Schönauer CFO	Oliver Schumy CEO	Dietmar Reindl COO

GROUP MANAGEMENT REPORT

Economic Overview and Property Markets

The key economic indicators for the IMMOFINANZ core markets and for the discontinued operations in Russia are presented in the following section. These indicators cover GDP growth, the inflation rate and the unemployment rate based on the autumn forecast published by the European Commission in November 2016 (for Russia: World Bank, Russia Economic Report, November 2016). The statistics are followed by a summary of developments in the individual real estate market segments where IMMOFINANZ is active. This data was drawn from market reports prepared by BNP Paribas, CBRE and EHL (data as of the end of Q3 or Q4 2016).

AUSTRIA

The Austrian economy continued its recovery in 2016 with estimated growth of 1.5%. This development was supported, above all, by an increase in consumer spending as a direct result of the income tax reform. Continued strong private consumption and rising investment should lead to constant growth of 1.6% in each of the next two years. Inflation was limited to 1% in 2016 by the low oil price (2015: 0.8%), but is projected to rise to 1.8% in 2017 and 1.6% in 2018. The unemployment rate increased to 5.9% in 2016 (2015: 5.7%), and the coming years are expected to bring a continuation of this trend through the expansion of the available workforce.

Investments in the Austrian commercial property market totalled approx. EUR 2.8 billion in 2016. This transaction volume is roughly 16% higher than the five-year average, but nearly 29% below the record 2015 level. It reflected,

myhive Brama Zachodnia
Warsaw | PL | approx. 24,000 sqm rentable space

among others, the high number of forward deals and the delayed conclusion of several large volume transactions. Demand was highest for properties in the office sector, followed by hotels. The continuing low interest rate environment and the steady high interest of international and local investors should support a continuation of this positive development. The investment volume is expected to reach EUR 3.5 billion in 2017.

OFFICE

The momentum on the Vienna office market accelerated substantially year-on-year in 2016. Take-up rose by 59% from approx. 207,000 sqm in 2015 to approx. 329,000 sqm. That represents the highest take-up since 2012 and 24% more office space rented than the five-year average. The production of new space fell to a new low of approx. 65,000 sqm (2015: approx. 178,000 sqm), but is expected to rise to approx. 160,000 sqm and 330,000 sqm, respectively, over the next two years. The vacancy rate dropped from 6.4% to a very low 5.3%. Average rents rose slightly to EUR 13.75/sqm/month, and an increase to EUR 14.25/sqm/month is forecasted for 2017. In contrast, prime rents remained stable at roughly EUR 26/sqm/month.

RETAIL

The demand for space in retail parks is constant, and rents are stable to slightly higher (EUR 9 to EUR 12.5/sqm/month). The market is gaining added momentum from the rising demand by retailers who previously located in shopping centers or shopping streets and are now increasing their focus on retail parks. This development is a direct result of the comparatively lower rents and quality improvements at numerous properties in this category. Only a few new retail park projects are scheduled for market entry in 2017. The prime yield for retail parks declined to 5.5%.

GERMANY

The German economy grew by 1.9% in 2016 (2015 1.7%), primarily as the result of a foreign trade surplus combined with reduced imports. The positive effects of private and public spending are declining, and GDP growth is therefore projected to be slightly lower at 1.5% in 2017 and 1.7% in 2018. An additional uncertainty factor for the German economy can be found in the "Brexit". The inflation rate rose from 0.1% in 2015 to 0.7% in 2016, but is expected to jump to 1.5% in 2017 after the effects of the declining oil price weaken. The unemployment rate fell from 4.6% in 2015 to 4.4% in 2016 and should remain near this level over the coming two years due to the necessary integration of asylum seekers in the labour market.

With a transaction volume of approx. EUR 24.8 billion, the office investment market in Germany missed the record prior year level by only a slight margin – despite an increasing shortage of available properties. The demand among the commercial asset classes is currently highest in the office sector and, together with the limited supply, will lead to continued pressure on prime yields. The prime yield equals 3.6% on average for the top five office markets averages and 4.0% in Düsseldorf. In 2016, the transaction volume in Düsseldorf rose by roughly 15%. The volume on the real estate investment market in Cologne totalled approx. EUR 1.3 billion after only three quarters, or 5% over the previous record which was set in 2007. However, the fourth quarter brought a slight weakening in this momentum.

OFFICE

Take-up on the German office market totalled 2.7 million sqm after three quarters, for a 6% increase over the previous record from 2008. In Düsseldorf, the take-up was roughly 7% lower than the previous year at a still sound 409,000 sqm. A parallel shortage in the offering of space led to a decline in the vacancy rate to 8.3% in Düsseldorf and 5.4% in Cologne. Both cities recorded an increase in new construction: in Cologne to 284,000 sqm at the end of the third quarter and in Düsseldorf to 252,000 sqm. Prime rents remained stable and equalled roughly EUR 26.5/sqm/month in both cities. In view of the sound economic climate, this positive development is expected to continue next year.

trivago Headquarters, Dusseldorf

© sop architekten

POLAND

GDP growth in Poland amounted to 3.1% in 2016 (2015: 3.9%) and is expected to reach 3.4% in 2017 and 3.2% in 2018. The most important driver for this development has been the steady improvement in private consumption, which is based on a continuous increase in employment, higher wages and public sector transfer payments in the form of the recently introduced child support allowance. Inflation was again negative at -0.2% in 2016 (2015: -0.7%), but is forecasted to rise to 1.3% in 2017 and 1.8% in 2018. The unemployment rate equalled 6.2% in 2016 (2015: 7.5%) and should decline further in 2017 and 2018 as the result of government measures like the child support allowance and a reduction in the retirement age.

The volume on the Polish real estate investment market rose by 13% year-on-year to over EUR 4.5 billion, which represents the highest level since the start of the financial crisis in 2007. High-quality office and retail properties continue to attract the greatest interest among investors.

OFFICE

Take-up on the Warsaw office market amounted to approx. 757,700 sqm in 2016 and was contrasted by the production of approx. 417,700 sqm of new space. At the end of 2016, the modern office space in Warsaw totalled 5.05 million sqm. An additional 856,000 sqm are currently under construction, with nearly 361,000 sqm scheduled for completion in 2017. The continuing high level of new construction is expected to push the vacancy rate above the current level of 14.2%. These developments also have an effect on realisable average rents, which now equal EUR 14/sqm/month at decentralised locations in Warsaw. Office properties in Warsaw remain a focal point for investors, but the high volume of new production and rising vacancies could diminish this attractiveness.

RETAIL

Numerous international retailers entered the market in 2016 including, for example, Forever 21. The increase in modern retail space amounted to roughly 470,000 sqm in 2016, whereby the framework conditions for new projects are becoming more difficult because of the high density. Rental prices and vacancy rates have remained relatively stable at good locations, whereby retailers are tending towards well-established shopping center and retail park concepts.

ROMANIA

Economic growth in Romania was among the highest in the European Union at 5.2% in 2016 (2015: 3.7%). This standing is expected to remain unchanged in 2017 and 2018 due to steady high private consumption, reduced tax rates and low interest as well as an increase in public sector spending. The inflation rate fell to -1.0% in 2016 (2015: -0.4%) and, after a VAT reduction, reached a historical low in April 2016. The next two years are expected to bring clearly positive inflation of 1.8% (2017) and 2.9% (2018). The unemployment rate equalled 6.5% in 2016 and, based on the growing economy, should show a further slight decline in 2017 and 2018.

The transaction volume on the real estate investment market totalled EUR 714 million in 2016 (2015: EUR 678 million) and was distributed nearly equally between office, retail and logistics properties. Foreign investors continue to dominate the Romanian investment market, with a continued increase in this trend during the past year.

OFFICE

The Bucharest office market currently comprises 2.64 million sqm of space. Take-up amounted to 412,000 sqm in 2016, for a year-on-year increase of 42%. This rising demand is based on the market entry of companies and lease expansions by existing tenants. Notwithstanding 294,000 sqm of project completions, the vacancy rate fell to 11.7%. An additional 188,000 sqm of office space is expected to be completed in 2017. The level of rents and the yield for properties at good locations were stable. Prime rents equal EUR 18.5/sqm/month and prime yields 7.5%. In contrast, average contract rents range from EUR 12.5 to 16/sqm/month.

RETAIL

Romania is benefiting from rising demand by international retailers. The country's healthy economic environment has attracted the greatest attention in the CEE region over the past two years. Approx. 280,000 sqm of retail space were completed in 2016, and an increase from the recent level of approx. 3.4 million sqm to a total of 3.8 million sqm is expected by 2018.

Rents have remained stable, while the prime yield declined slightly to 7.3%.

SLOVAKIA

The Slovakian economy grew by 3.4% in 2016 (2015: 3.8%), primarily as the result of strong private consumption, public sector investments that were supported by EU subsidies and increasing exports. Growth is also expected to exceed 3% in 2017 and 2018. Inflation was again negative at -0.5%, chiefly due to the low energy and food costs. However, the increase in service and food prices expected for 2017 should be reflected in positive inflation. The unemployment rate fell to 9.7% in 2016 and should decline further to under 8% in the coming years.

The Slovakian real estate investment market rose to a new record volume of EUR 853 million in 2016 (2015: EUR 440 million). Retail properties represented a key focal point at 48%, or EUR 417 million, of this transaction volume. Office properties with a combined value of EUR 118 million were sold during the year. Properties in Bratislava were responsible for nearly three-fourths of the total transaction volume. Prime yields fell to 6% due to the shortage of retail properties.

OFFICE

The market for modern office properties in Bratislava is comparatively young. After years of very limited new production, the completion of new space is projected to reach approx. 246,000 sqm by 2018. Take-up remained constant at roughly 200,000 sqm. The vacancy rate fell to 6.8%, chiefly due to temporary shortages, while rental prices remained stable. The prime yields for office properties also weakened slightly to 6.8%.

RETAIL

Slovakia remains an attractive location for international retailers because of its stable economic growth and the strong purchasing power in Bratislava, even though the market is saturated in comparison with other CEE countries. Estimates indicate that nearly 33,000 sqm of retail space will be completed in 2017.

CZECH REPUBLIC

Estimates point to an increase of 2.2% in the Czech economy during 2016, compared with 4.5% in the previous year. This slowdown resulted, above all, from a significant reduction in public investments co-financed by the EU during the first half of 2016. The inflation rate reflected the previous trend at 0.5%, but is expected to increase during 2017 and 2018 primarily due to higher energy and import prices. The unemployment rate fell to 4.2% in 2016 (2015: 5.1%) and should also remain stable during the coming years – which makes the Czech Republic one of the leaders in Europe.

The Czech real estate investment market set a new record in 2016 with transactions of nearly EUR 3.8 billion. In contrast to earlier years where retail properties ranked first, office properties represented the largest component of the transaction volume in 2016.

OFFICE

The office market in Prague had 3.23 million sqm of modern space at the end of 2016, and 250,000 sqm are currently under construction. The vacancy rate declined slightly to 11.7%, but a minor increase is expected in 2017 because of the new completions. Rents should remain stable.

RETAIL

Economic growth has been accompanied by an increase in retail turnover, which recently rose by 5.5% year-on-year for the strongest development since 2007. The volume of retail space in Prague totalled 743,000 sqm and was contrasted by project developments of only 40,700 sqm. The volume of retail space, excluding Prague, totals approx. 1.5 million sqm, with 55,000 sqm under development. As seen over the coming years, rents should remain stable or increase slightly.

HUNGARY

Economic growth in Hungary slowed from 3.1% in 2015 to 2.1% in 2016. Private consumption was stable, but the volume of investments declined, among others due to the absence of EU subsidies, and only began to increase again at the end of 2016. Growth is projected to range from 2.6% to 2.8% in 2017 and 2018. The inflation rate equals 0.4% and should move towards the 3% target rate set by the Hungarian National Bank over the coming years. The unemployment rate has fallen to 5.1%, and a decline to nearly 4% is projected in the near future.

The volume on the Hungarian real estate investment market totalled approx. EUR 1.2 billion in 2016. That represents an increase of 60% over the previous year as well as the strongest growth in the CEE region. Investors' attention was focused, above all, on office and industrial properties.

OFFICE

The Budapest office market recorded a reduction in the vacancy rate to 10% in 2016, and this trend is expected to continue in the future. The production of new space totalled approx. 100,000 sqm, but should decline slightly in 2017. In 2018, several projects with nearly 250,000 sqm are expected to enter the market. Rents are projects to remain stable for the time being.

RETAIL

Retail turnover is below the European average, but continued to increase in 2016. This development was supported by higher real wages and an increase in employment. The production of new space should remain very low up to 2018. Combined with the steady demand by retailers, this should have a positive influence on rental prices. The vacancy rate declined further from the already low level.

RUSSIA

Discontinued operations

The recession that took hold of the Russian economy in the third quarter of 2014 continued throughout 2016. Tense geopolitical relations, economic sanctions and the continuing low level of oil and gas prices again created substantial problems for the Russian economy during the past year. The decline in real purchasing power has had a negative effect on private household expenditure and, in turn, led to lower retail turnover. However, the first signs of an improvement in the economic environment have materialised: estimates point to a slowdown in the recession to -0.9% in 2016 (2015: -3.7%) with a decline in inflation to 7.0% (2015: 15.9%). The unemployment rate equalled 5.6% based on flexible salaries and reflected the prior year level. A substantial improvement in the economy is expected in 2017, which should be supported primarily by increased foreign trade and rising consumer and investor confidence. The inflation rate should fall to 4% by the end of 2017.

The volume on the Russian real estate investment market amounted to USD 4.5 billion in 2016, for an increase of nearly 40% on a US Dollar basis. Investments by the Russian government, which represented one-third of the total volume, were the main driver for this growth. The share of foreign investors has fallen to 4%. Real estate transactions were again dominated by office properties, which were responsible for nearly half of the transaction volume. The share of retail properties dropped to 17% (2015: 23%). A slight improvement in the transaction volume to USD 5 billion is forecasted for 2017.


Fifth Avenue, Moscow

RETAIL

The temporary rental price reductions by landlords in reaction to the difficult market environment continued during 2016. The production of new space in Moscow totalled approx. 473,000 sqm and was slightly higher than in 2015, but a significant decline to under 200,000 sqm is expected in 2017. The shopping center density in Moscow currently reflects the level in Vienna, but is substantially lower than Paris, Prague or Warsaw. The vacancy rate averaged 10.2% at the end of 2016 and roughly 20% for the shopping centers opened in 2016.

Portfolio Report

The core business of IMMOFINANZ covers the management and development of retail and office properties in selected countries of Central and Eastern Europe. The company's activities in the office sector – with the new international brand myhive – are concentrated on the capital cities of the core countries and on the largest office locations ("Big 7" cities) in Germany. Office properties represented 62.7% of the portfolio value and 56.4% of the rental income from standing investments in the 2016A financial year. The expansion of the retail portfolio is focused on the STOP SHOP and VIVO! brands, which are designed primarily for secondary and tertiary cities. Retail properties represented 31.6% of the portfolio value and 43.6% of the rental income from standing investments in 2016A. IMMOFINANZ's goal is to create a high-quality, profitable portfolio of commercial properties.

The properties assigned to the Other asset class represent 5.7% of the total portfolio and are not part of IMMOFINANZ's core real estate assets. They include all other activities that cannot be allocated to the office or retail businesses. This category includes, above all, the condominium apartments developed by IMMOFINANZ in Romania (Adama) and Poland as well as the apartments designated for sale in the *Gerling Quartier* in Germany and residential buildings in Austria.

Portfolio value of EUR 4.0 billion, excluding Russia

The property portfolio covered 244* properties with a combined value of EUR 4,003.5 million* as of 31 December 2016, which are located in the core markets of Austria, Germany, Czech Republic, Slovakia, Hungary, Romania and Poland. Standing investments represent the largest component at EUR 3,309.1 million* or 82.7%* of the total carrying amount and approx. 1.8 million* sqm of rentable space. These properties generate steady rental income and are allocated to the Asset Management sector. Active development projects comprise EUR 379.0 million or 9.5% of the carrying amount and real estate inventories EUR 93.1 million or 2.3%. A carrying amount of EUR 222.2 million* or 5.6%* is attributable to pipeline projects, which include future planned development projects and undeveloped land.

On 19 December 2016 the Executive Board and Supervisory Board approved the separation of the Russian retail portfolio (Retail Moscow) through a sale or spin-off. The Russian portfolio is therefore reported in the consolidated financial statements for 2016A as a discontinued operation in accordance with IFRS 5.

The key indicators on Russia and Retail Moscow are still presented separately in this portfolio report due to the size of the portfolio (property value as of 31 December 2016: EUR 1,024.1 million). Other properties that fall under the scope of application of IFRS 5 – i.e. properties classified as held for sale – are not included in the portfolio report in line with previous practice (detailed information is provided in section 4.8, page 157, of the consolidated financial statements).

STRUCTURE OF THE PROPERTY PORTFOLIO
Total carrying amount: MEUR 4,003.5[1]

1 Excluding the discontinued operation Russia

A geographical analysis shows the main focus of the portfolio in Austria with 23.8%, followed by Romania with 21.1%, Poland with 15.3% and Hungary with 11.7%. Properties in the non-core countries represent 3.0% of the carrying amount of the property portfolio.

* Excluding the discontinued operation Russia

PROPERTY PORTFOLIO BY CORE MARKET

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	43	907.3	34.0	0.3	10.7	952.3	23.8%
Germany	16	65.6	237.7	83.5	0.0	386.8	9.7%
Czech Republic	22	374.7	20.9	0.0	0.9	396.5	9.9%
Hungary	30	437.2	0.0	0.0	31.6	468.8	11.7%
Poland	28	594.1	5.8	7.6	4.8	612.3	15.3%
Romania	73	624.2	56.8	1.5	160.6	843.2	21.1%
Slovakia	15	200.8	22.1	0.0	1.1	224.1	5.6%
Non-core countries[1]	17	105.2	1.7	0.2	12.5	119.6	3.0%
IMMOFINANZ continuing operations	**244**	**3,309.1**	**379.0**	**93.1**	**222.2**	**4,003.5**	**100.0%**
		82.7%	**9.5%**	**2.3%**	**5.6%**	**100.0%**	
Russia[2]	5	1,024.1	0.0	0.0	0.0	1,024.1	

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: Slovenia, Serbia, Croatia, Bulgaria and Ukraine
2 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

PROPERTY SALES

The optimisation of the portfolio structure 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 these sales are invested to expand the portfolio, in other words in development projects and acquisitions.

This strategy was consistently followed during the abbreviated 2016 financial year with the sale of properties totalling EUR 276.7 million. The property sales which closed during the reporting year include the *BB Centrum A* and *B* office buildings in Prague, the *Carlsquartier* development project in Düsseldorf, one pipeline project in Bratislava and several smaller office, retail and residential properties in Austria. Other sales included an office building in Sofia and a small retail portfolio with 88 properties in eight Austrian provinces. The retail portfolio will be sold through asset deals in three tranches by the end of 2017. The closing for the first tranche with 24 retail properties took place in 2016A. The *Friesenquartier* in Cologne, a package of mixed-use properties with an underground garage, was sold shortly after the end of the reporting year. The hotel in Cologne's *Gerling Quartier*, which is currently in the project development phase and will be completed by IMMOFINANZ, was successfully sold through a forward purchase. This package also includes the undeveloped property in the second construction section of the *Gerling Quartier*.

PROPERTY ACQUISITIONS

In November 2016 IMMOFINANZ announced the acquisition of eight retail parks in Slovakia and Hungary. A further retail park was also purchased in Romania. These transactions are expected to close in several stages in 2017. The property package in Slovakia covers six retail parks in Bardejov, Michalovce, Prievidza, Roznava, Presov and Bratislava Raca. This acquisition increased IMMOFINANZ's retail park portfolio in Slovakia to 16 locations with 112,000 sqm. The other acquisitions involve retail parks in Botoșani, Romania, and in the Hungarian cities of Hatvan and Szolnok. The STOP SHOP brand in Hungary has now grown to 14 locations with over 135,000 sqm of rentable space.

INVESTMENTS

IMMOFINANZ invested a total of EUR 121.7 million in the property portfolio during 2016A (2015/16: EUR 448.8 million).

THE IMMOFINANZ BRANDS

IMMOFINANZ developed and established the STOP SHOP and VIVO! brands for its retail portfolio in recent years. myhive, an international office brand, was introduced in September 2016. This clearly defined brand strategy is supporting the steady expansion of the company's competitive position. The VIVO! brand was rolled out to existing shopping centers in 2016A, and the rebranding of selected existing office properties to myhive has been largely completed.

OFFICE

myhive: the new international office brand

The new international office concept **myhive** is directed to locations in the capital cities of the IMMOFINANZ core countries and the largest office locations in Germany. myhive stands for a friendly and lively atmosphere, communicative interaction between tenants and optimal infrastructure. The office buildings are characterised by attentive and helpful staff, easy accessibility and numerous services. Included here are shops and services for everyday needs, flexible and serviced offices, fast WLAN in the common areas and a sport offering. The interaction and cooperation between tenants is also supported, for example, by attractive communication zones, tenant lounges and interesting events.

The first phase is almost complete and involves the redesign and rebranding of 20 office properties* as myhive facilities. This category represents an important source of income for IMMOFINANZ with a 23.4% share of the portfolio value and 23.3% of the rental income from standing investments. The myhive office buildings include, among others, the *myhive Twin Tower* (Vienna, Austria), *myhive S-Park* (Bucharest, Romania), *myhive Park Postępu* and *myhive Nimbus* (Warsaw, Poland) and *myhive Átrium Park* (Budapest, Hungary).

RETAIL

VIVO! shopping centers in four markets

VIVO! stands for high-quality shopping centers, primarily on a single level. The tenants are generally a mix of international and local retailers, with a focus on fashion and entertainment. The VIVO! concept is based on high standardisation and is therefore optimally suited for further development projects. Recent activities also involved the roll-out of the VIVO! brand to further shopping centers. The VIVO!/shopping center properties represent 15.7% of the portfolio value and 21.7% of the rental income from standing investments. These shopping centers include, among others, the four Romanian locations *VIVO! Cluj*, *VIVO! Constanța*, *VIVO! Baia Mare* and *VIVO! Pitești* as well as the two VIVO! shopping centers in the Polish cities of Piła and Stalowa Wola and the *Tarasy Zamkowe* shopping center in Lublin.

* Of this total, two buildings are not listed separately because they are part of the *IRIDE Business Park*.

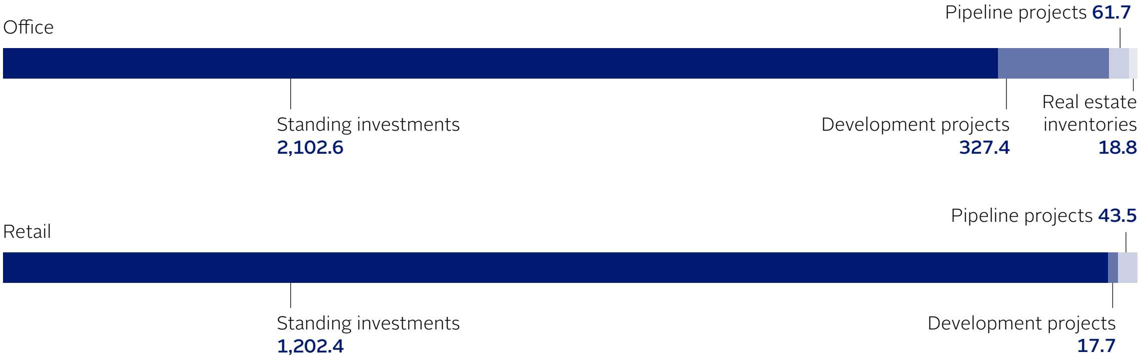
Tarasy Zamkowe
Lublin | PL | approx. 38,000 sqm rentable space

STOP SHOP: retail parks for everyday needs

STOP SHOPs are retail parks with a standardised format and an attractive tenant mix. They represent 13.8% of the total portfolio value and 20.0% of the rental income from standing investments. The STOP SHOP locations are found primarily in catchment areas with 30,000 to 150,000 residents and have 8,000 to 15,000 sqm of rentable space. This concept is suitable, above all, for secondary and tertiary cities in lower-income regions. The STOP SHOPs are attractive properties with uniform quality standards, an easy-shopping concept for everyday needs and high recognition value.

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 3,774.0 (excl. Other, excl. discontinued operation Russia). In MEUR



The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 31 December 2016:

PROPERTY PORTFOLIO BY CATEGORY

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	**83**	**2,102.6**	**327.4**	**18.8**	**61.7**	**2,510.5**	**62.7%**
thereof myhive[1]	18	866.0	70.5	0.0	0.0	936.5	23.4%
Retail	**92**	**1,202.4**	**17.7**	**0.0**	**43.5**	**1,263.5**	**31.6%**
thereof VIVO!/ Shopping Center	11	614.2	5.7	0.0	8.8	628.7	15.7%
thereof STOP SHOP/ Retail Park	66	546.2	1.8	0.0	5.8	553.7	13.8%
Other	69	4.1	34.0	74.3	117.0	229.5	5.7%
IMMOFINANZ continuing operations	**244**	**3,309.1**	**379.0**	**93.1**	**222.2**	**4,003.5**	**100.0%**
Retail Moscow[2]	5	1,024.1	0.0	0.0	0.0	1,024.1	

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates. 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).
1 Twenty properties will be branded as myhive. Of this total, two buildings are not listed separately because they are part of the *IRIDE Business Park*.
2 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

RUSSIA (DISCONTINUED OPERATION)

Sale or spin-off of the Retail Moscow portfolio

The portfolio category **Retail Moscow** consists of five shopping centers in Moscow, which have a combined value of EUR 1,024.1 million and generate rental income of EUR 50.1 million. Since the Russian properties have distinct market characteristics and a different risk profile than the remainder of the portfolio, IMMOFINANZ plans to sell or spin off these shopping centers. Retail Moscow is therefore presented as a discontinued operation in accordance with IFRS 5.

STANDING INVESTMENTS

With 82.7%* of the total property portfolio, the standing investments are the major source of earnings for IMMOFINANZ. Standing investments are properties held to generate rental income. The most important objectives for the management of these properties include the continuous improvement of quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants.

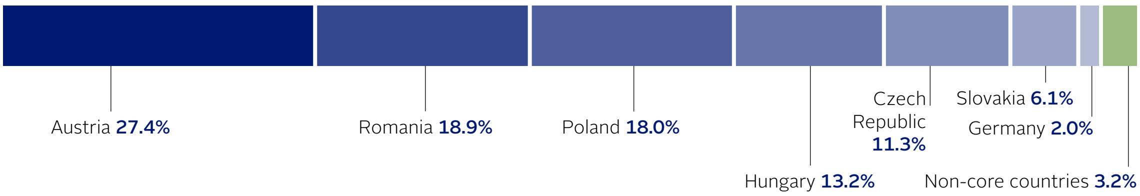
The 143* standing investments had a combined carrying amount of EUR 3,309.1 million as of 31 December 2016. Of this total, 63.5% are attributable to office properties and 36.3% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Austria (EUR 907.3 million), Romania (EUR 624.2 million) and Poland (EUR 594.1 million).

These properties have 1,770,031 sqm of rentable space. Based on annualised rental income**, the portfolio has a gross return of 6.1% (occupancy adjusted: 6.8%).

Occupancy rate of 89.6%

The occupancy rate rose to 89.6% during the eight months of the abbreviated 2016 financial year (30 April 2016: 86.3%). IMMOFINANZ rented approx. 210,000 sqm of usable space (excl. Other standing investments) in 2016A, including roughly 11% (28,000 sqm) of pre-rentals for development projects. The take-up in the standing investments amounted to approx. 182,000 sqm, or 10% of the rentable space in the standing investment portfolio. Of this total, approx. 111,000 sqm, or 61%, were new rentals and 71,000 sqm contract extensions with existing tenants. The average unexpired lease term (WAULT***) weighted by rental income equalled nearly five years as of 31 December 2016.

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 31 December 2016, based on the carrying amount:



CONTRACT EXPIRATION PROFILE STANDING INVESTMENTS (TOTAL)

Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas[1]), excluding the discontinued operation Russia.

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
16%	14%	12%	18%	13%	6%	2%	16%	3%

1 Gross lettable area: total space available to tenants for exclusive use, i.e. excluding common areas like traffic areas, parking facilities, service areas etc.

* Excluding the discontinued operation Russia
** Rental income for the eight-month abbreviated 2016 financial year was first divided by eight and then multiplied by twelve to develop an annualised amount.
*** Weighted average unexpired lease term; excl. open-end 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 in %
Austria	37	907.3	27.4%	398,854	332,150	83.3%
Germany	3	65.6	2.0%	29,512	23,383	79.2%
Czech Republic	20	374.7	11.3%	236,317	196,124	83.0%
Hungary	23	437.2	13.2%	280,069	254,082	90.7%
Poland	20	594.1	18.0%	288,688	277,243	96.0%
Romania	17	624.2	18.9%	345,190	330,527	95.8%
Slovakia	13	200.8	6.1%	119,720	107,592	89.9%
Non-core countries	10	105.2	3.2%	71,681	65,515	91.4%
IMMOFINANZ continuing operations	**143**	**3,309.1**	**100.0%**	**1,770,031**	**1,586,617**	**89.6%**
Russia[1]	5	1,024.1		277,825	243,750	87.7%

Standing investments	Rental income 2016A in MEUR[2]	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in %[3]	Financing costs incl. derivatives in %	LTV in %
Austria	31.9	5.3% (6.3%)	507.4	1.9%	2.8%	55.9%
Germany	2.7	6.2% (7.8%)	24.4	1.3%	1.6%	37.2%
Czech Republic	14.6	5.9% (7.1%)	119.8	2.0%	2.4%	32.0%
Hungary	17.5	6.0% (6.6%)	139.0	1.9%	2.2%	31.8%
Poland	22.9	5.8% (6.0%)	368.8	1.9%	2.2%	62.1%
Romania	30.8	7.4% (7.7%)	183.4	3.4%	4.3%	29.4%
Slovakia	9.5	7.1% (7.9%)	77.1	3.2%	3.6%	38.4%
Non-core countries	5.0	7.1% (7.8%)	39.7	3.2%	3.6%	37.7%
IMMOFINANZ continuing operations	**135.0**	**6.1% (6.8%)**	**1,459.6**	**2.2%**	**2.8%**	**44.1%**
Development projects and pipeline projects	2.5		166.6	1.8%	2.1%	
Rental income from sold properties, development projects and properties classified as held for sale	19.2		0.0			
Group financing	0.0		842.7	3.9%	3.9%	
IMMOFINANZ continuing operations	**156.7**		**2,468.9**	**2.6%**	**3.0%**	
Market value property portfolio						4,003.5
Market value BUWOG shares (10.0 million shares)[4]						220.0
EPRA NAV CA Immo shares (25.7 million shares)[5]						687.0
Cash and cash equivalents			-189.3			0.0
Properties/liabilities held for sale (asset & share deals)			332.5			418.9
IMMOFINANZ continuing operations			**2,612.2**			**49.0%[6]**
Russia[1]	50.1	7.3% (8.4%)	721.7	7.8%	7.8%	70.5%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.
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 Financing costs based on nominal outstanding liability
4 Approx. 10 million BUWOG shares multiplied by the closing price of EUR 22.09 on the Vienna Stock Exchange on 31 December 2016
5 25.7 million shares of CA Immobilien Anlagen AG at the EPRA NAV of EUR 26.74 as of 31 December 2016
6 The LTV of the standing investment portfolio, including the discontinued operation Russia, equals 52.2%.

RENTAL INCOME LIKE-FOR-LIKE

The following section presents a comparison of rental income in the 2016A financial year with the unaudited pro-forma rental income for the equivalent eight-month period – i.e. 2015A. A comparison with rental income for the full 12 months of the 2015/16 financial year would not be meaningful and would distort the entire picture. Additional information on the unaudited pro-forma financial information is presented in a separate section beginning on page 86.

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison) shows a slight increase in rental income to EUR 120.8 million in 2016A. In comparison with the previous period, the rental income from Poland declined by EUR 0.8 million to EUR 12.0 million. This was contrasted by higher occupancy and a resulting increase of EUR 1.7 million in rental income to EUR 30.6 million in Romania and an increase of EUR 1.0 million to EUR 17.5 million in Hungary.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like[1]	Number of properties	Carrying amount 31.12.2016 in MEUR	Carrying amount in %	Rental income 2016A in MEUR	Rental income 2015A in MEUR	Change in rental income 2016A vs. prior period in MEUR
Austria	36	899.5	30.4%	31.5	31.5	0.0
Germany	3	65.6	2.2%	2.7	1.6	1.1
Czech Republic	19	353.4	11.9%	14.4	14.6	-0.2
Hungary	23	437.2	14.8%	17.5	16.5	1.0
Poland	12	331.6	11.2%	12.0	12.8	-0.8
Romania	16	622.0	21.0%	30.6	28.9	1.7
Slovakia	12	178.9	6.0%	8.7	9.1	-0.3
Non-core countries	7	70.2	2.4%	3.3	3.3	0.0
IMMOFINANZ continuing operations	**128**	**2,958.4**	**100.0%**	**120.8**	**118.3**	**2.5**
Rental income from properties sold/ acquired in 2016A and development projects				35.9		
IMMOFINANZ continuing operations				**156.7**		
Russia[2]	5	1,024.1	34.6%	50.1	56.9	-6.8

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like[1]	Number of properties	Carrying amount 31.12.2016 in MEUR	Carrying amount in %	Rental income 2016A in MEUR	Rental income 2015A in MEUR	Change in rental income 2016A vs. prior period in MEUR
Office	61	2,002.9	67.7%	73.0	72.0	1.1
Retail	61	951.4	32.2%	47.7	46.2	1.5
Other	6	4.1	0.1%	0.0	0.1	0.0
IMMOFINANZ continuing operations	**128**	**2,958.4**	**100.0%**	**120.8**	**118.3**	**2.5**

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
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.
2 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

OFFICE STANDING INVESTMENTS

The carrying amount of the 64 office standing investments totalled EUR 2,102.6 million as of 31 December 2016 and represents 63.5% of the standing investment portfolio. A regional analysis shows the focal points of these properties in the core markets of Austria (EUR 792.0 million), Poland (EUR 364.8 million) and Romania (EUR 318.6 million).

The office standing investments have 1,031,414 sqm of rentable space. Based on annualised rental income (rental income 2016A: EUR 76.1 million), these properties generated a gross return of 5.4% (30 April 2016: 5.3%).

Occupancy rate in the office portfolio rises to 87.3%

The occupancy rate in the office portfolio rose to 87.3% in 2016A (30 April 2016: 81.7%). The take-up in the office properties totalled approx. 178,000 sqm. Nearly 154,000 sqm of this take-up was located in standing investments and represents 15% of the total space in these office properties. The standing investment take-up covered 62% of new rentals or contract supplements and 38% of contract extensions with existing tenants. The largest individual new rentals were concluded in Bucharest at the *myhive IRIDE 18* for roughly 11,000 sqm with a medical services provider and at the *myhive Metroffice* for 7,700 sqm with the US corporation HARMAN as well as in Vienna at the *Business Park Vienna* for approx. 6,500 sqm with Coca-Cola HBC Austria. The take-up in development projects amounted to roughly 24,000 sqm.

The strongest relative take-up was recorded in Romania, where 34% of the rentable space (including development projects) was newly rented or extended. This ranking was followed by the Czech Republic (15%) and Poland (11%).

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 20% of the space in the standing investments, and no single tenant has rented more than 3% of the total space in these office properties. Of the total leases for office space, 37% have a term of five years or longer. The WAULT* equalled roughly four years as of 31 December 2016.

CONTRACT EXPIRATION OFFICE SECTOR

Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas[1]):

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
19%	14%	11%	17%	14%	6%	2%	15%	2%

1 Gross lettable area: total space available to tenants for exclusive use, i.e. excluding common areas like traffic areas, parking facilities, service areas etc.

The ten largest standing investments in the office portfolio based on the carrying amount (in declining order) are the *Business Park Vienna*, *myhive Twin Tower* and *City Tower Vienna* (Vienna), *myhive IRIDE* incl. *myhive IRIDE 19* (Bucharest), *BB Centrum Gamma* (Prague), *myhive S-Park* (Bucharest), *myhive Park Postępu* (Warsaw), *myhive Átrium Park* (Budapest), *myhive IO-1* (Warsaw) and *myhive Haller Gardens* (Budapest).

KEY DATA ON THE OFFICE STANDING INVESTMENTS

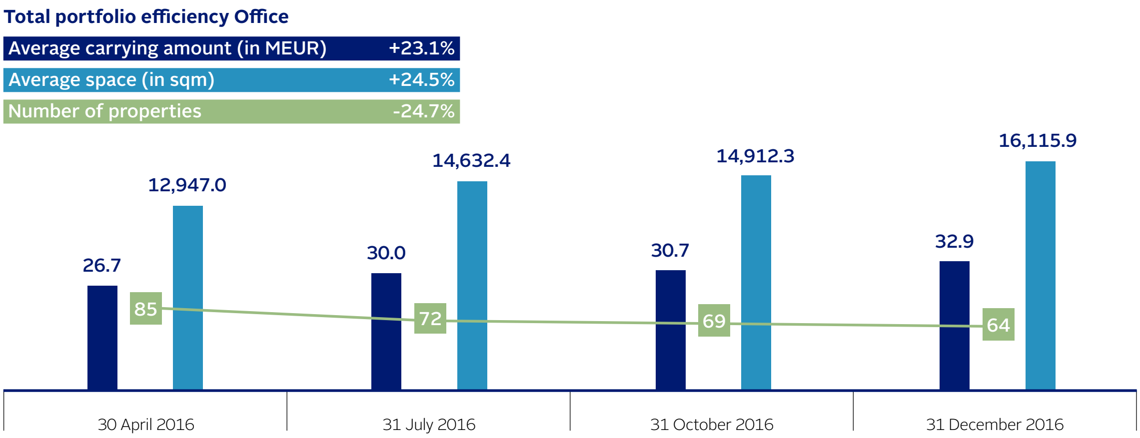
Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	**64**	**2,102.6**	**100.0%**	**1,031,414**	**900,182**	**87.3%**
thereof myhive[1]	15	866.0	41.2%	402,190	364,190	90.6%

Standing investments	Rental income 2016A in MEUR[2]	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in %[3]	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	**76.1**	**5.4% (6.2%)**	**990.1**	**2.1%**	**2.8%**	**47.1%**
thereof myhive[1]	31.5	5.5% (6.0%)	463.0	2.0%	2.6%	53.5%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1 Twenty properties will be branded as myhive, including 15 standing investments. Of this total, two buildings are not listed separately because they are part of the *IRIDE Business Park*. The other three properties represent development projects.
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 Financing costs based on nominal outstanding liability

IMMOFINANZ has substantially increased the efficiency of its standing investment portfolio in recent years through the steady optimisation of the portfolio structure.

EFFICIENCY OF THE OFFICE STANDING INVESTMENT PORTFOLIO

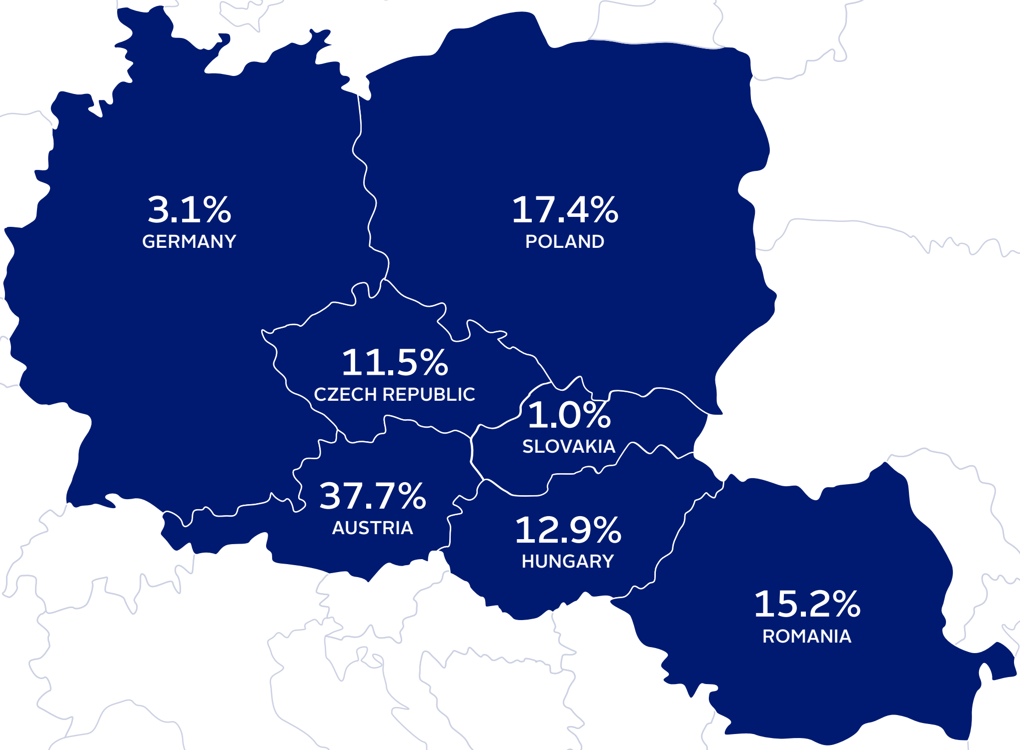


* Average unexpired lease term weighted by rental income

OFFICE

THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,102.6)



AUSTRIA	37.7%
Number of properties	22
Carrying amount in MEUR	792.0
Rentable space in sqm	317,022
Occupancy rate in %	85.8%
Rental income 2016A (MEUR)[1]	26.2
Gross return in %	5.0%
Gross return in % (occupancy-adjusted)	5.8%

POLAND	17.4%
Number of properties	10
Carrying amount in MEUR	364.8
Rentable space in sqm	161,774
Occupancy rate in %	96.2%
Rental income 2016A (MEUR)[1]	13.2
Gross return in %	5.4%
Gross return in % (occupancy-adjusted)	5.6%

ROMANIA	15.2%
Number of properties	8
Carrying amount in MEUR	318.6
Rentable space in sqm	197,875
Occupancy rate in %	94.6%
Rental income 2016A (MEUR)[1]	14.5
Gross return in %	6.8%
Gross return in % (occupancy-adjusted)	7.2%

HUNGARY	12.9%
Number of properties	11
Carrying amount in MEUR	270.5
Rentable space in sqm	161,784
Occupancy rate in %	89.4%
Rental income 2016A (MEUR)[1]	9.8
Gross return in %	5.4%
Gross return in % (occupancy-adjusted)	6.1%

CZECH REPUBLIC	11.5%
Number of properties	8
Carrying amount in MEUR	242.2
Rentable space in sqm	130,718
Occupancy rate in %	71.7%
Rental income 2016A (MEUR)[1]	7.9
Gross return in %	4.9%
Gross return in % (occupancy-adjusted)	6.8%

GERMANY	3.1%
Number of properties	3
Carrying amount in MEUR	65.6
Rentable space in sqm	29.512
Occupancy rate in %	79.2%
Rental income 2016A (MEUR)[1]	2.7
Gross return in %[2]	6.2%
Gross return in % (occupancy-adjusted)	7.8%

SLOVAKIA	1.0%
Number of properties	1
Carrying amount in MEUR	21.9
Rentable space in sqm	16,902
Occupancy rate in %	76.3%
Rental income 2016A (MEUR)[1]	0.8
Gross return in %	5.3%
Gross return in % (occupancy-adjusted)	7.0%

NON-CORE COUNTRIES[3]	1.3%
Number of properties	1
Carrying amount in MEUR	26.9
Rentable space in sqm	15,827
Occupancy rate in %	68.3%
Rental income 2016A (MEUR)[1]	1.0
Gross return in %	5.5%
Gross return in % (occupancy-adjusted)	8.0%

IMMOFINANZ	100.0%
Number of properties	64
Carrying amount in MEUR	2,102.6
Rentable space in sqm	1,031.414
Occupancy rate in %	87.3%
Rental income 2016A (MEUR)[1]	76.1
Gross return in %	5.4%
Gross return in % (occupancy-adjusted)	6.2%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1 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)
2 Gross return excl. properties used by IMMOFINANZ: 7.2%
3 Non-core countries: Croatia

RETAIL STANDING INVESTMENTS

The carrying amount of the 73* standing investments in the retail sector totalled EUR 1,202.4 million as of 31 December 2016 and represents 36.3% of the total standing investment portfolio. The largest regional markets are Romania with EUR 303.2 million, Poland with EUR 229.3 million and Slovakia with EUR 178.9 million.

The retail standing investments have 738,019 sqm of rentable space. Based on annualised rental income (rental income in 2016A: EUR 58.8 million), these properties generated a gross return of 7.3% (30 April 2016: 7.2%*).

38% of the retail rental contracts have a term of five years or longer

The occupancy rate in the retail properties equalled 93.0% as of 31 December 2016 (30 April 2016: 94.1%*). The take-up in the retail properties amounted to roughly 32,000 sqm in 2016A, whereby approx. 28,000 sqm were related to standing investments and correspond to roughly 4% of the total space in the retail standing investments. Roughly 53% of the take-up involved new rentals and contract supplements, while the remaining 47% are attributable to contract extensions by existing tenants. Major new rentals over roughly 2,000 sqm each included the *Tarasy Zamkowe* shopping center in Poland and the *VIVO! Krosno* development project.

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 are the largest tenant group based on rented space, followed by food products. Other important tenant groups are electronics, health & beauty, shoes and entertainment. Of the total rental contracts, 38% have a term of five years or longer. The WAULT** equalled roughly four years as of 31 December 2016.

CONTRACT EXPIRATION RETAIL SECTOR

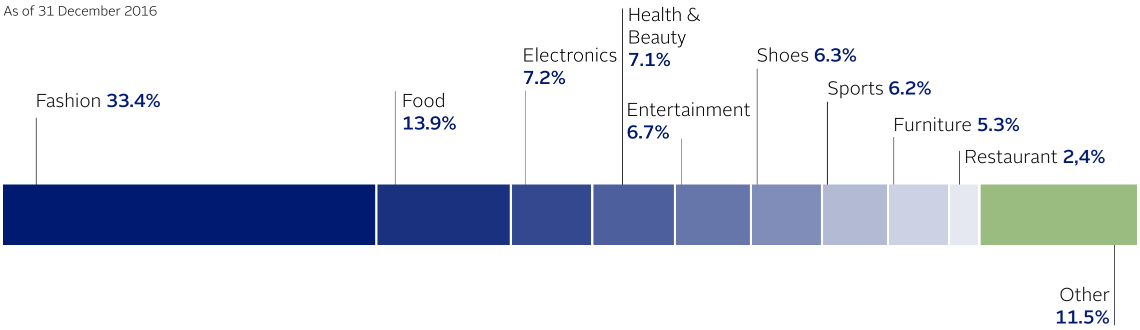
Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas (GLA[1]), excluding the discontinued operation Russia:

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
12%	14%	13%	19%	13%	5%	3%	17%	4%

1 Gross lettable area: total space available to tenants for exclusive use, i.e. excluding common areas like traffic areas, parking facilities, service areas etc.

BRANCH MIX – RETAIL, EXCLUDING RUSSIA

Only rented space in standing investments.



The ten largest standing investments in the retail portfolio based on the carrying amount (in declining order, excluding the discontinued operation Russia) are the *VIVO! Cluj* (Romania), *Tarasy Zamkowe* (Poland), *Polus City Center* (Slovakia), *VIVO! Constanta* (Romania), *VIVO! Baia Mare* (Romania), VIVO! Piła (Poland), *VIVO! Stalowa Wola* (Poland), *VIVO! Hostivař* (Czech Republic), *STOP SHOP Veszprém* (Hungary) and *STOP SHOP Stadlau* (Austria).

* Excluding the discontinued operation Russia
** Average unexpired lease term weighted by rental income

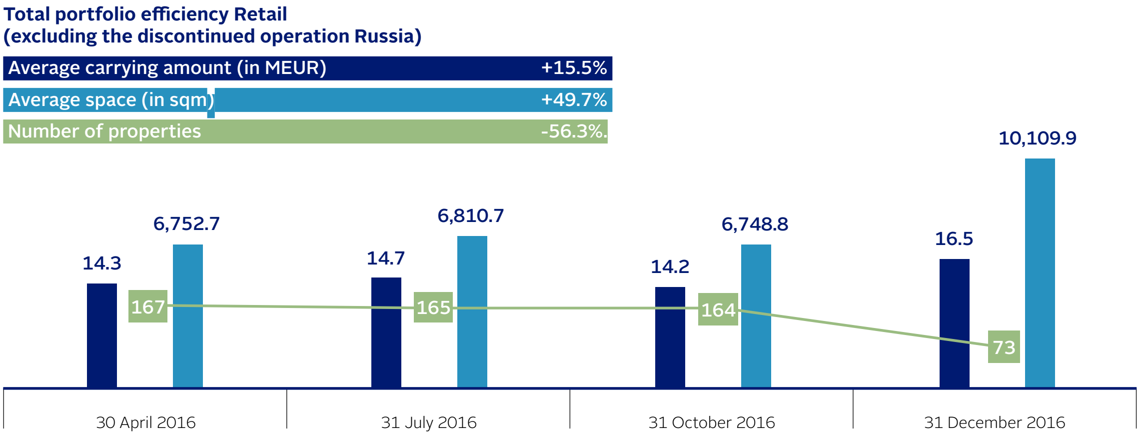
RETAIL STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	**73**	**1,202.4**	**100.0%**	**738,019**	**686,014**	**93.0%**
thereof VIVO!/Shopping Center	9	614.2	51.1%	293,111	276,045	94.2%
thereof STOP SHOP/ Retail Park	58	546.2	45.4%	380,403	368,355	96.8%

Standing investments	Rental income 2016A in MEUR[1]	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in %[2]	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	**58.8**	**7.3% (7.9%)**	**469.5**	**2.4%**	**2.7%**	**39.0%**
thereof VIVO!/ Shopping Center	29.3	7.2% (7.6%)	253.5	2.6%	2.8%	41.3%
thereof STOP SHOP/ Retail Park	27.0	7.4% (7.7%)	208.7	2.2%	2.5%	38.2%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates..
1 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)
2 Financing costs based on nominal outstanding liability.

EFFICIENCY OF THE RETAIL STANDING INVESTMENT PORTFOLIO



RETAIL MOSCOW (DISCONTINUED OPERATION)

The carrying amount of the five standing investments in the retail sector, which have 277,825 sqm of rentable space, totalled EUR 1,024.1 million as of 31 December 2016. Based on annualised rental income (rental income in 2016A: EUR 50.1 million), the gross return equalled 7.3% (30 April 2016: 6.8%).

The occupancy rate in Retail Moscow rose to 87.7% as of 31 December 2016 (30 April 2016: 81.9%). The take-up in 2016A amounted to roughly 46,000 sqm, whereby 74% involved new rentals and contract supplements, while the remaining 26% are attributable to contract extensions by existing tenants. The largest new rentals were concluded in Moscow's *Golden Babylon Rostokino* shopping center with the Hamleys IDEAS4RETAIL Group (approx. 5,000 sqm) and the fashion retailer Podium (3,200 sqm). The WAULT* equalled roughly five years as of 31 December 2016.

CONTRACT EXPIRATION RETAIL MOSCOW (discontinued operation)

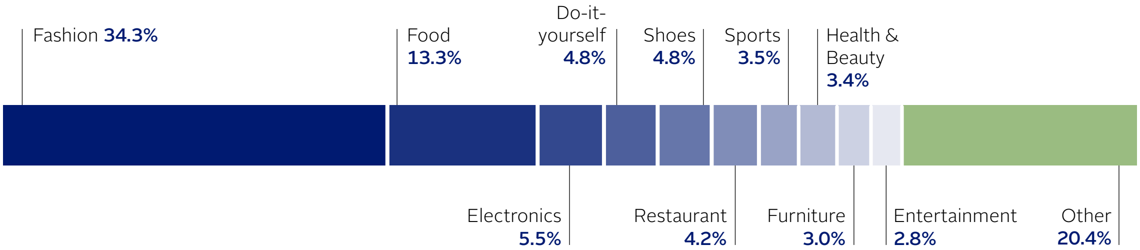
Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas[1]):

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
18%	1%	12%	9%	6%	5%	2%	47%	0%

1 Gross lettable area: total space available to tenants for exclusive use, i.e. excluding common areas like traffic areas, parking facilities, service areas etc.

* Average unexpired lease term weighted by rental income

BRANCH MIX – RETAIL MOSCOW



KEY DATA ON RETAIL MOSCOW

Standing investments	Number of properties	Carrying amount in MEUR	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
Retail Moscow[1]	5	1,024.1	277,825	243,750	87.7%

Standing investments	Rental income 2016A in MEUR[2]	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in %[3]	Financing costs incl. derivatives in %	LTV in %
Retail Moscow[1]	50.1	7.3% (8.4%)	721.7	7.8%	7.8%	70.5%

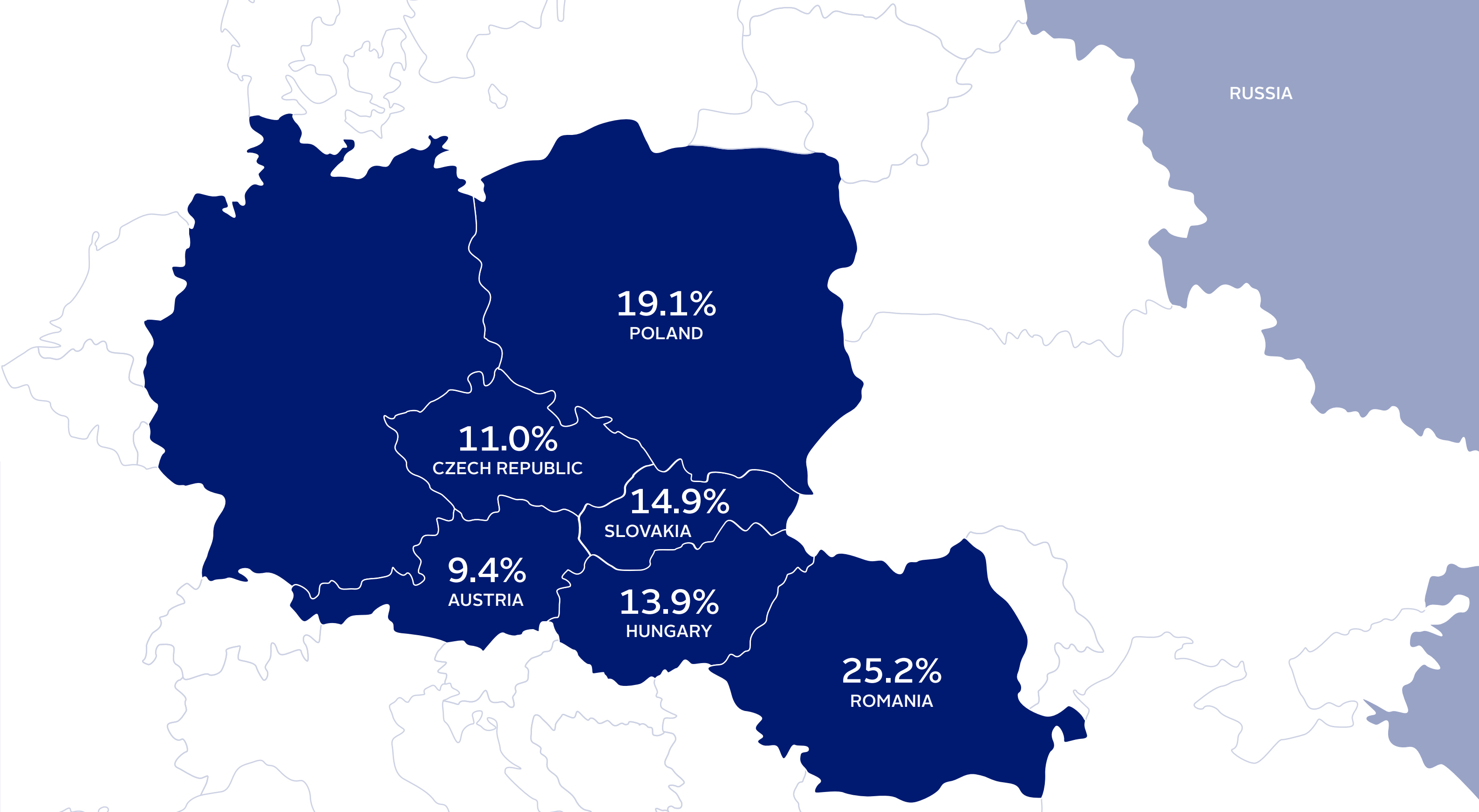
1 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off.
2 Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)
3 Financing costs based on nominal outstanding liability.

Tarasy Zamkowe
Lublin | PL | approx.
38,000 sqm rentable space

RETAIL

THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 1,202.4[1])



ROMANIA	25.2%
Number of properties	5
Carrying amount in MEUR	303.2
Rentable space in sqm	147,315
Occupancy rate in %	97.3%
Rental income 2016A (MEUR)[2]	16.3
Gross return in %	8.1%
Gross return in % (occupancy-adjusted)	8.3%

POLAND	19.1%
Number of properties	10
Carrying amount in MEUR	229.3
Rentable space in sqm	126,914
Occupancy rate in %	95.9%
Rental income 2016A (MEUR)[2]	9.7
Gross return in %	6.4%
Gross return in % (occupancy-adjusted)	6.6%

SLOVAKIA	14.9%
Number of properties	12
Carrying amount in MEUR	178.9
Rentable space in sqm	102,818
Occupancy rate in %	92.1%
Rental income 2016A (MEUR)[2]	8.7
Gross return in %	7.3%
Gross return in % (occupancy-adjusted)	8.0%

HUNGARY	13.9%
Number of properties	12
Carrying amount in MEUR	166.7
Rentable space in sqm	118,285
Occupancy rate in %	92.5%
Rental income 2016A (MEUR)[2]	7.6
Gross return in %	6.9%
Gross return in % (occupancy-adjusted)	7.4%

CZECH REPUBLIC	11.0%
Number of properties	12
Carrying amount in MEUR	132.5
Rentable space in sqm	105,599
Occupancy rate in %	97.0%
Rental income 2016A (MEUR)[2]	6.8
Gross return in %	7.6%
Gross return in % (occupancy-adjusted)	7.9%

AUSTRIA	9.4%
Number of properties	13
Carrying amount in MEUR	113.5
Rentable space in sqm	81,234
Occupancy rate in %	73.5%
Rental income 2016A (MEUR)[2]	5.6
Gross return in %	7.4%
Gross return in % (occupancy-adjusted)	10.1%

NON-CORE COUNTRIES[3]	6.5%
Number of properties	9
Carrying amount in MEUR	78.3
Rentable space in sqm	55,854
Occupancy rate in %	97.9%
Rental income 2016A (MEUR)[2]	4.0
Gross return in %	7.7%
Gross return in % (occupancy-adjusted)	7.9%

IMMOFINANZ[1]	100.0%
Number of properties	73
Carrying amount in MEUR	1,202.4
Rentable space in sqm	738,019
Occupancy rate in %	93.0%
Rental income 2016A (MEUR)[2]	58.8
Gross return in %	7.3%
Gross return in % (occupancy-adjusted)	7.9%

RUSSIA[4]	–
Number of properties	5
Carrying amount in MEUR	1,024.1
Rentable space in sqm	277,825
Occupancy rate in %	87.7%
Rental income 2016A (MEUR)[2]	50.1
Gross return in %	7.3%
Gross return in % (occupancy-adjusted)	8.4%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1 Excluding the discontinued operation Russia
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 Non-core countries: Slovenia and Serbia
4 Discontinued operation

DEVELOPMENT PROJECTS

With the development of office and retail properties in the core markets, IMMOFINANZ strengthens its standing investment portfolio and safeguards organic growth. The company covers the entire value chain on these projects – from site preparation to property rental.

Development projects with a carrying amount of EUR 379.0 million

The active development projects had a carrying amount of EUR 379.0 million as of 31 December 2016, which represents 9.5% of the total property portfolio. The expected fair value on completion amounts to EUR 670.5 million. Activities are currently focused on the core markets of Germany, Romania and Poland. Germany is responsible for 70.0% of the expected fair value after completion (EUR 469.6 million), Romania for 10.6% (EUR 71.2 million) and Poland for 5.4% (EUR 36.4 million). The development projects also include the extensive modernisation of existing properties which will be reclassified to the standing investment portfolio after completion. Modernisation projects were ongoing in three buildings as of 31 December 2016. The implementation of the myhive concept in the *Vinice* office building in Prague is proceeding as planned and should be completed during the third quarter of 2017. The *Polus Towers II* underwent a general refurbishment and, together with the *Polus Towers I* and a shopping center, forms the *Polus City Center Complex* in Bratislava. The renovation in the office buildings was completed during November 2016 and the *Polus Towers II* will be reclassified to the standing investment portfolio after a stabilisation phase. *IRIDE 18*, which is part of the *Iride Business Park* in Bucharest, is currently undergoing renovation after rental to a single tenant and will be transferred to this medical services provider in May 2017.

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

Development projects focused on Germany

GERMANY

Düsseldorf

The new global headquarters for trivago is currently under construction in the Medienhafen with approx. 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. Construction started during spring 2016, and the cornerstone ceremony was held on 8 September 2016. The first section is scheduled for completion in mid-2018. Additional expansion areas can be realised in the second section (up to approx. 16,000 sqm).

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 approx. 28,000 sqm and will use the building as its new headquarters starting in mid-2018.

Cologne

The centrally located *Hohenzollernring* standing investment on Friesenplatz in Cologne is currently undergoing extensive renovation. Plans call for 8,000 to 9,000 sqm office space, which should be completed during the second quarter of 2018.

Aachen

The *Cluster Produktionstechnik* with approx. 28,000 sqm of rentable space is the largest technology cluster in the RWTH (Rheinisch-Westfälische Technische Hochschule) Aachen expansion project. Construction is expected to be completed during the second quarter of 2017, and pre-rentals have already reached roughly 95%.

POLAND

In Poland, IMMOFINANZ is continuing the expansion with its STOP SHOP brand. The opening of the STOP SHOP in Świnoujście (3,600 sqm of rentable space) in May 2016 was followed by a further location in Szczytno (3,600 sqm) in June. These two projects raise the number of retail parks in Poland to six, and other locations are currently under evaluation. IMMOFINANZ is also constructing a further shopping center under its VIVO! brand in the Polish city of Krosno, which will have approx. 21,000 sqm of rentable space. Construction started in October 2016 and the opening is planned for the fourth quarter of 2017.

SERBIA

The first STOP SHOP retail park in Serbia opened in Čačak during April 2015 and was followed by a second in Niš during April 2016. The third location, which has roughly 6,100 sqm of rentable space, opened in Valjevo during August. In December 2016 IMMOFINANZ also announced the construction of three further retail parks in Serbia. They will be located in Požarevac, Lazarevac and Vršac and cover 23,800 sqm of rentable space in total. These locations are currently in different stages of construction and will be completed by the end of 2017.

DEVELOPMENT PROJECTS BY CORE MARKET

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construc-tion cost 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	2	34.0	9.0%	n.a.	21,691	34.0[4]	1.4[4]	n.a.
Germany	5	237.7	62.7%	186.1	102,133	469.6	23.3	5.5%
Czech Republic	1	20.9	5.5%	8.1	21,393	29.1	2.9	9.9%
Poland	1	5.8	1.5%	26.5	21,275	36.4	2.9	9.1%
Romania	3	56.8	15.0%	14.4	31,648	71.2	6.4	9.1%
Slovakia	1	22.1	5.8%	6.4	18,702	28.5	2.8	9.7%
Non-core countries[2]	1	1.7	0.5%	n.a.	n.a.	1.7[4]	n.a.	n.a.
IMMOFINANZ	**14**	**379.0**	**100.0%**	**241.5**	**216,842**	**670.5**	**39.7[3]**	**6.4%**

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates..
1 Expected rental income after completion in relation to the current carrying amount, including outstanding construction costs
2 Purchase of land
3 Of this total, approx. EUR 1.3 million are included in 2016A
4 Projects in the planning stage, therefore no outstanding construction costs; rental income based on current use

DEVELOPMENT PROJECTS BY CATEGORY

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construc-tion cost 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]
IMMOFINANZ	**14**	**379.0**	**100.0%**	**241.5**	**216,842**	**670.5**	**39.7**	**6.4%**
thereof myhive	3	70.5	18.6%	47.6	52,525	125.7	9.6	8.1%
thereof VIVO!/ Shopping Center	1	5.7	1.5%	26.5	21,275	36.3	2.9	9.1%
thereof STOP SHOP/ Retail Park[2]	1	1.8	0.5%	n.a.	n.a.	1.8[3]	n.a.	n.a.

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates..
1 Expected rental income after completion in relation to the current carrying amount, including outstanding construction costs
2 Purchase of land
3 Projects in the planning stage, therefore no outstanding construction costs; rental income based on current use

Based on the expected fair value after completion, the most important development projects as of 31 December 2016 are as follows:

SELECTED DEVELOPMENT PROJECTS UNDER CONSTRUCTION

Largest projects in Germany	Primary use	Planned rentable/ sellable space in sqm (rounded)	Pre-occupancy rate in %	Scheduled completion (calendar quarter)
trivago[1]	Office	26,000	100%	Q3 2018
RWTH Aachen	Office	28,000	95%	Q2 2017
FLOAT	Office	30,000	95%	Q3 2018

1 Office construction phase I

REAL ESTATE INVENTORIES

Real estate inventories are apartments that are intended for sale after completion and also include the hotel in Cologne's *Gerling Quartier* which is in the project development phase. The hotel was sold as a forward purchase during the 2016A financial year, but will be completed by IMMOFINANZ.

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
Austria	1	0.3	0.3%	0.0	0.3
Germany	8	83.5	89.7%	39.3	126.3
Poland	5	7.6	8.1%	0.0	7.9
Romania	9	1.5	1.7%	0.0	1.5
Non-core countries	1	0.2	0.2%	0.0	0.2
IMMOFINANZ	**24**	**93.1**	**100.0%**	**39.3**	**136.2**

PIPELINE PROJECTS

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

Pipeline projects with a carrying amount of EUR 222.2 million

The pipeline projects had a carrying amount of EUR 222.2 million as of 31 December 2016. They are evaluated quarterly for possible transfer to an active development status. IMMOFINANZ intends to reduce the number 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	3	10.7	4.8%
Czech Republic	1	0.9	0.4%
Hungary	7	31.6	14.2%
Poland	2	4.8	2.2%
Romania	44	160.6	72.3%
Slovakia	1	1.1	0.5%
Non-core countries	5	12.5	5.6%
IMMOFINANZ	**63**	**222.2**	**100.0%**

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

ASSETS HELD FOR SALE

The assets held for sale, excluding the discontinued operation Russia, totalled EUR 476.8 million as of 31 December 2016 and are not included in this portfolio report. Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Including the discontinued operation Russia, the assets held for sale amount to EUR 1,602.4. Details are provided in section 4.8 of the notes to the consolidated interim financial statements on page 157.

STOP SHOP
Domžale | SLO |
approx. 1,700 sqm
rentable space

Property Valuation

IMMOFINANZ prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Accordingly, the properties must be appraised on a regular basis by independent experts. The valuation of the property portfolio follows the EPRA's Best Practices Policy Recommendations for the application of the fair value method as defined in IFRS.

The IMMOFINANZ properties were valued by independent external appraisers as of 31 December 2016, whereby CBRE was responsible for the CEE and Russia portfolio and BNP Paribas Real Estate Consult (BNPP REC) for the portfolios in Austria and Germany.

As of 31 December 2016 CBRE had appraised 72.9%, or EUR 3.7 billion, of the total property portfolio and BNP Paribas Real Estate Consult 26.5%, or EUR 1.3 billion. Internal appraisals covered 0.6%, or EUR 29.4 million.

Retail Moscow is presented as a discontinued operation because of the planned sale or spin-off. Due to the size of this portfolio (property value as of 31 December 2016: EUR 1,024.1 million), Russia, respectively Retail Moscow is presented separately in the like-for-like property valuation. Other properties which fall under the scope of application of IFRS 5 – i.e. properties held for sale – are not included in accordance with previous practice.

DEVELOPMENT OF PROPERTY VALUATION IN THE 2016A FINANCIAL YEAR

Revaluation results totalled EUR 0.3 million in 2016A (2015A*: EUR 30.3 million) and include EUR -3.9 million (2015A*: EUR 26.2 million) of foreign exchange-adjusted revaluations. Increases in the Czech Republic and Slovakia due to an improvement in the market environment, respectively higher occupancy in the retail properties, were contrasted by slight declines in Poland (primarily in the *EMPARK* which is classified as held for sale) and in Romania (above all due to the costs connected with the myhive rollout).

The foreign exchange-based revaluations of investment property amounted to EUR 4.2 million (2015A*: EUR 4.1 million) and primarily involved non-core countries whose functional currency is not the Euro.

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

The following tables present a like-for-like analysis of the valuation effects in the 2016A financial year. In order to improve comparability, the data are adjusted for new acquisitions, completions and sales. The above-mentioned effects are also relevant here.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like[1]	Number of properties	Carrying amount 31.12.2016 in MEUR	Carrying amount in %	Valuation effects 2016A in MEUR
Austria	36	899.5	30.4%	-7.4
Germany	3	65.6	2.2%	-0.3
Czech Republic	19	353.4	11.9%	11.6
Hungary	23	437.2	14.8%	0.3
Poland	12	331.6	11.2%	-2.1
Romania	16	622.0	21.0%	-13.5
Slovakia	12	178.9	6.0%	5.4
Non-core countries	7	70.2	2.4%	0.5
IMMOFINANZ continuing operations	**128**	**2,958.4**	**100.0%**	**-5.5**

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.

* Eight-month comparable financial year, unaudited

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like[1]	Number of properties	Carrying amount 31.12.2016 in MEUR	Carrying amount in %	Valuation effects 2016A in MEUR
Office	61	2,002.9	67.7%	-14.0
Retail	61	951.4	32.2%	8.1
Other	6	4.1	0.1%	0.4
IMMOFINANZ continuing operations	**128**	**2,958.4**	**100.0%**	**-5.5**

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.

DEVELOPMENT OF PROPERTY VALUATION IN THE DISCONTINUED OPERATION RUSSIA

The foreign exchange-adjusted revaluation – which represents the change in the value of the Russian investment properties in US Dollar translated into the Euro – totalled EUR -182.5 million in 2016A (2015/16: EUR -466.9 million; 2015A*: EUR -75.0 million) and resulted chiefly from the difficult market environment and the related extensions of the rental reductions granted to tenants. The revaluation also reflected the substantial year-end increase in the land register values defined by the city of Moscow, which represent the assessment bases for tax charges. The property appraisals for the Russian shopping centers are prepared in US Dollars. Based on the growing strength of the US Dollar in relation to the Euro, the fair value in Euros changed by only EUR -90.6 million. The value of the properties in the discontinued operation Russia therefore totalled EUR 1.02 billion as of 31 December 2016 (30 April 2016: EUR 1.11 billion).

* Eight-month comparable financial year, unaudited

myhive Nimbus
Warsaw | PL |
approx. 21,000 sqm
rentable space

Financing

IMMOFINANZ successfully arranged all necessary refinancing and extensions for standing investments and development projects as planned during the abbreviated 2016 financial year. In order to utilise the currently favourable environment, IMMOFINANZ also regularly evaluates opportunities to renew and optimise existing loans prior to maturity while, at the same time, maintaining a balanced term structure. The focus is placed on the combination of individual properties in an asset class and region into a portfolio in order to arrange for financing at more attractive conditions.

Financial liabilities, excluding the discontinued operation Russia, totalled EUR 2.8 billion as of 31 December 2016 (30 April 2016: EUR 2.8 billion). Cash and cash equivalents amounted to EUR 189.3 million. Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.6 billion (30 April 2016: EUR 2.4 billion). Financial liabilities attributable to the discontinued operation Russia amounted to EUR 721.7 million as of 31 December 2016 (30 April 2016: EUR 669.4 million). Additional information on the financial liabilities held for sale is provided in the consolidated financial statements starting on page 157.

Net loan-to-value ratio, excl. Russia: 49.0%

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 37.8% (30 April 2016: 39.8%) and a net loan-to-value ratio (net LTV) of 49.0%, respectively 52.2% incl. Russia (30 April 2016 incl. Russia: 49.2%).

The net LTV shows the carrying amount of financing less cash and cash equivalents in relation to the total carrying amount of the properties, the market value of the investment in BUWOG shares and the EPRA net asset value (EPRA NAV) of the investment in CA Immobilien Anlagen AG (CA Immo).

CALCULATION OF NET LTV AS OF 31 DECEMBER 2016

	Amounts in TEUR (incl. RU)	Amounts in TEUR (excl. RU)
Carrying amount of financing	3,523,120.67	2,801,460.58
– Cash and cash equivalents	-206,228.49	-189,287.80[1]
Net carrying amount of financing	3,316,892.18	2,612,172.76
Carrying amount of property[2] & market value of BUWOG shares plus EPRA NAV of CA Immo shares[3]	6,353,486.38	5,329,436.38
Net LTV	**52.2%**	**49.0%**

1 Excluding cash and cash equivalents in discontinued operations
2 The calculation of the net LTV excl. RU reflected the deduction of the net asset value (NAV) of the Russian properties (carrying amount of the properties less attributable debt) as well as the assumption that the NAV will be reinvested at the average net LTV.
3 Market value of the BUWOG shares: approx. 10.0 million shares à EUR 22.09 (closing price on the Vienna Stock Exchange as of 30 December 2016); value of the CA Immo shares at the EPRA NAV as of 31 December 2016: 25.7 million shares à EUR 26.74.

FINANCING COSTS

The average financing costs for IMMOFINANZ as of 31 December 2016 equalled 4.01% per year (30 April 2016: 3.85% per year) including the derivatives used for interest rate hedging and 3.71% per year excluding derivatives (30 April 2016: 3.54% per year). After an adjustment for the financing arranged in Russia, the average financing costs equalled 3.02% per year (30 April 2016: 2.97% per year) including the derivatives used for interest rate hedging and 2.64% per year (30 April 2016: 2.58% per year) excluding these derivatives. The inclusion of the incentivised conversion of the convertible bond 2018 shortly after the end of the 2016A financial year and the issue of the new convertible bond 2024 (details are provided in the section *Bonds*) results in financing costs of 2.82% per year including derivatives and 2.45% per year excluding derivatives.

Average financing costs	**IMMOFINANZ continuing operations 31.12.2016**	**Incl. Russia 31.12.2016**
Excl. derivatives	2.64%	3.71%
Incl. derivatives	3.02%	4.01%
Excl. derivatives and incl. incentivised conversion of convertible bond 2018 & new convertible bond 2024[1]	2.45%	3.54%
Including derivatives, incentivised conversion of convertible bond 2018 & new convertible bond 2024[1]	2.82%	3.83%

1 The incentivised conversion and the issue of the new convertible bond 2024 took place in January 2017.

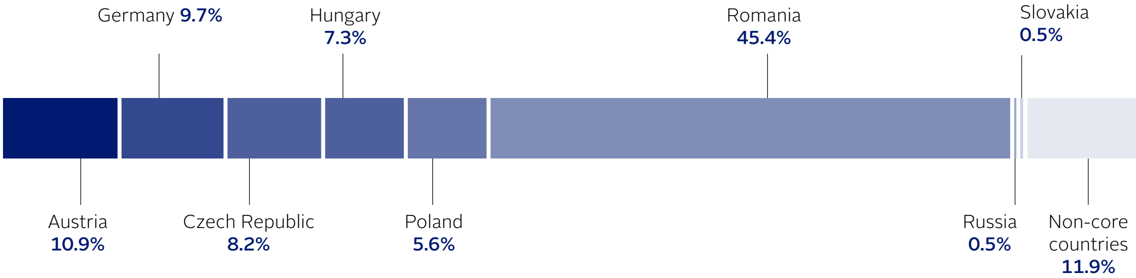
The average financing costs for the standing investments (excl. Russia) amount to 2.78% per year including derivatives and 2.16% per year excluding derivatives.

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 755.2 million or 13.9% of the total property carrying amount was not externally financed and therefore unencumbered as of 31 December 2016 (30 April 2016: 15.2%).

13.9% of property carrying amount unencumbered

UNENCUMBERED PROPERTY BY COUNTRY



COMPOSITION OF FINANCIAL LIABILITIES

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from convertible and corporate bonds. The composition of these liabilities as of 31 December 2016 is as follows:

	Outstanding liability[1] in TEUR as of 31 December 2016	**Weighted average interest rate excl. derivatives[2]**	**Share of fixed interest in %[2]**	**Share of floating interest in %[2]**	**Fixed interest rate[2]**	**Floating interest rate[2]**
Convertible bonds in EUR	530,265.0	4.23%	100.00%	0.00%	4.23%	n.a.
Corporate bond in EUR	102,446.3	2.64%	100.00%	0.00%	5.25%	n.a.
Bank liabilities in EUR	2,168,749.3	2.14%	4.01%	95.99%	1.06%	2.18%
IMMOFINANZ continuing operations	**2,801,460.6**	**2.64%**	**25.56%**	**74.44%**	**3.99%**	**2.18%**
Russia[3]	721,660.1	7.85%	0.00%	100.00%	n.a.	7.85%

1 Excl. the discontinued operation Russia
2 Calculation basis: actual remaining debt (nominal amount) excl. the discontinued operation Russia
3 As a result of the planned spin-off or sale, Russia is reported as a discontinued operation and is therefore not included in the total.

The remaining balance of the financial liabilities held by IMMOFINANZ (continuing operations) totalled EUR 2,801.4 million as of 31 December 2016. As of that date, all of the financing was denominated in Euros.

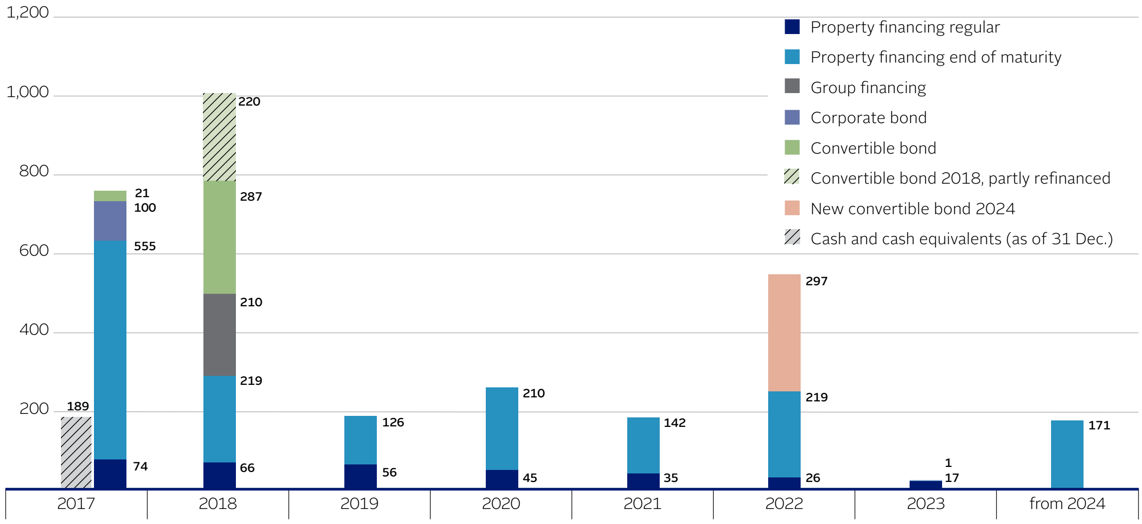
Outstanding balance of financial liabilities: EUR 2.8 billion

TERM STRUCTURE

Weighted average remaining term of financial liabilities: 3 years

The weighted average remaining term of the financial liabilities equals three years. The following graph shows the term structure for IMMOFINANZ as of 31 December 2016. The liabilities scheduled to mature during the 2017 financial year amounted to EUR 676.9 million as of 31 December 2016. The weighted average remaining term of the property financing equals 3.75 years.

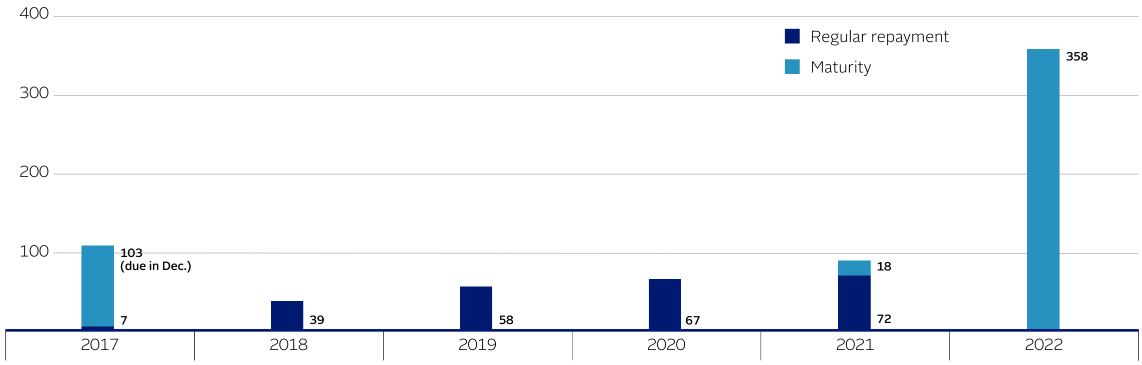
TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEARS AS OF 31 DECEMBER 2016[1]



1 Excl. the discontinued operation Russia

Cash and cash equivalents totalled EUR 189.3 million, respectively EUR 206.2 million including the cash and cash equivalents in discontinued operations and disposal groups, as of 31 December 2016.

TERM STRUCTURE OF FINANCIAL LIABILITIES DISCONTINUED OPERATION RUSSIA BY FINANCIAL YEARS AS OF 31 DECEMBER 2016



The Russian financial liabilities totalled EUR 721.7 million at the end of December 2016. An agreement for the full suspension of scheduled repayments was concluded with SBERBANK, which covers the period up to and including the first quarter of 2018. A waiver agreement was also concluded which suspends the calculation of financial covenants up to and including the first quarter of 2018.

BANK LIABILITIES

SUCCESSFUL LOAN FINANCING

Total volume of loan financing: EUR 857.5 million

The total volume of refinancing, long-term extensions and cash inflows from new financing amounted to EUR 857.5 million in the abbreviated 2016 financial year.

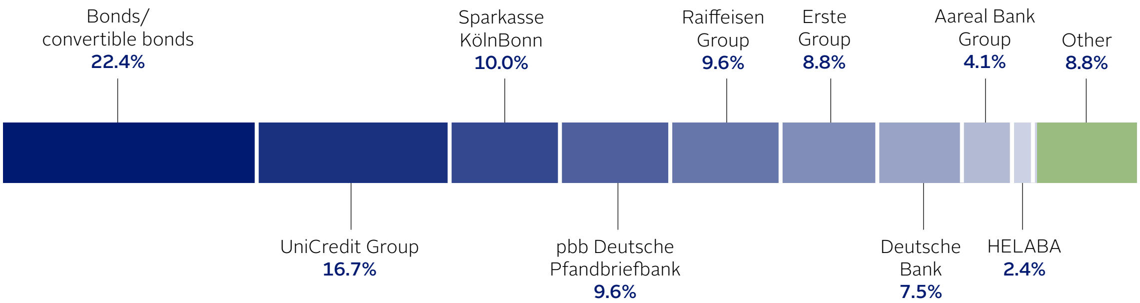
The financing volume for the office properties totalled EUR 442.1 million in 2016A, whereby EUR 207.1 million were related to standing investments. The existing financing for the *myhive Twin Tower* in Vienna was replaced before the scheduled maturity date and refinanced for a new term of ten years at a volume of EUR 120.0 million. New financing of EUR 33.8 million was arranged for the *Nimbus office building* in Warsaw, and long-term extensions of the maturing loans were concluded for the *Skofin* (Prague), *Pipera I*, *Pipera II, Bucharest Corporate Center* (Bucharest) and other maturing loans of EUR 53.3 million. Financing was also arranged for the two office development projects in Germany: the *trivago Campus* at EUR 115.0 million and the *FLOAT* at EUR 120.0 million.

In the retail sector, the financing volume amounted to EUR 205.4 million. The financing for the *Tarasy Zamkowe* shopping center was extended and increased to EUR 85.0 million. Other transactions included the premature refinancing and increase in the loan volume for the *VIVO! Hostivař* shopping center and the drawdown of a further financing tranche for *Na Příkopě* in the Czech Republic. The development financing for the *VIVO! Stalowa Wola* in Poland was also converted into standing investment facility.

IMMOFINANZ finalised the purchase of roughly 26% of CA Immo for approx. EUR 604 million on 2 August 2016. Group financing with an international investment bank was arranged for this purpose, with the drawdown equalling EUR 210.0 million.

Diversification of lenders

FINANCING BANKING GROUPS AS OF 31 DECEMBER 2016[1]



1 Excl. the discontinued operation Russia

DERIVATIVES

67.7% of financial liabilities hedged against interest rate risk

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of hedged financial liabilities amounted to EUR 1,178.8 million as of 31 December 2016 (30 April 2016: EUR 1,098.0 million). In total, 67.7% of financial liabilities are hedged against interest rate risk.

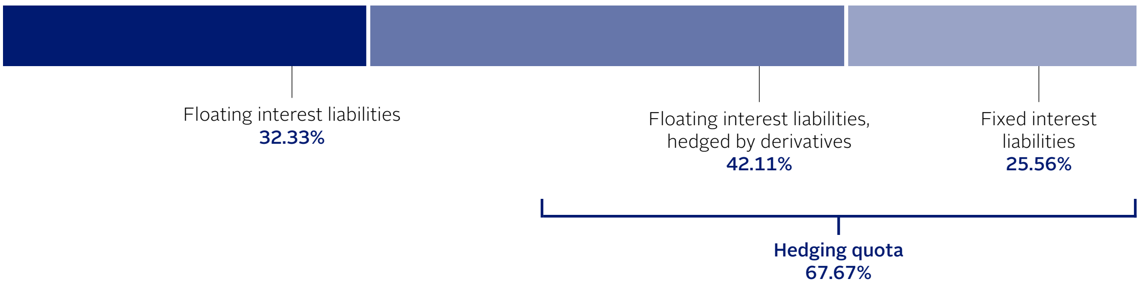
Derivative[1]	Floating leg	Market value incl. interest & CVA/DVA as of 31 December 2016 in TEUR	Notional amount in TEUR	Average hedged interest rate
Interest rate swap	3-M-EURIBOR	-17,061.9	934,844.7	0.55%
Interest rate swap	6-M-EURIBOR	-5,353.5	243,980.0	0.91%
IMMOFINANZ AG		**-22,415.3**	**1,178,824.7**	

1 Incl. IFRS 5 and excl. the discontinued operation Russia

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[1] – TYPE OF INTEREST AS OF 31 DECEMBER 2016



1 Excl. the discontinued operation Russia

BONDS

Bonds with a total nominal value of EUR 628.5 million outstanding

The outstanding nominal value of the bonds equalled EUR 628.5 million as of 31 December 2016 (30 April 2016: EUR 628.5 million).

IMMOFINANZ had two convertible bonds and one corporate bond outstanding as of 31 December 2016. These bonds are listed in the following table:

	ISIN	Maturity	Interest rate in %	Nominal value as of 30 April 2016 in TEUR	Conversions 2016 in TEUR	Repurchases/ redemptions/ conversions/new issues 2016 in TEUR	Nominal value as of 31 December 2016 in TEUR
Convertible bond 2007–2017[2]	XS0332046043	19.11.2017	3.75%[1]	21,400.0	0.0	0.0	21,400.0
Convertible bond 2011–2018[2]	XS0592528870	8.3.2018	4.25%	507,094.2	0.0	-0.1	507,094.1
Corporate bond 2012–2017	AT0000A0VDP8	3.7.2017	5.25%	100,000.0	0.0	0.0	100,000.0
IMMOFINANZ				**628,494.2**	**0.0**	**-0.1**	**628,494.1**

1 Held to maturity (coupon 1.25%)
2 1 certificate from the convertible bond 2018 (nominal value: EUR 4.12) entitles the bondholder to conversion into 1.1908 IMMOFINANZ shares and 0.0649 BUWOG shares
1 certificate from the convertible bond 2017 (nominal value: EUR 100,000.0) entitles the bondholder to conversion into 12,909.75 IMMOFINANZ shares and 718.10 BUWOG shares

The terms for the conversion rights and the conversion prices of the convertible bonds due in 2017 and 2018 were amended with the spin-off of BUWOG AG from IMMOFINANZ AG on 26 April 2014. The revised terms give each bondholder the right to receive IMMOFINANZ shares as well as a proportional amount of BUWOG shares when the conversion right is exercised.

If dividends are paid by IMMOFINANZ or BUWOG, the conversion rights to shares in IMMOFINANZ and BUWOG will be adjusted in accordance with the respective bond terms. The last adjustments were made to reflect the cash dividend of EUR 0.06 per IMMOFINANZ share that was approved by the annual general meeting of IMMOFINANZ AG on 29 September 2016 and the EUR 0.69 cash dividend per BUWOG share that was approved by the annual general meeting of BUWOG AG on 14 October 2016. The following calculation uses the 2018 convertible bond to explain this adjustment mechanism:

Calculation for the adjustment of the conversion price of the convertible bond 2018 based on the IMMOFINANZ dividend (dividend payment in October 2016)	IMMOFINANZ (in EUR)
Input factor “CP” old conversion price	3.56
Input factor “M” average market price	2.13
Input factor “V” dividend	0.06
Old number of shares currently underlying each 2018 convertible bond certificate	1.1573
New conversion price = CP x (M – V) / M = IMMOFINANZ: 3.56 x (2.13 – 0.06) / 2.13	3.46
New number of shares currently underlying each 2018 convertible bond certificate = Old number of underlying shares (new conversion price / old conversion price) = IMMOFINANZ: 1.1573 / (3.46 / 3.56)	1.1908

Calculation for the adjustment of the conversion price of the convertible bond 2018 based on the BUWOG dividend (dividend payment in October 2016)	BUWOG (in EUR)
Input factor “CP” old conversion price	3.28
Input factor “M” average market price	22.45
Input factor “V” dividend	0.69
Old number of shares currently underlying each 2018 convertible bond certificate	0.0629
New conversion price = CP x (M – V) / M = BUWOG: 3.28 x (22.45 – 0.69) / 22.45	3.18
New number of shares currently underlying each 2018 convertible bond certificate = Old number of underlying shares (new conversion price / old conversion price) = BUWOG: 0.0629 / (3.18 / 3.28)	0.0649

One certificate from the 2018 convertible bond (nominal value: EUR 4.12) currently entitles the bondholder to conversion into 1.1908 IMMOFINANZ shares (30 April 2016: 1.1573 shares) and 0.0649 BUWOG shares (30 April 2016: 0.0629 shares). Twenty-four bond certificates were converted during the second quarter of the 2016A financial year.

One certificate from the 2017 convertible bond (nominal value: EUR 100,000.0) currently entitles the bondholder to conversion into 12,909.75 IMMOFINANZ shares (30 April 2016: 12,547.05 shares) and 718.10 BUWOG shares (30 April 2016: 691.44 shares).

In January 2017, i.e. after the end of the 2016A financial year, IMMOFINANZ invited the holders of the convertible bond 2018 to accept an incentivised conversion into IMMOFINANZ shares and BUWOG shares plus a conversion premium. The bondholders had also the option of receiving a cash settlement as an alternative to the BUWOG shares. Conversion declarations were submitted for a total nominal value of EUR 219.8 million, or 43.4%, of the outstanding nominal value from the convertible bond 2018. This reduced the outstanding nominal value of the convertible bond 2018 to EUR 287.3 million.

Parallel to the incentivised conversion of the convertible bond 2018, IMMOFINANZ issued a new convertible bond with a 2% coupon per year, a term ending in 2024 and a volume of EUR 297.2 million. The issue terms allow the holders of the convertible bond 2024 to put their securities for premature redemption as of 24 January 2022. The initial conversion price equalled EUR 2.3933, which represents the right to conversion into 124.2 million IMMOFINANZ shares.

Improvement in term structure

This combination of measures will reduce future financing costs and improve the term structure of the Group's financial liabilities. In addition, IMMOFINANZ placed approx. 4.5 million BUWOG shares through an accelerated bookbuilding at the beginning of February 2017. This transaction generated net proceeds of roughly EUR 97.4 million. IMMOFINANZ still holds 4.7 million BUWOG shares, which are reserved for servicing the convertible bonds 2017 and 2018.

myhive Park Postępu
Warsaw | PL |
approx. 34,000 sqm
rentable space

Earnings, Balance Sheet and Cash Flow Analysis

General information:

> The following analysis compares the consolidated income statement, the consolidated cash flow statement and selected EPRA indicators for the 2016A financial year with the unaudited pro-forma consolidated income statement, the unaudited condensed pro-forma consolidated cash flow statement and the unaudited EPRA indicators for the comparable eight-month period of the 2015A financial year. A comparison with the 12-month period in 2015/16 would not be representative and would distort the entire picture. Additional details on the unaudited pro-forma financial information is presented in a separate section beginning on page 86.

> On 19 December 2016 the Executive Board and Supervisory Board approved the separation of the retail portfolio in Russia through a sale or spin-off. The Russian portfolio is therefore presented as a discontinued operation in the consolidated financial statements for 2016A in accordance with IFRS 5.

INCOME STATEMENT

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

CONSOLIDATED INCOME STATEMENT

All amounts in TEUR	2016A	2015A[1]	2015/16
Rental income	156,696	155,677	232,347
Results of asset management	**91,009**	**100,200**	**142,261**
Results of property sales	**-2,811**	**16,889**	**788**
Results of property development	**-18,120**	**-26,124**	**-14,509**
Other operating income	12,951	23,859	29,872
Other operating expenses	-32,093	-62,646	-82,656
Results of operations	**50,936**	**52,178**	**75,756**
Other revaluation results	**-13,196**	**26,511**	**-96,085**
Operating profit (EBIT)	**37,740**	**78,689**	**-20,329**
Financial results	**-45,209**	**4,320**	**-58,043**
Earnings before tax (EBT)	**-7,469**	**83,009**	**-78,372**
Net profit for the period from continuing operations	**26,858**	**60,687**	**-113,598**
Net profit or loss from discontinued operations[2]	-208,818	-211,215	-276,756
Net profit or loss	**-181,960**	**-150,528**	**-390,354**

1 Eight-month comparable financial year, unaudited
2 Due to the planned sale or spin-off of the Russian portfolio, the earnings contribution from Russia is reported under net profit or loss from discontinued operations.

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 totalled EUR 156.7 million, which represents an increase of 0.7% compared with the pro-forma period in 2015A (EUR 155.7 million*). The decline in revenues resulting from the sale of properties was offset by completions and new rentals. Rental income rose by 1.5% to EUR 74.3 million in the office sector and by 3.3% to EUR 68.8 million in the retail sector.

Revenues reflected the development of rental income with an increase of 3.7% to EUR 216.9 million. At EUR 91.0 million, the results of asset management were 9.2% lower than the comparable 2015A amount (EUR 100.2 million*). This decline was caused chiefly by an increase in property expenses, which were 17.9% higher than the previous year at EUR -73.3 million due to modernisation projects in the office portfolio. The increase in maintenance costs (EUR -29.1 million versus EUR -13.4 million* in 2015A) was connected primarily with ongoing modernisation projects in the office sector, e.g. in the *Business Park Vienna*, and the roll-out of the myhive and VIVO! brands. The increase in extension costs (EUR -8.1 million versus EUR -5.0 million*) was related to the conclusion of numerous new large-scale rental contracts. In contrast, substantial declines were recorded in vacancy costs (EUR -9.0 million versus EUR -12.2 million*) and receivables write-offs (EUR -1.4 million versus EUR -3.0 million*).

* Eight-month comparable financial year, unaudited

RESULTS OF PROPERTY SALES

The results of property sales amounted to EUR -2.8 million in 2016A (2015A*: EUR 16.9 million). The optimisation and adjustment of the portfolio were reflected in the sale, among others, of the *BB Centrum A* and *B* office buildings in Prague, the *Carlsquartier* development project in Düsseldorf, one retail property in Bulgaria, one pipeline project in Bratislava and several smaller office, retail and residential properties in Austria.

RESULTS OF PROPERTY DEVELOPMENT

The results of property development cover the sale of real estate inventories as well as the valuation of development projects completed in 2016A or currently in progress. In 2016A the results of property development amounted to EUR -18.1 million (2015A*: EUR -26.1 million).

RESULTS OF OPERATIONS

The results of operations equalled EUR 50.9 million and were 2.4% lower than the comparable prior year period (EUR 52.2 million*). Other operating expenses (EUR -32.1 million versus EUR -62.6 million*) in the previous year were negatively influenced by non-recurring effects of EUR -29.5 million* for the termination of legal proceedings with investors.

REVALUATION, FINANCIAL RESULTS AND EBT

The foreign exchange-adjusted revaluation of investment property totalled EUR -11.0 million (2015A*: EUR 20.8 million). Financial results equalled EUR -45.2 million (2015A*: EUR 4.3 million), whereby financing costs fell by 11.0% to EUR -70.8 million (2015A*: EUR -79.5 million). Financial results also include foreign exchange effects of EUR 9.7 million (2015A*: EUR -5.5 million), which resulted primarily from intragroup financing transactions with companies in non-core countries whose functional currency is not the Euro. Other financial results of EUR 7.5 million (2015A*: EUR -23.4 million) are attributable chiefly to the valuation of derivatives at EUR 11.6 million (2015A*: EUR 41.0 million).

The share of profit/loss from equity-accounted investments amounted to EUR 2.5 million (2015A*: EUR 102.1 million) and consists primarily of the following: EUR 35.8 million for the proportional share of earnings from the BUWOG investment, the EUR 34.2 million gain on the sale of 18.5 million BUWOG shares, the EUR 23.6 million proportional share of earnings from CA Immo for two quarters and EUR -91.9 million from the market-based valuation of the investment in CA Immo shares according to IFRS. The book price of the CA Immo share equalled EUR 21.02 as of 31 December 2016.

Earnings before tax (EBT) therefore amounted to EUR -7.5 million (2015A*: EUR 83.0 million). Income tax expense equalled EUR 34.3 million in 2016A (2015A*: EUR -22.3 million). This tax income resulted, above all, from the derecognition of deferred tax liabilities following the restructuring of intragroup financing for the retail portfolio in Russia. A contrary position for tax expense is included in the results of discontinued operations.

RESULTS OF DISCONTINUED OPERATIONS

The results of discontinued operations totalled EUR -208.8 million (2015A*: EUR -211.2 million) and represent the discontinued core market Russia.

The rental income from Russia amounted to EUR 50.1 million in 2016A, compared with EUR 56.9 million in 2015A* and EUR 36.1 million in the first two quarters of 2016A. The decline in relation to the comparable prior year period resulted primarily from the ongoing rental price reductions for the tenants in the Moscow shopping centers and a year-on-year decline in the occupancy rate.

The write-off of receivables in Russia totalled EUR 2.3 million as of 31 December 2016 (2015A*: EUR -11.7 million). The outstanding rents receivable in Russia amounted to EUR 9.4 million as of 31 December 2016 (30 April 2016: EUR 11.1 million).

The foreign exchange-adjusted revaluation – which represents the change in the value of the Russian investment properties in US Dollar translated into the Euro – totalled EUR -182.5 million in the 2016A financial year (2015/16: EUR -466.9 million, 2015A*: EUR -75.0 million) and is attributable, above all, to the difficult market environment and the related extensions of the rental price reductions granted to tenants. The revaluation also reflected the substantial year-end increase in the land register values defined by the city of Moscow, which represent the assessment bases for tax charges. The property appraisals for the Russian shopping centers are prepared in US Dollars. Based on the growing strength of the US Dollar in relation to the Euro, the fair value in Euros changed

* Eight-month comparable financial year, unaudited

by only EUR -90.6 million. The value of the properties in the discontinued operation Russia therefore totalled EUR 1.02 billion as of 31 December 2016 (30 April 2016: EUR 1.11 billion).

Financial results also include foreign exchange effects of EUR 51.4 million (2015A*: EUR -285.1 million), which represent, more or less, a counterpart to the currency-related decrease in the value of the investment properties. This development reflects the lower value of the foreign currency liabilities in the Russian subsidiaries caused by the appreciation of the Ruble.

NET PROFIT

The net profit from continuing operations totalled EUR 26.9 million in 2016A (2015A*: EUR 60.7 million). Net profit (including the results of discontinued operations) amounted to EUR -182.0 million (2015A*: EUR -150.5 million). Diluted earnings per share equalled EUR -0.19 (2015A*: EUR -0.15).

BALANCE SHEET

The condensed balance sheet is shown below:

CONSOLIDATED BALANCE SHEET

All amounts in TEUR	31 December 2016	in %	30 April 2016	in %
Investment property	3,531,379	80.0%	4,961,845	80.1%
Property under construction	379,036		410,043	
Real estate inventories	93,100		112,126	
Assets held for sale	1,602,428		323,158	
Other tangible assets	2,243	0.0%	2,908	0.0%
Intangible assets	25,955	0.4%	104,474	1.4%
Equity-accounted investments	739,254	10.6%	494,103	6.8%
Trade and other receivables	414,190	5.9%	432,367	6.0%
Other financial assets	10,493	0.1%	14,110	0.2%
Deferred tax assets	4,385	0.1%	6,306	0.1%
Income tax receivables	11,626	0.2%	13,719	0.2%
Cash and cash equivalents	189,287	2.7%	371,622	5.1%
Assets	**7,003,376**	**100.0%**	**7,246,781**	**100.0%**
Equity	**2,650,616**	**37.8%**	**2,885,991**	**39.8%**
Liabilities from convertible bonds	530,265	7.6%	520,234	7.2%
Financial liabilities	2,114,794	30.2%	2,775,923	38.3%
Trade and other payables	270,168	3.9%	326,882	4.5%
Income tax liabilities	12,973	0.2%	28,229	0.4%
Provisions	50,773	0.7%	58,961	0.8%
Deferred tax liabilities	312,414	4.5%	466,171	6.4%
Financial liabilities held for sale	1,061,373	15.2%	184,390	2.5%
Equity and liabilities	**7,003,376**	**100.0%**	**7,246,781**	**100.0%**

Assets totalled EUR 7.0 billion as of 31 December 2016 and comprise non-current assets of EUR 4.9 billion and current assets of EUR 2.1 billion.

The value of the property portfolio amounted to EUR 5.6 billion and represented 80.0% of total assets as of 31 December 2016. 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.

The investments accounted for at equity increased from EUR 494.1 million to EUR 739.3 million. The sale of roughly 18.5 million BUWOG shares was contrasted by the purchase of the investment in CA Immo. Cash and cash equivalents declined from EUR 371.6 million on 30 April 2016 to EUR 189.3 million as of 31 December 2016.

The required disclosures on material transactions with related companies and persons are provided in the notes.
* Eight-month comparable financial year, unaudited

Equity totalled EUR 2.7 billion as of 31 December 2016 (30 April 2016: EUR 2.9 billion), and the equity ratio equalled 37.8% (30 April 2016: 39.8%).

Liabilities totalled EUR 4.4 billion as of 31 December 2016 (30 April 2016: EUR 4.4 billion). The non-current component equalled EUR 2.3 billion (30 April 2016: EUR 3.4 billion) and the current component EUR 2.1 billion (30 April 2016: EUR 0.9 billion).

CASH FLOW STATEMENT

The condensed cash flow statement is presented below:

CONSOLIDATED CASH FLOW STATEMENT

All amounts in TEUR	2016A	2015A[1]	2015/16
Gross cash flow after tax	63,093	62,997	77,454
Cash flow from operating activities	98,347	84,936	64,927
Cash flow from investing activities	-120,234	287,805	742,945
Cash flow from financing activities	-154,723	-474,648	-824,037

1 Eight-month comparable financial year, unaudited

Gross cash flow after tax amounted to EUR 63.1 million (2015A*: EUR 63.0 million). Cash flow from operating activities rose by 15.8% from EUR 84.9 million to EUR 98.3 million.

FUNDS FROM OPERATIONS 1 & 2 (FFO 1 & 2)

All amounts in TEUR	2016A	2015A[1]
Gross cash flow before tax	85,860	93,914
Gross cash flow before tax from discontinued operations	-32,627	-51,944
Gross cash flow before tax from continuing operations	**53,233**	**41,970**
Ancillary costs for property sales (included in gross cash flow, recognised through profit or loss)	6,936	4,362
Results of property development (included in gross cash flow, recognised through profit or loss)	11,171	7,760
Expenses for investors' lawsuits	0	28,118
Dividends received from equity-accounted investments	7,168	27,625
Economic interest in FFO I of the CA Immo Group[2]	12,611	0
Interest and dividends received from financial instruments	4,324	1,795
Interest paid	-46,316	-53,623
Derivatives	-14,391	-20,412
FFO 1	**34,735**	**37,596**
Results of property sales	-2,811	16,889
FFO 2	**31,924**	**54,485**

1 Eight-month comparable financial year, unaudited; the comparable prior year data were adjusted accordingly. In order to present the sustainable FFO from the standing investments, the results of property sales and property development were deducted.
2 The economic interest in the CA Immo Group is based on the investment held by IMMOFINANZ in relation to the number of CA Immo shares outstanding over a six-month period – similar to the recognition of the net profit or loss from equity-accounted investments.

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. In accordance with the EPRA NAV concept, the calculation should include the deferred taxes that would be realised on the sale of property. Goodwill, which arises as a technical figure due to the recognition of deferred taxes on business combinations, is deducted.

* Eight-month comparable financial year, unaudited

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. This calculation also includes the deduction of the deferred taxes expected from the sale of properties. 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:

EPRA NET ASSET VALUE (NAV)

	31 December 2016		30 April 2016	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	**2,660,300**		**2,891,536**	
Diluting effects of convertible bonds and exercise of options	0		0	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	**2,660,300**		**2,891,536**	
Undisclosed reserves in real estate inventories	336		1,058	
Fair value of derivative financial instruments	30,455		47,154	
Deferred taxes on investment property	421,067		445,775	
Deferred taxes on real estate inventories and derivative financial instruments	-7,032		-11,320	
Goodwill excl. deferred taxes	-90,935		-104,084	
Number of shares excl. treasury shares (in 1,000)		**965,956**		**965,956**
EPRA NAV	**3,014,190**	**3.12**	**3,270,119**	**3.39**
Fair value of derivative financial instruments	-30,455		-47,154	
Effect of fair value measurement of financial liabilities	-38,757		-14,087	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	16,476		14,642	
Deferred taxes on investment property	-93,596		-19,171	
EPRA NNNAV	**2,867,859**	**2.97**	**3,204,349**	**3.32**

The EPRA NAV per share equalled EUR 3.12 (30 April 2016: EUR 3.39), whereby the decline resulted from the negative net profit recorded in 2016A. The triple net asset value per share declined from EUR 3.32 to EUR 2.97 as of 31 December 2016.

EPRA EARNINGS PER SHARE

All amounts in TEUR	31 December 2016	31 December 2015[1]
Weighted average number of shares	**965,956**	**975,956**
Net profit or loss from continuing operations excl. non-controlling interests	**22,297**	**62,635**
Revaluation of investment properties and development properties	3,317	-18,142
Results of property sales	2,810	-16,890
Goodwill impairment, negative differences and earn-out effects on income	2,063	-3,075
Changes in fair value of financial instruments	-9,529	-16,339
Acquisition costs on share deals	0	137
Taxes in respect of EPRA adjustments	1,529	7,510
EPRA adjustment in respect of joint ventures and non-controlling interests	1,995	528
EPRA earnings	**24,483**	**16,363**
EPRA earnings per share	**0.03**	**0.02**
Company-specific adjustments		
Increase in provision for legal proceedings related to lawsuits by investors	0	29,481
Result from the repayment of the exchangeable bond for BUWOG shares	0	33,938
Foreign exchange differences	-9,709	5,473
Impairment loss CA Immo Group	91,850	0
Deferred tax in respect of company-specific adjustments	2,813	-16,629
Company-specific adjusted EPRA earnings	**109,438**	**68,626**
EPRA earnings per share after company-specific adjustments	**0.11**	**0.07**

1 Eight-month comparable financial year (unaudited)

EPRA earnings per share, excluding Russia, equalled EUR 0.03 as of 31 December 2016 and EUR 0.11 after company-specific adjustments.

EPRA NET INITIAL YIELD

All amounts in TEUR	31 December 2016	31 December 2015[1]
Investment property	4,894,556	5,612,575
Investment property – proportional share of joint ventures	49,067	16,991
Less undeveloped land	-193,105	-275,373
Less logistics portfolio	0	-493,949
Less Russian portfolio	-1,024,050	-1,235,235
Less undeveloped land – proportional share of joint ventures	-1,927	-8,506
Total property portfolio	**3,724,541**	**3,616,504**
Allowance for estimated purchasers' costs	67,042	72,330
Gross value of total property portfolio	**3,791,582**	**3,688,834**
Annualised cash rental income	237,331	225,501
Annualised cash rental income – proportional share of joint ventures	1,779	1,299
Non-recoverable property operating expenses	-34,735	-43,182
Non-recoverable property operating expenses – proportional share of joint ventures	-77	-8
Annualised net rental income	**204,299**	**183,610**
EPRA NIY	**5.4%**	**5.0%**

1 Eight-month comparable financial year (unaudited)

The EPRA net initial yield, excluding Russia, improved substantially from 5.0% as of 31 December 2015* to 5.4% as of 31 December 2016.

* Eight-month comparable financial year, unaudited

Vienna City Tower
Vienna | AT |
approx. 27,000 sqm
rentable space

Corporate Social Responsibility

ECOLOGICAL RESPONSIBILITY IN DEVELOPMENT PROJECTS AND STANDING INVESTMENTS

IMMOFINANZ places high priority on the responsible use of natural resources, the use of climate-friendly technologies, a well-defined strategy for the reduction of energy consumption, the renovation of suitable building substance and the construction of energy-efficient buildings. This reduces operating costs and emissions, supports environmental protection and increases tenant satisfaction. In order to make this ecological responsibility visible, IMMOFINANZ's development projects are certified under sustainability criteria.

In addition to Green Building, a certification system for commercial properties initiated by the European Commission, plans call primarily for the certification of office buildings under LEED (Leadership in Energy and Environment Design) and shopping centers under BREEAM (Building Research Establishment Environmental Assessment Method). Properties are also certified according to DGNB criteria (standards issued by the German Sustainable Building Council) depending on local requirements.

myhive Metroffice

The *Metroffice* building in Bucharest was completed during the abbreviated 2016 financial year. This property has approx. 20,000 sqm of rentable space and meets all current energy savings and safety requirements. **Among others, these requirements include the following:**

- Functional areas with maximum natural light to reduce energy consumption
- Use of recycled rainwater for the green areas on and in front of the building
- 24.9% savings in energy costs compared with reference buildings
- Maximum safety standards in the event of fire or earthquake

myhive Metroffice
Bucharest | RO |
approx. 20,000 sqm
rentable space

IMMOFINANZ also invests continuously to maintain and improve the sustainable quality of its standing investments. As part of the VIVO! and myhive rebranding process, modernisation projects were carried out at office buildings and shopping centers in Austria, Romania, Czech Republic, Hungary and Poland during the reporting year.

The certified space amounts to approx. 225,000 sqm, or 12.7%, of the total area in the standing investment portfolio.

EMPLOYEES AS A LONG-TERM SUCCESS FACTOR

IMMOFINANZ had a workforce of 545* in nine countries as of 31 December 2016 (30 April 2016: 705). The expertise and commitment of these men and women are important factors for the company's long-term success. Activities in the area of human resources are designed to create an environment that supports the optimal development of talents and to make these talents available to the company as top performers. The year-on-year decline in the number of employees resulted from cost savings in the corporate headquarters, the stronger decentralisation of operating activities in the core countries and the outsourcing of center management in Poland, Romania and Slovakia.

APPRENTICESHIP PROGRAMME

The apprenticeship programme launched by IMMOFINANZ gives ambitious young people an opportunity for training within the Group. The apprentices complete a rotation curriculum in various departments which is concentrated on training for work as a real estate agent or finance and accounting assistant.

IMMOFINANZ ACADEMY

The IMMOFINANZ Academy is the Group's continuing education and training institute. Its activities include a special emphasis on individual plans in the form of specific courses or group modules. Over 300 employees took part in Academy training courses during 2016A. These courses were focused on technical content, e.g. basic real estate training, and also included language courses and social and management skills.

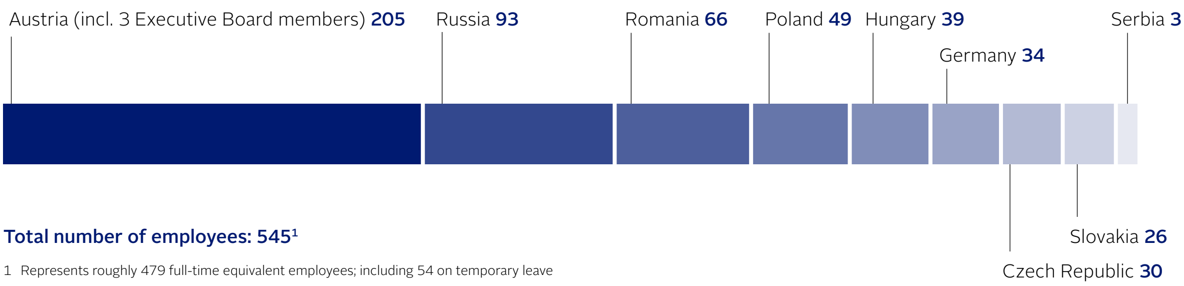
Age structure of employees as of 31 December 2016

The average age of the IMMOFINANZ workforce is 36 years. Continuing education measures are focused on targeted training for employees and support for internal career opportunities.

AGE PYRAMID

under 30	113
between 30 and 40	291
between 40 and 50	107
over 50	34
Total	**545**

Geographic distribution of IMMOFINANZ employees as of 31 December 2016



Total number of employees: 545[1]

1 Represents roughly 479 full-time equivalent employees; including 54 on temporary leave

* Including 54 employees on temporary leave

myhive Crown Point
Warsaw | PL |
approx. 11,000 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 abbreviated 2016 financial year and the beginning of the 2017 financial year shows no major changes.

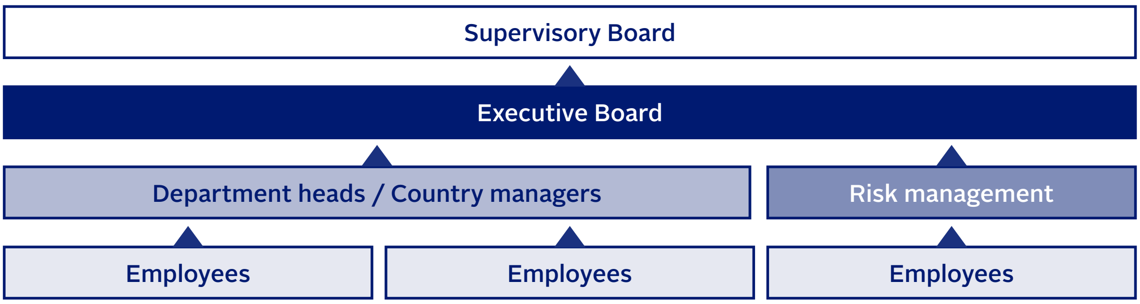
IMMOFINANZ has anchored the procedures for handling risk in a Group-wide risk management system, which is integrated in business practices and reporting paths and has a direct influence on processes and strategic decisions. Risk management takes place at all levels through internal guidelines, reporting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

RESPONSIBILITIES AND REPORTING PATHS



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. The business area 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.

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 responsibility. 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.

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

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 section 7.2 of the notes to the consolidated financial statements beginning on page 185.

MARKET AND PROPERTY-SPECIFIC RISKS

The development of the real estate markets is dependent on cyclical and macroeconomic factors. The related risks involve 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. The retail portfolio in Moscow is subject to different market dynamics than the rest of IMMOFINANZ's property portfolio and has a negative influence on the Group's risk profile. Consequently, plans call for the separation of the Russian portfolio through a sale or spin-off before the planned merger with CA Immobilien Anlagen AG.

In addition to the diversification of the portfolio by sector and region, a diversified tenant structure is also important for minimising risk. IMMOFINANZ has a very balanced and diversified tenant mix.

myhive Crown Point
Warsaw | PL |
approx. 11,000 sqm
rentable space

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 in 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	> Increase in similar risks in the portfolio	> Diversification by sector and region
	> Capital market movements make it difficult to raise equity or debt	> Balanced structure of equity and debt
	> Loans for projects and transactions are not available	> Medium-term planning, capital and liquidity management
Financial risks	See note 7.2 to the consolidated financial statements, page 185	
Legal and tax risks	> Legal disputes with tenants, business partners, investors or public authorities	> Continuous monitoring of legal developments, creation of provisions
	> Changes in national tax schemes result in subsequent tax liabilities	> Continuous monitoring of legal developments, compliance with disclosure requirements
Organisational risks	> IT risks materialise, e.g. failure of technical systems, unauthorised data access or manipulation	> Group-wide IT governance and compliance, continuous updating of security standards, penetration tests, connections to geographically separate back-up data processing facility
	> Environmental risks, e.g. extreme weather conditions, natural disasters or man-made damages like ground contamination can result in damages to properties	> Insurance to cover environmental damages
	> HR risks like staff turnover lead to the loss of top performers or capacity bottlenecks	> Personnel development and appropriate remuneration and bonus systems
	> Compliance risks materialise, which can result in penalties and damage to the company's reputation	> Strict compliance with legal regulations and regular training for employees
Investment risks	> Fluctuations in the value of the BUWOG investment	> Regular monitoring and valuation
	> Fluctuations in the value of the CA Immo investment and risks related to the merger	> Management committee for the merger of the two companies

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 2015) and reports to the Executive Board on the results of this analysis. The auditor did not review the effectiveness of the risk management system in connection with the regular audit of the annual financial statements for the abbreviated 2016 financial year. This review is scheduled for the 2017 financial year.

RISKS IN THE ABBREVIATED 2016 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 2015/16 financial year.

The overall occupancy rate for IMMOFINANZ's portfolio equalled 89.6% as of 31 December 2016, which represents an increase of 3.3 percentage points since 30 April 2016. The occupancy rate rose to 87.3% (30 April 2016: 81.7%) in the office properties. The occupancy rate in the retail properties, excluding the discontinued operations in Russia, equalled 93.0% (30 April 2016: 94.1%).

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 379.0 million (2015/16: EUR 410.0 million), and real estate inventories have a total carrying amount of EUR 93.1 million (2015/16: EUR 112.1 million). The outstanding construction costs totalled EUR 39.3 million as of 31 December 2016 (2015/16: EUR 74.0 million).

RISKS RELATED TO THE DISCONTINUED OPERATIONS IN RUSSIA

The five shopping centers in Russia are subject to different market dynamics and have a different risk profile than the rest of IMMOFINANZ's property portfolio. Plans therefore call for the sale or spin-off of these properties before the planned merger with CA Immo. This step is expected to follow during the 2017 financial year and is connected with financial risks (see notes 2.5 and 4.8 in the consolidated financial statements for additional information).

Russia is associated with specific concentration risks: the five retail properties in the discontinued Russian operations had a combined carrying amount of EUR 1,024.1 million as of 31 December 2016. In comparison, the continuing operations in IMMOFINANZ's property portfolio have a total carrying amount of EUR 4,003.5 million. With the *Golden Babylon Rostokino* shopping center, IMMOFINANZ has a single investment which represents more than 70% of the Russian portfolio based on the carrying amount.

IMMOFINANZ again granted the tenants in its Moscow shopping centers temporary rental price reductions or fixed exchange rates in 2016A due to the ongoing difficult economic situation. In comparison with 2015A (unaudited), these measures led to a decline of 11.9% in the rental income generated in Russia to EUR 50.1 million. The occupancy rate equalled 87.7% at the end of December 2016, which represents an increase of 5.8 percentage points over the level on 30 April 2016.

The results from the discontinued operations in Russia amounted to EUR -216.8 million as of 31 December 2016.

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 2015/16 financial year.

The sale of the freely available BUWOG shares during the first quarter of the abbreviated 2016 financial year reduced the risk associated with this investment compared with 2015/16. As of 31 December 2016, IMMOFINANZ held an investment of 10% in BUWOG.

IMMOFINANZ finalised the purchase of 25,690,163 bearer shares and four registered shares of CA Immobilien Anlagen AG on 2 August 2016 and now holds approx. 26% of the shares in that company. This share purchase represents the first step towards the planned merger with CA Immo, which is also accompanied by strategic, financial and operational risks.

As a property investor and development, CA Immo is exposed to the full range of risks related to the acquisition, development, management and sale of properties.

The CA Immo share is listed in the Prime Segment of the Vienna Stock Exchange and is exposed to market price risks. The earnings reported by IMMOFINANZ for the abbreviated 2016 financial year were negatively affected by a market-oriented valuation of the investment in CA Immo shares according to IFRS, which amounted to EUR -91.9 million. Details on this valuation can be found in the consolidated financial statements on page 149–151.

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.

Szépvölgyi Business Park
Budapest | HU | approx. 10,000 sqm rentable space

Legal Disputes

This section presents information, in particular, on the status of legal proceedings based on events which occurred before 2009. These proceedings involve lawsuits filed by (former) shareholders, lawsuits related to the previous management contract with Constantia Privatbank Aktiengesellschaft (now: Aviso Zeta i.A.*) and lawsuits involving former members of the Executive Board. The reported values in dispute include, in part, identical items and can therefore not be added.

An assessment of the expected outcome of these proceedings indicates that appropriate provisions for legal disputes and the associated costs were recognised in the IMMOFINANZ consolidated financial statements. Information on the existing liabilities for IMMOFINANZ is provided in section 7.3.1 of the notes to the consolidated financial statements.

LEGAL PROCEEDINGS WITH INVESTORS

IMMOFINANZ has concluded out-of-court settlements in nearly all of the legal proceedings with investors and thereby created legal certainty. The value in dispute of the proceedings still pending as of 31 December 2016 totalled only EUR 850,000 (30 April 2016: EUR 7 million).

PROCEEDINGS AGAINST FORMER MEMBERS OF CORPORATE BODIES

IMMOFINANZ and Aviso Zeta i.A. are pursuing legal proceedings against a number of former members of the Executive Board and Supervisory Board who held office in the years prior to 2009.

The legal disputes with former Executive Board member Norbert Gertner were resolved during the abbreviated 2016 financial year through a settlement that was approved by the annual general meeting on 29 September 2016.

In March 2011 IMMOFINANZ filed a lawsuit against three former members of the Executive Board and Supervisory Board of the former Constantia Privatbank that involved option transactions to the detriment of the former IMMOEAST. The proceedings were suspended after the first hearing in September 2011 until a final binding decision is issued in the criminal proceedings against these former Executive and Supervisory Board members. Two of the three defendants in the civil proceedings have since been convicted in these criminal proceedings, which resulted in a court judgment of EUR 11 million for the IMMOFINANZ Group. The first partial payments have already been received; the civil proceedings have been resumed and are limited to the outstanding amounts.

IMMOFINANZ filed a further lawsuit in September 2011 to enforce claims against a former member of the Executive Board and other persons in connection with payments made to third parties without justifiable grounds on the instructions of this former board member. These proceedings are currently pending in the first instance.

In 2013 IMMOFINANZ and IMBEA IMMOEAST Beteiligungsverwaltung GmbH (formerly IMMOEAST AG) filed a lawsuit against a former member of the Executive Board for payment of EUR 10 million as compensation for damages. These proceedings are also currently pending in the first instance.

Aviso Zeta i.A. has also been sued by two former Executive Board members for termination benefits.

At the end of 2012 Aviso Zeta i.A. filed lawsuits against three former members of the Executive Board of Constantia Privatbank to claim compensation for damages and declaration by judgment. The purpose of these lawsuits is to allow for the possible future filing of a recourse claim based on false advising in connection with share purchases. A settlement has since been concluded with one of the three former board members, and Aviso Zeta i.A. has since received a payment. Negotiations for an out-of-court settlement are currently in progress with the other two former board members.

* The company has been in liquidation since 31 December 2016.

REVIEW OF THE EXCHANGE RATIO APPLIED TO THE MERGER OF IMMOEAST AND IMMOFINANZ

The proceedings opened in 2010 to review the exchange ratio applied to the merger of IMMOFINANZ AG and IMMOEAST AG are still pending. In view of the extended length of these proceedings and the related legal uncertainty, IMMOFINANZ is currently evaluating possibilities to work towards a settlement.

IMMOFINANZ, as the accepting company, was merged with IMMOEAST, as the transferring company, in accordance with a merger agreement dated 21 January 2010. In connection with this merger, the former shareholders of IMMOEAST were granted a total of 567,363,702 shares in IMMOFINANZ based on an agreed exchange ratio of three IMMOFINANZ shares for each two IMMOEAST shares. Petitions were subsequently filed with the commercial court of Vienna by the shareholders of the two companies for a review of this exchange ratio (§§ 225c ff of the Austrian Stock Corporation Act), which led to the start of court proceedings and the appointment of a committee. In April 2014 Hans Bodendorfer was designated by the committee to prepare an expert opinion that would determine whether the defined exchange ratio reflected the factual and legal situation and evaluate whether the applied valuation methods were plausible.

In his expert opinion dated 21 August 2015, Mr. Bodendorfer confirmed the appropriateness of the exchange ratio based on the underlying net asset value method (NAV valuation): *"According to the plausibility assessment, the determination of the exchange ratio, in all probability, reflects the factual and legal situation".* However, the expert sees an inconsistency related to the discount rate based on a plausibility assessment of the exchange ratio according to the capitalised income method (DCF method).

The involved parties submitted statements and additional questions on this expert opinion during the abbreviated 2016 financial year. Mr. Bodendorfer issued a supplement to his expert opinion in response to these questions during November 2016 which confirmed his original conclusions. The committee has not issued any information on further planned procedures to date.

Court review of the exchange ratio still in progress

Decisions or settlements in these proceedings will apply to all shareholders in the respective shareholder groups (erga omnes right). If the proceedings lead to additional payments, the shareholders in the disadvantaged shareholder group will receive these payments plus interest at a rate of 2% over the base interest rate on the registration date (28 April 2010). However, IMMOFINANZ has requested permission to grant additional IMMOFINANZ shares in place of cash settlements.

It is currently not possible to estimate whether a specific shareholder group will be granted additional payments or what the amount of these payments might be.

OTHER LEGAL DISPUTES

In certain East European countries, legal uncertainty could arise in connection with land ownership.

Information on Equity

The share capital of IMMOFINANZ AG totalled EUR 975,955,651.00 as of 31 December 2016 (unchanged since 30 April 2016). It is divided into 975,955,651 zero par value shares with voting rights (unchanged since 30 April 2016), each of which represents a proportional share of EUR 1.00 in share capital.

The number of voting rights totalled 1,039,488,118 at the end of January 2017, i.e. after the end of the reporting year. This change is attributable to a capital increase from conditional capital, which amounted to EUR 63,532,467.00 and represented 63,532,467 zero par value, voting shares of IMMOFINANZ AG.

Information on the convertible bonds issued by IMMOFINANZ AG is provided under note 4.12 of the consolidated financial statements.

TREASURY SHARES

HOLDING, PURCHASE AND WITHDRAWAL OF TREASURY SHARES

IMMOFINANZ held 10 million treasury shares as of 30 April 2016, which represented a proportional share of EUR 10 million in share capital. The number of treasury shares declined slightly by 27 shares to 9,999,973 shares as of 31 December 2016. The 27 shares were issued in September 2016 in connection with the conversion of a certificate from the convertible bond 2018. Treasury shares represented 1.02% of IMMOFINANZ's share capital as of 31 December 2016. These shares are held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary of IMMOFINANZ.

AUTHORISATIONS OF THE ANNUAL GENERAL MEETING IN CONNECTION WITH THE PURCHASE AND SALE OF TREASURY SHARES

The annual general meeting on 29 September 2016 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with (1) no. 8 and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. This authorisation is valid for a period of 30 months beginning on the date the resolution was passed. The shares may be purchased in one or more transactions over the stock exchange or over the counter with repeated utilisation of the 10% limit, whereby the exclusion of the proportional subscription rights of shareholders is possible.

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 30 September 2014 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 225,790,537.00 through the issue of up to 225,790,537 new shares in exchange for cash or contributions in kind. This authorised capital may also be issued under the exclusion of subscription rights in connection with a capital increase in exchange for cash contributions of up to 10% of the company's share capital on the utilisation date as well as for contributions in kind to service a greenshoe option or for the settlement of peak amounts. The authorisation is valid up to 29 January 2020. The authorised capital issued under the exclusion of subscription rights may not exceed 20% of the company's share capital. This limit also includes any new shares to be delivered in connection with a convertible bond that was issued during the term of the authorised capital under the exclusion of subscription rights.

CHANGE OF CONTROL

Convertible bonds

The issue terms of the convertible bond 2017, the convertible bond 2018 and the convertible bond 2024 (issued in January 2017) entitle the bondholders to tender their securities in the event of a change of control 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 2017, the convertible bond 2018 and the convertible bond 2024 (issued after the end of the reporting year in January 2017). A merger with a non-controlled company (e.g. CA Immobilien Anlagen AG) does not represent a change of control in the sense of the bond terms. The merger of CA Immobilien Anlagen AG into IMMOFINANZ would not result in any changes to the terms of the convertible bonds 2018 and 2024. The merger of IMMOFINANZ into CA Immobilien Anlagen AG would lead to the adjustment of the conversion rights based on the merger ratio in accordance with the bond terms.

Corporate bond 2017

The holders of the corporate bond 2017 are entitled to put their certificates to the company and to demand immediate repayment of the nominal amount plus accrued interest up to the repayment date if there is a change of control that significantly impairs the ability of IMMOFINANZ AG to meet its obligations under the terms of this bond.

Investment credit (margin loan)

IMMOFINANZ concluded a credit agreement (margin loan) with Deutsche Bank AG, London branch, for up to EUR 225 million to finance the purchase of shares in CA Immobilien Aktiengesellschaft. In the event of a change of control, the lender is entitled to call the outstanding amount of the loan plus accrued interest. The outstanding nominal value equalled EUR 210 million as of 31 December 2016.

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 in the event of a public takeover bid. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal one or 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.

In accordance with the articles of association of IMMOFINANZ AG, the person chairing the respective meeting will cast the deciding vote in the event of a tie in voting on the Supervisory Board. 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/en/investor-relations/financial-reports.

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 2016:

- Fries Group (Fries-Kapitalinvest Beteiligungs GmbH and members of the Fries family): 7.15%
- PHI Finanzbeteiligungs und Investment GmbH (attributable to CA Immobilien Anlagen AG): 5.62%
- Erste Asset Management GmbH together with controlled companies: 4.00%*
- As of 9 February 2017, Och-Ziff Capital Management Group LLC together with controlled companies acquired a share of attributable voting rights totalling 5.08%.

* The investment fell below the 4% reporting threshold on 20 January 2017, i.e. after the end of the abbreviated 2016 financial year.

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

IMMOFINANZ continued to sharpen its profile as a commercial property company with a focus on the office and retail asset classes during the 2016A financial year. The clearly defined brands – STOP SHOP and VIVO! for retail properties and myhive for the office sector – stand for high standardisation and greater portfolio efficiency. Activities in 2017 will concentrate on the further optimisation of the portfolio structure within these asset classes and brands as well as efficiency improvements and value-creating growth to strengthen the standing investments.

With its robust balance sheet and available liquidity, IMMOFINANZ can continue to make use of suitable investment opportunities – in the form of development projects as well as the acquisition of standing investments. The proceeds from the sale of non-strategic properties will be used to finance further growth.

STANDING INVESTMENTS AND DEVELOPMENT PROJECTS

The optimisation of property management combined with expenditures to upgrade the standing investments supported an increase in occupancy during the past year, above all in the office portfolio. This course will be continued in 2017, whereby the objectives include a further increase in occupancy and a steady improvement in the offering for tenants. We are expecting a continuation of the generally positive economic development in our core markets, and a like-for-like analysis shows that rents should remain stable across the entire portfolio.

Project development activities during the 2016A financial year included the opening of a VIVO! shopping center in Poland and three STOP SHOPs in Serbia. Together with the acquisitions made at the end of 2016, the IMMOFINANZ portfolio now includes 70 STOP SHOP retail parks and ten VIVO! shopping centers. Our office development projects included the transfer to tenants of the *Cluster Produktionstechnik*, which was built in cooperation with RWTH Aachen, and the *myhive Metroffice* in Bucharest.

PLANNED MERGER WITH CA IMMO

The acquisition of approx. 26% of CA Immobilien Anlagen AG by IMMOFINANZ in 2016 represents a first step towards the planned full merger of these companies. The two property portfolios complement each other extremely well, and the transaction is therefore expected to result in substantial value-creating synergies. From the current point of view, the annual general meetings which will vote on the merger are expected to take place in 2018.

IMMOFINANZ intends to spin off or sell its Russian portfolio, which is characterised by distinct market dynamics and a different risk profile, prior to the merger. This should occur in 2017.

FINANCING AND CAPITAL MARKET

The environment for refinancing real estate is still viewed as positive, and the availability of bank financing for development projects should remain favourable. Preparations have already been made for the corporate bond and convertible bonds that are scheduled to mature in 2017 and 2018: The volume of the convertible bond 2018 was substantially reduced by an early incentivised conversion, and a new convertible bond with a term to 2024 was issued. These steps improved the term structure and reduced financing costs. The continued optimisation of the financing structure and financing costs will also be supported by the planned separation of the Russian portfolio.

On the capital market, IMMOFINANZ has regained its standing as a sustainable dividend stock. The Executive Board will make a recommendation to the 24th annual general meeting, calling for a dividend of six Euro cents per share for the 2016A financial year. A similar dividend is also planned for the 2017 financial year.

This outlook reflects the Executive Board's assessments as of 31 March 2017 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 securities.

Significant events after the end of the 2016A financial year are reported in section 7.6 of the notes to the consolidated financial statements.

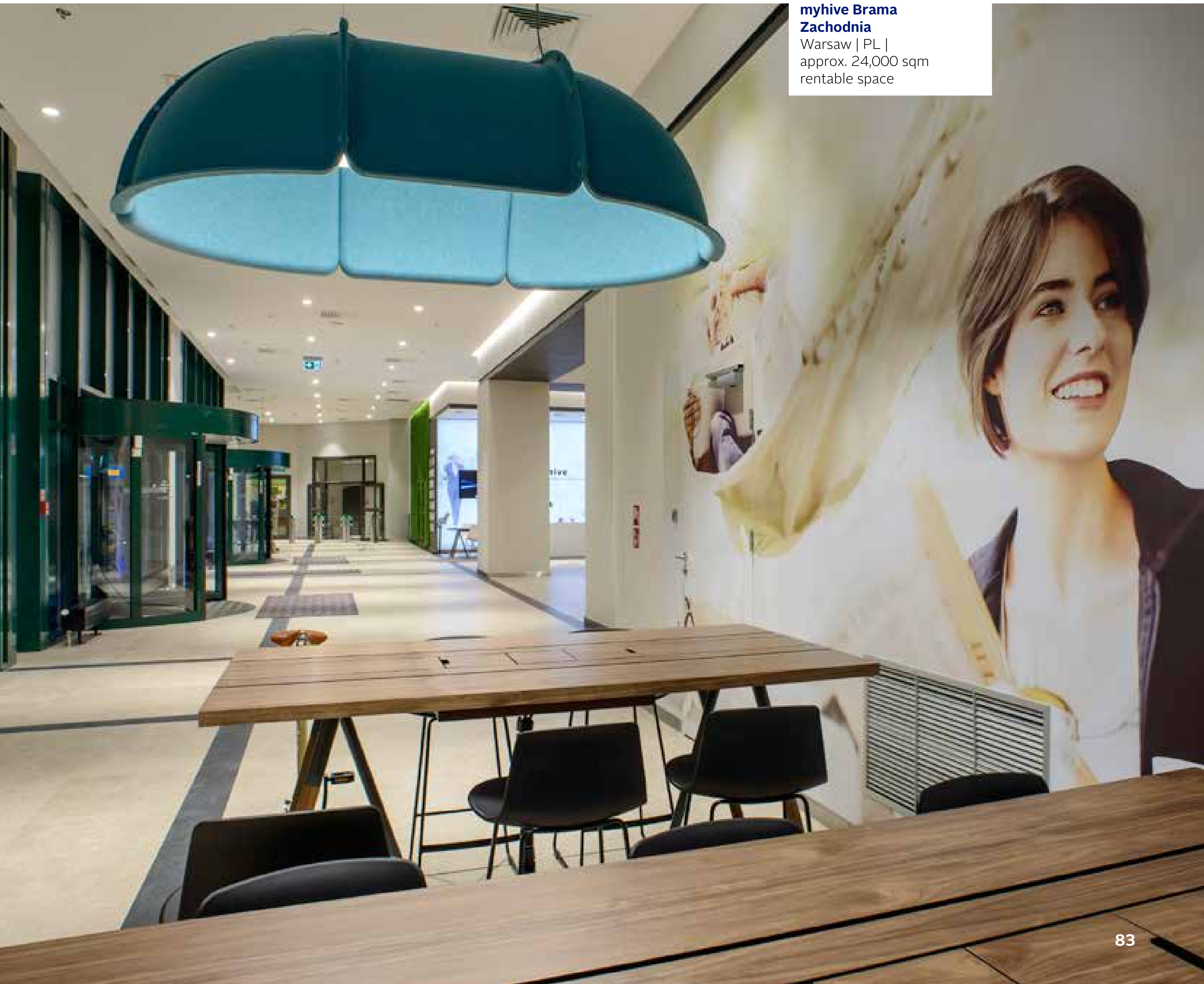
Vienna, 31 March 2017

The Executive Board

Oliver Schumy
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO



myhive Brama Zachodnia
Warsaw | PL | approx. 24,000 sqm rentable space

myhive Nimbus
Warsaw | PL |
approx. 21,000 sqm
rentable space

PRO-FORMA FINANCIAL INFORMATION (UNAUDITED)

PRO-FORMA FINANCIAL INFORMATION (UNAUDITED)

Introduction

The following pro-forma financial information assumes, fictitiously, that the comparable prior year for IMMOFINANZ also only covered the period from 1 May to 31 December 2015 (2015A). The presentation permits a direct comparison between the data for the 2016A financial year and the respective previous period. The pro-forma financial information was prepared in analogous application of a concept paper issued by the Institute of Public Auditors in Germany, Incorporated Association ("Erstellung von pro-forma financial information", IDW RH HFA 1.004) and is intended solely for illustrative purposes. It was prepared on the basis of the following (historical) financial information:

> IMMOFINANZ's audited consolidated financial statements for the abbreviated financial year ending on 31 December 2016
> The unaudited pro-forma consolidated income statement for the period from 1 May to 31 December 2015 and the unaudited pro-forma consolidated cash flow statement (condensed) for this same period

The unaudited pro-forma financial information for the fictitious abbreviated 2015 financial year was based on the comparable data for all companies included in IMMOFINANZ's consolidated financial statements. This data was prepared in agreement with International Financial Reporting Standards (IFRS), as adopted by the EU, and in agreement with the accounting and valuation principles applied by IMMOFINANZ.

The explanatory information provided in this section is based on the following documents: the consolidated income statement for the 2016A financial year, the unaudited pro-forma consolidated income statement for the fictitious 2015A financial year, the condensed consolidated cash flow statement for the 2016A financial year and the unaudited, condensed pro-forma consolidated cash flow statement for the fictitious 2015A financial year (in the following referred to as pro-forma financial information).

Pro-Forma Consolidated Income Statement

All amounts in TEUR	2016A	(unaudited) 2015A
Rental income	**156,696**	**155,677**
Operating costs charged to tenants	54,688	48,692
Other revenues	5,521	4,880
Revenues	**216,905**	**209,249**
Expenses from investment property	-73,311	-62,187
Operating expenses	-52,585	-46,862
Results of asset management	**91,009**	**100,200**
Proceeds from the sale of properties	169,349	242,434
Carrying amount of sold properties	-169,349	-242,434
Results from deconsolidation	5,502	9,048
Expenses from property sales	-11,936	-4,362
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-692	10,980
Results of property sales before foreign exchange effects	**-7,126**	**15,666**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	4,315	1,223
Results of property sales	**-2,811**	**16,889**
Proceeds from the sale of real estate inventories	39,868	41,382
Cost of real estate inventories sold	-45,010	-40,635
Expenses from real estate inventories	-17,233	-16,800
Expenses from real estate development	-3,560	-4,775
Revaluation of properties under construction adjusted for foreign exchange effects	7,775	-5,542
Results of property development before foreign exchange effects	**-18,160**	**-26,370**
Revaluation of properties under construction resulting from foreign exchange effects	40	246
Results of property development	**-18,120**	**-26,124**
Other operating income	12,951	23,859
Other operating expenses	-32,093	-62,646
Results of operations	**50,936**	**52,178**
Revaluation of investment properties adjusted for foreign exchange effects	-10,975	20,763
Revaluation of investment properties resulting from foreign exchange effects	-158	2,673
Goodwill impairment, negative differences and earn-out effects on income	-2,063	3,075
Other revaluation results	**-13,196**	**26,511**
Operating profit (EBIT)	**37,740**	**78,689**
Financing costs	-70,763	-79,499
Financing income	5,801	10,576
Foreign exchange differences	9,706	-5,472
Other financial results	7,501	-23,353
Net profit or loss from equity-accounted investments	2,546	102,068
Financial results	**-45,209**	**4,320**
Earnings before tax (EBT)	**-7,469**	**83,009**
Current income tax	-9,286	-6,754
Deferred tax	43,613	-15,568
Net profit or loss from continuing operations	**26,858**	**60,687**
Net profit or loss from discontinued operations	-208,818	-211,215
Net profit or loss	**-181,960**	**-150,528**
Thereof attributable to owners of IMMOFINANZ AG	**-186,521**	**-148,580**
Thereof attributable to non-controlling interests	**4,561**	**-1,948**
Basic earnings per share in EUR	**-0.19**	**-0.15**
Net profit or loss from continuing operations per share in EUR	**0.02**	**0.06**
Net profit or loss from discontinued operations per share in EUR	**-0.22**	**-0.22**
Diluted earnings per share in EUR	**-0.19**	**-0.15**
Net profit or loss from continuing operations per share in EUR	**0.02**	**0.06**
Net profit or loss from discontinued operations per share in EUR	**-0.22**	**-0.22**

Discontinued Operations

On 19 December 2016 the Executive Board and Supervisory Board approved IMMOFINANZ's exit from the previous core market Russia. The five Russian shopping centers (with roughly 280,000 sqm of rentable space and a combined carrying amount of approx. EUR 1,024.1 million as of 31 December 2016) together with the related service companies (in the following referred to as retail portfolio Moscow) are therefore presented as a discontinued operation. This decision by IMMOFINANZ reflects the fact that the shopping centers in Moscow are characterised by different market dynamics than the other portfolio properties and, consequently, have a negative effect on the Group's risk profile. The exit from the former core market Russia is also a necessary step towards the planned merger of IMMOFINANZ and the CA Immo Group. The final decision on the specific transaction structure (share deal, asset deals or spin-off of the retail portfolio Moscow) will be taken during the sale process in the 2017 financial year; currently IMMOFINANZ assumes a share deal.

On 6 August 2015 the Executive Board and Supervisory Board of IMMOFINANZ approved the sale of the Group's logistics portfolio to the investment company Blackstone. The logistics portfolio was therefore classified as a discontinued operation as of that date. The sale took place in several steps for transaction reasons, whereby most of the assets and liabilities had been sold by 30 April 2016. The parts of the logistics portfolio that had not been disposed as of 30 April 2016 were reported as assets or disposal groups held for sale in the consolidated financial statements for the 2015/16 financial year. The closings for the remaining two development projects in Hamburg and Bucharest and the standing investment in Poland took place during the 2016A financial year and represent the conclusion of the sale of the logistics portfolio.

The following table shows the results of the two discontinued operations as presented in the consolidated income statement for the 2016A financial year and the unaudited pro-forma consolidated income statement for the fictitious 2015A financial year:

All amounts in TEUR	2016A	(unaudited) 2015A
Net profit or loss retail portfolio Moscow	-216,764	-219,715
Net profit or loss logistics portfolio	7,946	8,500
Net profit or loss from discontinued operations	**-208,818**	**-211,215**

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

All amounts in TEUR	2016A	(unaudited) 2015A
Rental income	**50,089**	**56,870**
Operating costs charged to tenants	11,566	14,889
Other revenues	900	1,538
Revenues	**62,555**	**73,297**
Expenses from investment property	-14,412	-29,703
Operating expenses	-10,812	-14,338
Results of asset management	**37,331**	**29,256**
Expenses from property sales	-10	-10
Results of property sales	**-10**	**-10**
Expenses from real estate development	-123	-521
Results of property development before foreign exchange effects	**-123**	**-521**
Results of property development	**-123**	**-521**
Other operating income	128	306
Other operating expenses	-4,150	-1,812
Results of operations	**33,176**	**27,219**
Revaluation of investment properties adjusted for foreign exchange effects	-182,519	-75,001
Revaluation of investment properties resulting from foreign exchange effects	-59,772	188,169
Goodwill impairment	-18,315	0
Other revaluation results	**-260,606**	**113,168**
Operating profit (EBIT)	**-227,430**	**140,387**
Financing costs	-36,630	-35,900
Financing income	12	77
Foreign exchange differences	51,392	-285,146
Other financial results	2	0
Financial results	**14,776**	**-320,969**
Earnings before tax (EBT)	**-212,654**	**-180,582**
Current income tax	458	-18,720
Deferred tax	-4,568	-20,413
Net profit or loss retail portfolio Moscow	**-216,764**	**-219,715**

The retail portfolio Moscow is reported as a disposal group and discontinued operation based on a decision by the Executive Board and Supervisory Board on 19 December 2016. The previous core market Russia is therefore no longer included in the following pro-forma information on operating segments.

Pro-Forma Information on Operating Segments

All amounts in TEUR	Austria 2016A	Austria (unaudited) 2015A	Germany 2016A	Germany (unaudited) 2015A
Office	22,572	23,472	3,237	1,574
Retail	14,194	16,870	406	389
Other	4,382	5,881	2,413	1,941
Rental income	**41,148**	**46,223**	**6,056**	**3,904**
Operating costs charged to tenants	7,643	7,626	2,060	1,766
Other revenues	1,235	1,039	239	56
Revenues	**50,026**	**54,888**	**8,355**	**5,726**
Expenses from investment property	-26,504	-19,236	-2,263	-4,759
Operating expenses	-7,700	-7,619	-1,975	-1,807
Results of asset management	**15,822**	**28,033**	**4,117**	**-840**
Proceeds from the sale of properties	143,645	231,697	10,845	2,500
Carrying amount of sold properties	-143,645	-231,697	-10,845	-2,500
Results from deconsolidation	-13	-10	0	0
Expenses from property sales	-8,151	-3,200	-1,215	-128
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-1,285	9,076	-1,949	0
Results of property sales before foreign exchange effects	**-9,449**	**5,866**	**-3,164**	**-128**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	**-9,449**	**5,866**	**-3,164**	**-128**
Proceeds from the sale of real estate inventories	0	2,015	30,975	16,662
Cost of real estate inventories sold	0	-1,506	-36,377	-21,571
Expenses from real estate inventories	0	0	-14,174	-14,359
Expenses from real estate development	-3	-116	-1,579	-2,390
Revaluation of properties under construction adjusted for foreign exchange effects	-2,432	767	965	-17,371
Results of property development before foreign exchange effects	**-2,435**	**1,160**	**-20,190**	**-39,029**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-2,435**	**1,160**	**-20,190**	**-39,029**
Other operating income	1,251	3,054	79	383
Other operating expenses	-1,682	-2,635	-2,348	-1,622
Results of operations	**3,507**	**35,478**	**-21,506**	**-41,236**
Revaluation of investment properties adjusted for foreign exchange effects	-7,409	7,612	-319	6,051
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	0	0	0	0
Other revaluation results	**-7,409**	**7,612**	**-319**	**6,051**
Operating profit (EBIT)	**-3,902**	**43,090**	**-21,825**	**-35,185**
Segment investments	**5,857**	**10,874**	**87,855**	**87,560**

All amounts in TEUR	Poland 2016A	Poland (unaudited) 2015A	Czech Republic 2016A	Czech Republic (unaudited) 2015A
Office	16,804	15,123	8,868	9,905
Retail	9,773	8,032	6,597	7,056
Other	1,953	1,628	992	1,097
Rental income	**28,530**	**24,783**	**16,457**	**18,058**
Operating costs charged to tenants	13,462	10,419	4,639	4,965
Other revenues	1,327	1,565	170	159
Revenues	**43,319**	**36,767**	**21,266**	**23,182**
Expenses from investment property	-10,664	-9,730	-7,523	-5,774
Operating expenses	-12,708	-9,575	-4,530	-4,876
Results of asset management	**19,947**	**17,462**	**9,213**	**12,532**
Proceeds from the sale of properties	830	0	0	1,200
Carrying amount of sold properties	-830	0	0	-1,200
Results from deconsolidation	747	0	2,043	3,267
Expenses from property sales	-57	-110	-105	-307
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-7,902	0	-55	990
Results of property sales before foreign exchange effects	**-7,212**	**-110**	**1,883**	**3,950**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	**-7,212**	**-110**	**1,883**	**3,950**
Proceeds from the sale of real estate inventories	5,439	16,684	0	0
Cost of real estate inventories sold	-4,995	-12,879	0	0
Expenses from real estate inventories	-2,011	-1,320	0	0
Expenses from real estate development	-1,075	-386	-134	-170
Revaluation of properties under construction adjusted for foreign exchange effects	1,572	8,726	-482	183
Results of property development before foreign exchange effects	**-1,070**	**10,825**	**-616**	**13**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-1,070**	**10,825**	**-616**	**13**
Other operating income	2,537	2,722	508	339
Other operating expenses	-1,861	-1,997	-1,231	-1,469
Results of operations	**12,341**	**28,902**	**9,757**	**15,365**
Revaluation of investment properties adjusted for foreign exchange effects	-3,625	-240	12,016	-2,299
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	-626	2,957	-155	1,524
Other revaluation results	**-4,251**	**2,717**	**11,861**	**-775**
Operating profit (EBIT)	**8,090**	**31,619**	**21,618**	**14,590**
Segment investments	**4,906**	**183,583**	**280**	**63**

	Slovakia		Hungary	
All amounts in TEUR	**2016A**	**(unaudited) 2015A**	**2016A**	**(unaudited) 2015A**
Office	1,254	866	8,731	8,343
Retail	8,668	9,011	8,397	7,949
Other	160	121	699	640
Rental income	**10,082**	**9,998**	**17,827**	**16,932**
Operating costs charged to tenants	6,224	5,068	6,894	6,177
Other revenues	519	252	466	256
Revenues	**16,825**	**15,318**	**25,187**	**23,365**
Expenses from investment property	-3,497	-3,590	-7,618	-5,685
Operating expenses	-5,565	-4,276	-6,590	-6,147
Results of asset management	**7,763**	**7,452**	**10,979**	**11,533**
Proceeds from the sale of properties	6,000	0	163	14
Carrying amount of sold properties	-6,000	0	-163	-14
Results from deconsolidation	-108	0	-1,698	0
Expenses from property sales	-17	-6	-119	-83
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-2,130	0	62	0
Results of property sales before foreign exchange effects	**-2,255**	**-6**	**-1,755**	**-83**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	**-2,255**	**-6**	**-1,755**	**-83**
Proceeds from the sale of real estate inventories	0	0	0	0
Cost of real estate inventories sold	0	0	0	0
Expenses from real estate inventories	0	0	0	0
Expenses from real estate development	-194	-43	-98	-24
Revaluation of properties under construction adjusted for foreign exchange effects	-2,839	-1,201	88	634
Results of property development before foreign exchange effects	**-3,033**	**-1,244**	**-10**	**610**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-3,033**	**-1,244**	**-10**	**610**
Other operating income	297	47	77	87
Other operating expenses	-842	-556	-913	-903
Results of operations	**1,930**	**5,693**	**8,378**	**11,244**
Revaluation of investment properties adjusted for foreign exchange effects	5,512	-3,113	-21	2,538
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	0	0	-592	0
Other revaluation results	**5,512**	**-3,113**	**-613**	**2,538**
Operating profit (EBIT)	**7,442**	**2,580**	**7,765**	**13,782**
Segment investments	**9,051**	**12,433**	**551**	**1,686**

	Romania		Other non-core countries	
All amounts in TEUR	2016A	(unaudited) 2015A	2016A	(unaudited) 2015A
Office	11,979	12,770	852	1,111
Retail	16,693	14,585	4,084	2,726
Other	2,751	2,208	237	2,379
Rental income	**31,423**	**29,563**	**5,173**	**6,216**
Operating costs charged to tenants	12,615	11,907	1,151	764
Other revenues	1,414	1,314	151	239
Revenues	**45,452**	**42,784**	**6,475**	**7,219**
Expenses from investment property	-13,302	-10,013	-1,940	-3,400
Operating expenses	-12,399	-11,737	-1,118	-825
Results of asset management	**19,751**	**21,034**	**3,417**	**2,994**
Proceeds from the sale of properties	7,541	5,752	325	1,271
Carrying amount of sold properties	-7,541	-5,752	-325	-1,271
Results from deconsolidation	0	0	4,531	5,791
Expenses from property sales	-238	-99	-2,034	-429
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-224	1,838	12,791	-924
Results of property sales before foreign exchange effects	**-462**	**1,739**	**15,288**	**4,438**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	4,315	1,223
Results of property sales	**-462**	**1,739**	**19,603**	**5,661**
Proceeds from the sale of real estate inventories	3,130	5,667	324	354
Cost of real estate inventories sold	-2,987	-4,351	-651	-328
Expenses from real estate inventories	-1,038	-1,069	-10	-52
Expenses from real estate development	-302	-1,092	-175	-554
Revaluation of properties under construction adjusted for foreign exchange effects	10,175	1,422	728	1,298
Results of property development before foreign exchange effects	**8,978**	**577**	**216**	**718**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	40	246
Results of property development	**8,978**	**577**	**256**	**964**
Other operating income	762	8,960	325	649
Other operating expenses	-4,109	-3,645	-1,505	-1,912
Results of operations	**24,920**	**28,665**	**22,096**	**8,356**
Revaluation of investment properties adjusted for foreign exchange effects	-19,153	12,017	2,024	-1,803
Revaluation of investment properties resulting from foreign exchange effects	0	0	-158	2,673
Goodwill impairment, negative differences and earn-out effects on income	-686	-34	-4	-1,372
Other revaluation results	**-19,839**	**11,983**	**1,862**	**-502**
Operating profit (EBIT)	**5,081**	**40,648**	**23,958**	**7,854**
Segment investments	**6,539**	**22,890**	**4,957**	**13,561**

All amounts in TEUR	Total reportable segments 2016A	Total reportable segments (unaudited) 2015A	Transition to consolidated financial statements 2016A	Transition to consolidated financial statements (unaudited) 2015A	IMMOFINANZ 2016A	IMMOFINANZ (unaudited) 2015A
Office	74,297	73,164	0	0	74,297	73,164
Retail	68,812	66,618	0	0	68,812	66,618
Other	13,587	15,895	0	0	13,587	15,895
Rental income	**156,696**	**155,677**	**0**	**0**	**156,696**	**155,677**
Operating costs charged to tenants	54,688	48,692	0	0	54,688	48,692
Other revenues	5,521	4,880	0	0	5,521	4,880
Revenues	**216,905**	**209,249**	**0**	**0**	**216,905**	**209,249**
Expenses from investment property	-73,311	-62,187	0	0	-73,311	-62,187
Operating expenses	-52,585	-46,862	0	0	-52,585	-46,862
Results of asset management	**91,009**	**100,200**	**0**	**0**	**91,009**	**100,200**
Proceeds from the sale of properties	169,349	242,434	0	0	169,349	242,434
Carrying amount of sold properties	-169,349	-242,434	0	0	-169,349	-242,434
Results from deconsolidation	5,502	9,048	0	0	5,502	9,048
Expenses from property sales	-11,936	-4,362	0	0	-11,936	-4,362
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-692	10,980	0	0	-692	10,980
Results of property sales before foreign exchange effects	**-7,126**	**15,666**	**0**	**0**	**-7,126**	**15,666**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	4,315	1,223	0	0	4,315	1,223
Results of property sales	**-2,811**	**16,889**	**0**	**0**	**-2,811**	**16,889**
Proceeds from the sale of real estate inventories	39,868	41,382	0	0	39,868	41,382
Cost of real estate inventories sold	-45,010	-40,635	0	0	-45,010	-40,635
Expenses from real estate inventories	-17,233	-16,800	0	0	-17,233	-16,800
Expenses from real estate development	-3,560	-4,775	0	0	-3,560	-4,775
Revaluation of properties under construction adjusted for foreign exchange effects	7,775	-5,542	0	0	7,775	-5,542
Results of property development before foreign exchange effects	**-18,160**	**-26,370**	**0**	**0**	**-18,160**	**-26,370**
Revaluation of properties under construction resulting from foreign exchange effects	40	246	0	0	40	246
Results of property development	**-18,120**	**-26,124**	**0**	**0**	**-18,120**	**-26,124**
Other operating income	5,836	16,241	7,115	7,618	12,951	23,859
Other operating expenses	-14,491	-14,739	-17,602	-47,907	-32,093	-62,646
Results of operations	**61,423**	**92,467**	**-10,487**	**-40,289**	**50,936**	**52,178**
Revaluation of investment properties adjusted for foreign exchange effects	-10,975	20,763	0	0	-10,975	20,763
Revaluation of investment properties resulting from foreign exchange effects	-158	2,673	0	0	-158	2,673
Goodwill impairment, negative differences and earn-out effects on income	-2,063	3,075	0	0	-2,063	3,075
Other revaluation results	**-13,196**	**26,511**	**0**	**0**	**-13,196**	**26,511**
Operating profit (EBIT)	**48,227**	**118,978**	**-10,487**	**-40,289**	**37,740**	**78,689**
Segment investments[1]	**119,996**	**332,650**	**1,727**	**50,545**	**121,723**	**383,195**

1 The transition includes the amounts from the discontinued retail portfolio Moscow.

Notes to the Pro-Forma Consolidated Income Statement

RESULTS OF ASSET MANAGEMENT

RENTAL INCOME

The following table shows the classification of rental income by asset class:

All amounts in TEUR	2016A	(unaudited) 2015A
Office	74,297	73,164
Retail	68,812	66,618
Other	13,587	15,895
Total	**156,696**	**155,677**

EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	2016A	(unaudited) 2015A
Vacancies	-9,005	-12,160
Commission expenses	-270	-316
Maintenance	-29,090	-13,406
Operating costs charged to building owners	-8,193	-8,096
Property marketing	-4,080	-5,288
Personnel expenses from asset management	-5,113	-6,215
Other expenses from asset management	-2,431	-2,552
Rental and lease payments	-1,984	-2,690
Extension costs	-8,090	-5,041
Write-off of receivables from asset management	-1,427	-3,040
Other expenses	-3,628	-3,383
Total	**-73,311**	**-62,187**

The increase in maintenance expenses is attributable primarily to the *Business Park Vienna* and also to the implementation of the “myhive” office concept and rebranding measures connected with the VIVO! shopping center brand.

RESULTS OF PROPERTY SALES

All amounts in TEUR	2016A	(unaudited) 2015A
Office	132,174	63,072
Retail	16,144	24,173
Other	21,031	155,189
Proceeds from property sales	**169,349**	**242,434**
Less carrying amount of sold properties	-169,349	-242,434
Net gain/loss from property sales	**0**	**0**
Gains/losses from deconsolidation	**5,502**	**9,048**
Sales commissions	-3,156	-2,625
Personnel expenses from property sales	-872	-1,231
Legal, auditing and consulting fees from property sales	-2,516	-216
VAT adjustments from the sale of properties	-5,000	0
Other expenses	-392	-290
Expenses from property sales	**-11,936**	**-4,362**
Revaluation results from properties sold and held for sale	**3,623**	**12,203**
Total	**-2,811**	**16,889**

RESULTS OF PROPERTY DEVELOPMENT

All amounts in TEUR	2016A	(unaudited) 2015A
Proceeds from the sale of real estate inventories	**39,868**	**41,382**
Cost of real estate inventories sold	**-45,010**	**-40,635**
Marketing for real estate inventories	-89	-282
Brokerage fees for real estate inventories	-354	-783
Other costs to sell for real estate inventories	-1,781	-2,040
Write-down related reversals of real estate inventories	972	45
Write-down of real estate inventories	-15,752	-13,317
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	16	204
Operating costs charged to building owners – inventories	-245	-627
Expenses from real estate inventories	**-17,233**	**-16,800**
Expenses from property development	**-3,560**	**-4,775**
Revaluation results from properties under construction	**7,815**	**-5,296**
Total	**-18,120**	**-26,124**

The results of property development also include charges of EUR 4.3 million (2015A: EUR 5.0 million) for personnel costs.

OTHER OPERATING INCOME

Other operating income comprises the following items:

All amounts in TEUR	2016A	(unaudited) 2015A
Expenses charged on	549	1,192
Insurance compensation	3,823	308
Income from derecognised liabilities	456	2,532
Reimbursement for penalties	700	886
Miscellaneous	7,423	18,941
Total	**12,951**	**23,859**

The insurance compensation (compensation payments from D&O insurance) as well as miscellaneous other operating income in the 2016A financial year include income from claims for damages filed by IMMOFINANZ against former board members.

Miscellaneous other operating income in the fictitious 2015A financial year included, among others, income from the elimination of tax obligations in the Romanian Adama Group based on a tax amnesty law as well as income from claims for damages filed by IMMOFINANZ against former Executive Board members, which were confirmed by the Austrian Supreme Court.

OTHER OPERATING EXPENSES

Other operating expenses include the following items:

All amounts in TEUR	2016A	(unaudited) 2015A
Administrative expenses	-435	-372
Legal, auditing and consulting fees	-8,881	-7,546
Penalties	-292	-536
Levies	-1,892	-1,614
Advertising	-1,937	-1,369
Expenses charged on	-315	-1,169
Rental and lease expenses	-207	-220
EDP and communications	-1,546	-1,157
Expert opinions	-405	-748
Personnel expenses	-13,984	-13,571
Addition to/reversal of provision for onerous contracts	16	-151
Other write-downs	-725	-1,386
Miscellaneous	-1,490	-32,807
Total	**-32,093**	**-62,646**

Miscellaneous other operating expenses in the fictitious 2015A financial year include, in particular, costs of EUR 29.5 million for legal proceedings related to the out-of-court settlement of outstanding lawsuits filed by investors.

PERSONNEL EXPENSES

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2016A	(unaudited) 2015A
Wages	-373	-1,357
Salaries	-21,719	-24,617
Employee benefits	-5,962	-7,152
Total	**-28,054**	**-33,126**

Employee benefits include EUR 0.1 million (2015A: EUR 0.1 million) for pensions, EUR 0.4 million (2015A: EUR 0.4 million) for severance payments and contributions to employee benefit funds as well as EUR 4.1 million (2015A: EUR 5.1 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	2016A	(unaudited) 2015A
Results of asset management	5,788	9,207
Results of property sales	872	1,231
Results of property development	4,257	5,046
Other operating expenses	13,984	13,571
Total continuing operations	**24,901**	**29,055**
Discontinued operations retailportfolio Moscow	3,153	3,080
Discontinued operations logisticsportfolio	0	991
Personnel expenses	**28,054**	**33,126**

OTHER REVALUATION RESULTS

REVALUATION OF PROPERTIES ADJUSTED FOR FOREIGN EXCHANGE EFFECTS AND REVALUATION OF PROPERTIES RESULTING FROM FOREIGN EXCHANGE EFFECTS

The following table shows the revaluation gains and losses resulting from the revaluation of properties adjusted for and resulting from foreign exchange effects:

	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			2016A Revaluation
All amounts in TEUR	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Total
Investment property	40,599	-51,574	-10,975	437	-595	-158	-11,133
Property under construction	24,277	-16,502	7,775	39	1	40	7,815
Properties sold and held for sale	45,256	-45,948	-692	4,294	21	4,315	3,623
Total	**110,132**	**-114,024**	**-3,892**	**4,770**	**-573**	**4,197**	**305**

	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			(unaudited) 2015A Revaluation
All amounts in TEUR	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Total
Investment property	173,613	-152,850	20,763	2,136	537	2,673	23,436
Property under construction	27,388	-32,930	-5,542	113	133	246	-5,296
Properties sold and held for sale	14,527	-3,547	10,980	1,042	181	1,223	12,203
Total	**215,528**	**-189,327**	**26,201**	**3,291**	**851**	**4,142**	**30,343**

IMPAIRMENT OF GOODWILL, NEGATIVE DIFFERENCES AND EARN-OUT ADJUSTMENTS

All amounts in TEUR	2016A	(unaudited) 2015A
Impairment of goodwill	-2,063	-1,935
Purchase price adjustments	0	2,052
Negative differences recognised through profit or loss	0	2,958
Total	**-2,063**	**3,075**

NET PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

All amounts in TEUR	Joint ventures	Associates	Total 2016A
Share of profit or loss for the period	1,987	57,150	59,137
Other adjustments	1,179	-90,403	-89,224
Reclassification of foreign exchange differences to profit or loss	-762	0	-762
Gains/losses on the sale of equity-accounted investments	-2,649	36,044	33,395
Total	**-245**	**2,791**	**2,546**

All amounts in TEUR	Joint ventures	Associates	Total (unaudited) 2015A
Share of profit or loss for the period	19,594	94,805	114,399
Other adjustments	-14,617	1,168	-13,449
Reclassification of foreign exchange differences to profit or loss	-2,234	-7,260	-9,494
Gains/losses on the sale of equity-accounted investments	758	9,855	10,613
Total	**3,501**	**98,568**	**102,069**

The share of profit or loss in the 2016A financial year includes EUR 22.4 million from CA Immo Group and EUR 35.5 million from BUWOG (2015A: EUR 95.8 million). In addition, gains/losses on the sale of equity-accounted investments include gains of EUR 34.2 million from the sale of BUWOG shares to the SAPINDA Group. In the fictitious 2015A financial year 10.3% of the shareholding in the BUWOG Group was sold: 8,500,000 BUWOG shares were placed with institutional investors in an accelerated bookbuilding process; the proceeds on the sale amounted to EUR 10.2 million.

The other adjustments include an impairment loss of EUR 91.9 million from the investment in CA Immo Group. This position also includes the carryforward of fair value adjustments amounting to EUR 1,5 million which were identified in connection with the respective acquisition of the investments in CA Immo Group as well as in BUWOG Group.

FINANCIAL RESULTS

All amounts in TEUR	2016A	(unaudited) 2015A
For financial liabilities FLAC	-63,374	-68,970
For derivative financial instruments	-7,389	-10,529
Total financing costs	**-70,763**	**-79,499**
For financial receivables L&R	5,776	10,523
For derivative financial instruments	25	53
Total financing income	**5,801**	**10,576**
Foreign exchange differences	**9,706**	**-5,472**
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	12,138	35,846
Valuation of financial instruments at fair value through profit or loss (fair value option)	-2,610	-52,095
Distributions	1,222	283
Write-off of receivables	-3,249	-7,387
Other financial results	**7,501**	**-23,353**
Net profit or loss from equity-accounted investments	**2,546**	**102,068**
Total	**-45,209**	**4,320**

FLAC: financial liabilities measured at amortised cost
L&R: loans and receivables at amortised cost, miscellaneous other financial instruments at cost

The foreign exchange differences resulted primarily from subsidiaries of the Adama Group in Turkey and Ukraine which do not report in the Euro.

The profit (or loss) on other financial instruments and proceeds on the disposal of financial instruments included under other financial results comprise the following:

All amounts in TEUR	2016A	(unaudited) 2015A
Revaluation results from derivative financial instruments	11,596	40,998
Income from the derecognition/adjustment of the carrying amount of financial liabilities through profit or loss (from changes in estimates for cash flow)	1,307	1,045
Impairment losses to AFS financial instruments	-121	-327
Miscellaneous	-644	-5,870
Total	**12,138**	**35,846**

AFS: available for sale

INCOME TAXES

All amounts in TEUR	2016A	(unaudited) 2015A
Current income tax	**-9,286**	**-6,754**
Thereof from current period	-8,324	-6,324
Thereof from prior periods	-962	-430
Deferred tax	**43,613**	**-15,568**
Thereof from current period	29,393	-2,120
Thereof from changes in tax rates	3,514	-428
Thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	14,637	12,763
Thereof from the revaluation of investment property	1,490	-20,276
Thereof impairment losses (resp. reversals of previous impairment losses) to deferred tax assets	-5,421	-5,507
Total	**34,327**	**-22,322**

Pro-Forma Consolidated Cash Flow Statement (condensed)

All amounts in TEUR	2016A	(unaudited) 2015A
Gross cash flow after tax	63,093	62,997
Cash flow from operating activities	98,347	84,936
Cash flow from investing activities	-120,234	287,805
Cash flow from financing activities	-154,723	-474,648

The consolidated cash flow statements also include the cash flows attributable to discontinued operations.

Büro am Belvedere
Vienna | AT |
approx. 8,900 sqm
rentable space

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

All amounts in TEUR	Notes	31 12 2016	30 4 2016
Investment property	4.1.1	3,531,379	4,961,845
Property under construction	4.2	379,036	410,043
Other tangible assets		2,243	2,908
Intangible assets	4.3.1	25,955	104,474
Equity-accounted investments	4.4	739,254	494,103
Trade and other receivables	4.5	210,014	245,499
Other financial assets	4.6	10,493	14,110
Deferred tax assets	4.7	4,385	6,306
Non-current assets		**4,902,759**	**6,239,288**
Trade and other receivables	4.5	204,176	186,868
Income tax receivables		11,626	13,719
Assets held for sale	4.8	1,602,428	323,158
Real estate inventories	4.9	93,100	112,126
Cash and cash equivalents	4.10	189,287	371,622
Current assets		**2,100,617**	**1,007,493**
Assets		**7,003,376**	**7,246,781**
Share capital	4.11	975,956	975,956
Capital reserves		3,353,263	3,353,263
Treasury shares		-18,214	-18,214
Accumulated other equity		-631,163	-639,690
Retained earnings		-1,019,542	-779,779
Equity attributable to owners of IMMOFINANZ AG		**2,660,300**	**2,891,536**
Non-controlling interests		-9,684	-5,545
Equity		**2,650,616**	**2,885,991**
Liabilities from convertible bonds	4.12	497,031	517,013
Financial liabilities	4.13	1,406,783	2,366,786
Trade and other payables	4.14	49,312	70,910
Income tax liabilities		0	19
Provisions	4.15	2,877	5,922
Deferred tax liabilities	4.7	312,414	466,171
Non-current liabilities		**2,268,417**	**3,426,821**
Liabilities from convertible bonds	4.12	33,234	3,221
Financial liabilities	4.13	708,011	409,137
Trade and other payables	4.14	220,856	255,972
Income tax liabilities	4.7	12,973	28,210
Provisions	4.15	47,896	53,039
Liabilities held for sale	4.8	1,061,373	184,390
Current liabilities		**2,084,343**	**933,969**
Equity and liabilities		**7,003,376**	**7,246,781**

Consolidated Income Statement

All amounts in TEUR	Notes	2016A	2015/16 [1]
Rental income	**5.1.1**	**156,696**	**232,347**
Operating costs charged to tenants	5.1.2	54,688	75,854
Other revenues		5,521	7,226
Revenues		**216,905**	**315,427**
Expenses from investment property	5.1.4	-73,311	-100,403
Operating expenses	5.1.2	-52,585	-72,763
Results of asset management	**5.1**	**91,009**	**142,261**
Proceeds from the sale of properties	5.2	169,349	252,163
Carrying amount of sold properties		-169,349	-252,163
Results from deconsolidation	2.4	5,502	9,358
Expenses from property sales	5.2	-11,936	-6,684
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	5.7.1	-692	-3,392
Results of property sales before foreign exchange effects		**-7,126**	**-718**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	5.7.1	4,315	1,506
Results of property sales		**-2,811**	**788**
Proceeds from the sale of real estate inventories		39,868	60,939
Cost of real estate inventories sold		-45,010	-59,289
Expenses from real estate inventories	5.3	-17,233	-29,836
Expenses from real estate development		-3,560	-7,769
Revaluation of properties under construction adjusted for foreign exchange effects	5.7.1	7,775	21,107
Results of property development before foreign exchange effects		**-18,160**	**-14,848**
Revaluation of properties under construction resulting from foreign exchange effects	5.7.1	40	339
Results of property development	**5.3**	**-18,120**	**-14,509**
Other operating income	5.4	12,951	29,872
Other operating expenses	5.5	-32,093	-82,656
Results of operations		**50,936**	**75,756**
Revaluation of investment properties adjusted for foreign exchange effects	5.7.1	-10,975	-78,098
Revaluation of investment properties resulting from foreign exchange effects	5.7.1	-158	2,785
Goodwill impairment, negative differences and earn-out effects on income	5.7.2	-2,063	-20,772
Other revaluation results		**-13,196**	**-96,085**
Operating profit (EBIT)		**37,740**	**-20,329**
Financing costs	5.9	-70,763	-118,759
Financing income	5.9	5,801	13,229
Foreign exchange differences		9,706	-14,530
Other financial results	5.9	7,501	-17,741
Net profit or loss from equity-accounted investments	5.8	2,546	79,758
Financial results	**5.9**	**-45,209**	**-58,043**
Earnings before tax (EBT)		**-7,469**	**-78,372**
Current income tax	5.10	-9,286	-23,600
Deferred tax	5.10	43,613	-11,626
Net profit or loss from continuing operations		**26,858**	**-113,598**
Net profit or loss from discontinued operations	2.5	-208,818	-276,756
Net profit or loss		**-181,960**	**-390,354**
Thereof attributable to owners of IMMOFINANZ AG		**-186,521**	**-387,844**
Thereof attributable to non-controlling interests		**4,561**	**-2,510**
Basic earnings per share in EUR	**5.11**	**-0.19**	**-0.40**
Net profit or loss from continuing operations per share in EUR		**0.02**	**-0.11**
Net profit or loss from discontinued operations per share in EUR		**-0.22**	**-0.28**
Diluted earnings per share in EUR	**5.11**	**-0.19**	**-0.40**
Net profit or loss from continuing operations per share in EUR		**0.02**	**-0.11**
Net profit or loss from discontinued operations per share in EUR		**-0.22**	**-0.28**

1 The comparable prior year figures were adjusted accordingly (see section 1.7).

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	2016A	2015/16
Net profit or loss		**-181,960**	**-390,354**
Other comprehensive income (reclassifiable)			
Measurement of available-for-sale financial instruments	7.1.2	0	-18
Thereof changes during the financial year		0	-15
Thereof reclassification to profit or loss		0	-9
Thereof income taxes		0	4
Thereof reclassification of deferred taxes to profit or loss		0	2
Currency translation adjustment		3,056	-177,357
Thereof changes during the financial year		13,692	-179,005
Thereof reclassification to profit or loss	2.4 / 2.5	-10,636	1,648
Other comprehensive income from equity-accounted investments	4.4	1,123	9,317
Thereof changes during the financial year		349	-149
Thereof reclassification to profit or loss	5.8	762	9,466
Thereof income taxes		12	0
Total other comprehensive income (reclassifiable)		**4,179**	**-168,058**
Other comprehensive income (not reclassifiable)			
Measurement of defined benefit plans		0	4
Thereof income taxes		0	-1
Other comprehensive income from equity-accounted investments	4.4	68	-453
Thereof changes during the financial year		60	-498
Thereof income taxes		8	45
Total other comprehensive income (not reclassifiable)		**68**	**-449**
Total other comprehensive income after tax		**4,247**	**-168,507**
Total comprehensive income		**-177,713**	**-558,861**
Thereof attributable to owners of IMMOFINANZ AG		**-178,291**	**-554,731**
Thereof attributable to non-controlling interests		**578**	**-4,130**

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	2016A	2015/16 [1]
Earnings before tax (EBT)		-7,469	-78,372
Earnings before tax (EBT) from discontinued operations	2.5	-204,345	-292,140
Revaluations of investment properties	2.5 / 5.7.1	240,926	107,141
Goodwill impairment, negative differences and earn-out effects on income	2.5 / 5.7.2	20,377	40,379
Write-downs and write-ups on real estate inventories	4.9	14,780	22,905
Write-downs and write-ups on receivables and other assets		2,401	26,653
Net profit or loss from equity-accounted investments	5.8	-2,546	-79,758
Foreign exchange differences and fair value measurement of financial instruments		-71,651	249,518
Net interest income/expense		101,649	165,577
Results from deconsolidation	2.4 / 2.5	-12,930	324
Other non-cash income/expense/reclassifications		4,668	-37,264
Gross cash flow before tax		**85,860**	**124,963**
Income taxes paid		-22,767	-47,509
Gross cash flow after tax		**63,093**	**77,454**
Change in real estate inventories		18,497	8,004
Change in trade and other receivables		17,599	-13,765
Change in trade payables and other liabilities		7,474	26,265
Change in provisions		-8,316	-33,031
Cash flow from operating activities		**98,347**	**64,927**
Acquisition of investment property and property under construction		-127,742	-280,595
Business combinations and other acquisitions, net of cash and cash equivalents	2.3 / 6.	-6	1,237
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents	2.5 / 6.	57,357	248,518
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents	6.	27,252	89,622
Acquisition of other assets		-517	-1,279
Acquisition of equity-accounted investments	4.4	-608,943	-10,557
Disposal of investment property and property under construction		130,667	269,453
Disposal of other non-current assets		1,232	32,730
Disposal of equity-accounted investments and cash flows from other net investment positions		388,974	362,114
Dividends received from equity-accounted investments	4.4	7,168	29,608
Interest or dividends received from financial instruments		4,324	2,094
Cash flow from investing activities		**-120,234**	**742,945**
Increase in financial liabilities		435,518	689,024
Repayment of financial liabilities		-431,277	-1,279,223
Conversion of convertible bonds		0	-2
Redemption of convertible bonds		0	-1,352
Derivatives		-14,474	-34,679
Interest paid		-86,533	-138,431
Distributions	4.11	-57,957	0
Transactions with non-controlling interest owners		0	393
Share buyback		0	-59,767
Cash flow from financing activities		**-154,723**	**-824,037**
Net foreign exchange differences		4,076	2,053
Change in cash and cash equivalents		**-172,534**	**-14,112**
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		371,622	390,703
Plus cash and cash equivalents in discontinued operations and disposal groups		7,140	2,171
Cash and cash equivalents at the beginning of the period	6.	378,762	392,874
Cash and cash equivalents at the end of the period	6.	206,228	378,762
Less cash and cash equivalents in discontinued operations and disposal groups	4.8	16,941	7,140
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		**189,287**	**371,622**

1 The comparable prior year figures were adjusted accordingly (see section 1.7).

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 30 April 2016		**975,956**	**3,353,263**	**-18,214**
Other comprehensive income	4.11			
Net profit or loss				
Total comprehensive income				
Distributions				
Transactions with non-controlling interest owners				
Disposal of non-controlling interests	2.4			
Balance on 31 December 2016		**975,956**	**3,353,263**	**-18,214**
Balance on 30 April 2015		**1,114,172**	**3,473,570**	**-216,971**
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Share buyback				-59,767
Disposal of treasury shares through conversion				1
Withdrawal of treasury shares		-97,238	-161,285	258,523
Capital increase				
Increase in share capital from internal funds		1,800,000	-1,800,000	
Ordinary capital decrease		-1,840,978	1,840,978	
Transactions with non-controlling interest owners				
Disposal of non-controlling interests				
Balance on 30 April 2016		**975,956**	**3,353,263**	**-18,214**

	Accumulated other equity						
	AFS reserve	IAS 19 reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	0	-529	-639,161	-779,779	2,891,536	-5,545	2,885,991
	-783	68	8,945		8,230	-3,983	4,247
				-186,521	-186,521	4,561	-181,960
	-783	68	8,945	-186,521	-178,291	578	-177,713
				-57,960	-57,960		-57,960
				4,718	4,718	-4,718	0
			297		297	1	298
	-783	-461	-629,919	-1,019,542	2,660,300	-9,684	2,650,616
	18	-80	-472,741	-391,635	3,506,333	-2,253	3,504,080
	-18	-449	-166,420		-166,887	-1,620	-168,507
				-387,844	-387,844	-2,510	-390,354
	-18	-449	-166,420	-387,844	-554,731	-4,130	-558,861
					-59,767		-59,767
					1		1
					0		0
					0	366	366
					0		0
					0		0
				-300	-300	445	145
					0	27	27
	0	-529	-639,161	-779,779	2,891,536	-5,545	2,885,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Principles

1.1 REPORTING COMPANY

IMMOFINANZ AG is the parent company of IMMOFINANZ, one of the largest listed real estate companies 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 May 2016 to 31 December 2016 (2016A). 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 by IMMOFINANZ 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 CHANGE IN PREVIOUS REPORTING DATE

The 22nd annual general meeting on 1 December 2015 approved an amendment to § 23 of the articles of association of IMMOFINANZ AG to create an abbreviated financial year covering the period from 1 May 2016 to 31 December 2016 and to change the financial year beginning on 1 January 2017 to cover the period from 1 January to 31 December of each year. This will bring the financial year as it has been up to now (1 May to 30 April of the following year) into line with the calendar year.

As a consequence of the change in the balance sheet date, the consolidated financial statements for 2016A only cover a period of eight months – while the comparable prior year data cover 12 months. A direct comparison of the amounts in the consolidated income statement is therefore not possible.

1.4 JUDGMENTS AND ESTIMATION UNCERTAINTY

1.4.1 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
> Functional currency (see section 2.6.1): 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

1.4.2 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 2017:

- > 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 4.4.2): determination of the recoverable amount within the scope of impairment tests for investments in associates
- > 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

1.5 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations were applied for the first time in 2016A:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Effects on IMMOFINANZ
Changes to standards and interpretations				
Various	Annual Improvements to IFRS 2012 – 2014	25 September 2014 (15 December 2015)	1 May 2016	no
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014 (24 November 2015)	1 May 2016	no
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014 (2 December 2015)	1 May 2016	no
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014 (23 November 2015)	1 May 2016	no
IAS 27	Equity Method in Separate Financial Statements	12 August 2014 (18 December 2015)	1 May 2016	no
IAS 1	Disclosure Initiative	18 December 2014 (18 December 2015)	1 May 2016	no
IFRS 10, 12, IAS 28	Investment Entities: Applying the Consolidation Exception	18 December 2014 (22 September 2016)	1 January 2017	no

The clarifications to IAS 1 were applied in preparing the consolidated financial statements as of 30 April 2016. The changes to IFRS 11 were applied prospectively; there were no transactions in 2016A which would have led to the application of the changes to this standard.

1.6 STANDARDS AND INTERPRETATIONS APPLICABLE IN THE FUTURE

1.6.1 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 2016A 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 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 9: Financial Instruments

IFRS 9 is intended to replace IAS 39 for the recognition and measurement of financial instruments. Under IFRS 9, financial assets will only be classified in two groups in the future with measurement either at amortised cost or fair value. The classification and measurement of financial assets under this new standard depends on the business model and the contractual payment flows. When financial assets are measured at fair value, any changes in this value are recognised in profit or loss (at fair value through profit or loss, FVTPL) or in other comprehensive income (at fair value through other comprehensive income, FVTOCI). Derivatives are never recognised separately when they are embedded in a contract whose basis is a financial asset in the sense of IFRS 9. The hybrid instrument is instead evaluated in its entirety, which generally leads to recognition at fair value. The classification of equity instruments as FVTOCI represents an option. The accounting requirements for financial liabilities were basically taken over from IAS 39. However, the changes in a financial liability designated at fair value through profit or loss which are attributable to the valuation effect resulting from a company's own credit risk must be recorded under other comprehensive income. IFRS 9 also defines new accounting rules for the recognition of impairment losses on financial assets, which must now be based on the expected default (expected loss model). This requires extensive discretionary decisions by management concerning estimates for the expected default. The necessary estimates are determined on the basis of weighted probabilities. IMMOFINANZ assumes the impairment losses for financial assets in the sense of IFRS 9 will probably increase and become more volatile. Involved here, in particular, are non-current receivables (above all due from joint ventures). Experience shows that the default rates on rents receivable and other current receivables are low, and the change in measurement is therefore not expected to result in any material effects on current items. IMMOFINANZ is currently evaluating the quantitative effects of this rule change on the accounting treatment of impairment losses.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 will replace the previous IAS 18, IAS 11 and the related interpretations. Its objective, among others, is to eliminate the inconsistencies between IAS 18 and IAS 11.

The new standard includes a comprehensive model for the recognition of revenues from contracts with customers. It requires a company to recognise revenues at the amount that reflects the consideration expected in exchange for the obligation(s) accepted or for the goods transferred or services provided. In contrast, the method currently applied involves the recognition of property sales as of the sale date. The new accounting rule is expected to affect real estate inventories in that it will no longer be applicable to at least part of the residential portfolio in the future. IMMOFINANZ anticipates only minor effects from the advanced realisation of revenue based on the stage of completion because of the declining and limited strategic importance of its apartment development projects and sales. Current information indicates that no material effects are expected from the sale of standing investments or revenues from ongoing service contracts. Initial analyses indicate, however, that individual supplementary agreements (e.g. the installation of tenant-specific furnishings) will have to be separated and accounted for in accordance with IFRS 15. That could lead to the advance realisation of revenue from these supplementary agreements in individual cases. IMMOFINANZ is currently evaluating the quantitative effects of the changed rules on the accounting treatment of these supplementary agreements.

1.6.2 STANDARDS AND 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 16	Leases	13 January 2016	1 January 2019	yes
Changes to standards and interpretations				
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11 September 2014	Postponed	yes
IAS 7	Disclosure Initiative – Statement of Cash Flows	29 January 2016	1 January 2017	yes
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016	1 January 2017	no
IFRS 15	Clarification of IFRS 15 (Revenue from Contracts with Customers)	12 April 2016	1 January 2018	yes
IFRS 2	Classification and valuation of transactions with share-based payments	20 June 2016	1 January 2018	no
IFRS 4	Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	12 September 2016	1 January 2018	no
Various	Annual Improvements to IFRS 2014 – 2016	8 December 2016	1 January 2018 1 January 2017	no
IFRIC 22	Transactions in a foreign currency and return consideration paid in advance	8 December 2016	1 January 2018	yes
IAS 40	Transfers of investment property	8 December 2016	1 January 2018	no

IFRS 16: Leases

IFRS 16 will replace the previous standard on leases (IAS 17). The new standard includes a change in the definition of a lease as well as material changes in the rules for accounting by the lessee. The more important area of application for IMMOFINANZ is the accounting treatment applied by the lessor, but IFRS 16 does not include any significant changes compared with IAS 17. In cases where IMMOFINANZ has obtained land through an operating lease, the sites will be capitalised as investment property in the future. IMMOFINANZ is currently evaluating the quantitative effects of the changed rules for lease accounting.

IFRS 10, IAS 28: Sale or Contribution of Assets between an Investor and an Associate or Joint Venture

The changes eliminate an 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 associates or joint ventures. 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.

IAS 7: Disclosure Initiative – Statement of Cash Flows

This initiative creates additional disclosure requirements for changes in financial liabilities, which involve both cash and non-cash changes. IMMOFINANZ will apply the new requirements by including additional information in the notes to reconcile the beginning and ending balances of financial liabilities.

IFRS 15: Clarification of IFRS 15 Revenue from Contracts with Customers

These clarifying changes are intended to support the implementation of IFRS 15. They include, in particular, explanations related to the identification of distinct performance obligations, the determination of whether the company is the principal or agent in a transaction (e.g. a revenue transaction) and the timing of revenue recognition on the granting of licenses. For IMMOFINANZ, the first-mentioned clarifications are important.

IFRS 15 requires the identification of performance obligations based on distinct promised transferred goods or services. The clarification indicates that the context of the contract (nature of promise) represents the decisive factor for determining whether a commitment involves the transfer of goods or services individually or in combination (e.g. as a combined item comprising multiple goods or services). This clarification could be important for IMMOFINANZ in that it could lead to the advance recognition of revenue from supplementary agreements in rental contracts. The quantitative effects of the changed rules for the accounting treatment of these supplementary agreements is currently under evaluation.

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 2.6.1). 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 will be applied prospectively by IMMOFINANZ – will presumably be not material 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.

1.7 CHANGES IN COMPARATIVE INFORMATION

On 19 December 2016 the Executive Board and Supervisory Board of IMMOFINANZ approved the exit from business activities in the core market of Russia, which consist primarily of the retail portfolio Moscow. The five Russian shopping centers *Rostokino, Goodzone, Golden Babylon I, Golden Babylon II and Fifth Avenue* as well as the related service companies are therefore presented in these consolidated financial statements as discontinued operations (see section 2.5). The changes in comparative information involve the separate presentation of the discontinued operations for the retail portfolio in Moscow (see section 2.5) in the consolidated income statement and the consolidated statement of cash flows.

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 30 April 2016	**536**	**19**	**13**	**568**
Companies initially included				
Other acquisitions	2	-2	1	1
New foundations	2	0	0	2
Companies no longer included				
Sales	-12	-5	-2	-19
Loss of control with retention of investment	-1	0	1	0
Mergers	-18	0	0	-18
Liquidations	-21	-1	0	-22
Balance on 31 December 2016	**488**	**11**	**13**	**512**
Thereof foreign companies	294	7	6	307

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

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. These other acquisitions generally represent acquisitions of shell companies and pure land-owning companies.

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 2016A.

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, 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).

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 (see section 2.3).

2.2.3 EQUITY METHOD

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

IFRS11 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) can also lead to significant influence when this 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 39. If any such indications are identified, the investments are tested for impairment in accordance with IAS 36.

2.3 BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OF SUBSIDIARIES

The following table provides detailed information on the subsidiaries initially consolidated in 2016A:

All amounts in TEUR	Business combinations (IFRS 3)	Other acquisitions	Total
Cash and cash equivalents transferred	0	3	3
Receivables lost through confusion	0	1,371	1,371
Consideration transferred	**0**	**1,374**	**1,374**
Investment property	0	1,590	1,590
Receivables and other assets	0	61	61
Cash and cash equivalents	0	18	18
Other liabilities	0	-295	-295
Fair value of acquired net assets	**0**	**1,374**	**1,374**
Consideration transferred	0	-1,374	-1,374
Fair value of acquired net assets	0	1,374	1,374
Goodwill (-) / negative difference (+)	**0**	**0**	**0**
Cash and cash equivalents transferred	0	3	3
Less cash and cash equivalents transferred	0	-18	-18
Net cash inflow from acquisitions	**0**	**-15**	**-15**

In 2016A IMMOFINANZ attained control over two joint ventures that were previously accounted for at equity. This transaction was reported under other acquisitions since the acquired assets and assumed liabilities do not represent a business in the sense of IFRS 3.

2.4 SALE OF SUBSIDIARIES

An overview of the subsidiaries deconsolidated in 2016A is provided in section 8.

The following table summarises the effects on various balance sheet items and deconsolidation results, with the exception of the effects reported in section 2.5 for the discontinued logistics portfolio:

All amounts in TEUR	2016A
Investment property	67,513
Other tangible assets	13
Goodwill	2,199
Receivables and other assets	21,707
Deferred tax assets	5,721
Cash and cash equivalents	971
Financial liabilities	-31,223
Trade payables	-490
Other liabilities	-23,465
Income tax liabilities	-3
Provisions	-63
Deferred tax liabilities	-11,826
Net assets sold	**31,054**
Consideration received in cash and cash equivalents	28,405
Less net assets sold	-31,054
Less non-controlling interests	-1
Reclassification of foreign exchange differences to profit or loss	8,152
Results from deconsolidation	**5,502**
Consideration received in cash and cash equivalents	28,405
Less cash and cash equivalents sold	-971
Net inflow of cash and cash equivalents	**27,434**

2.5 DISCONTINUED OPERATIONS

On 19 December 2016 the Executive Board and Supervisory Board approved IMMOFINANZ's exit from the previous core market Russia. The five Russian shopping centers (with roughly 280,000 sqm of rentable space and a combined carrying amount of approx. EUR 1,024.1 million as of 31 December 2016) together with the related service companies (the retail portfolio Moscow) are therefore presented as a discontinued operation. This decision by IMMOFINANZ reflects the fact that the shopping centers in Moscow are characterised by different market dynamics than the other portfolio properties and, consequently, have a negative effect on the Group's risk profile. The exit from the former core market Russia is also a necessary step towards the planned merger of IMMOFINANZ and the CA Immo Group. The final decision on the specific transaction structure (share deal, asset deals or spin-off of the retail portfolio Moscow) will be taken during the sale process in the 2017 financial year; currently IMMOFINANZ assumes a share deal.

As a result of this decision, all assets and liabilities in the retail portfolio Moscow as of 31 December 2016 are reported on the consolidated balance sheet under "assets held for sale" or "liabilities held for sale". The results (after tax) generated by the retail portfolio Moscow in the reporting year and the comparative prior year are presented on the consolidated income statement as a separate line (see section 1.7).

Section 4.8 provides information on the net sales in the retail portfolio Moscow which are classified as held for sale as of 31. December 2016.

On 6 August 2015 the Executive Board and Supervisory Board of IMMOFINANZ approved the decision to sell the Group's logistics portfolio to the investment company Blackstone. The logistics portfolio was therefore classified as a discontinued operation as of that date. The sale took place in several steps for transaction reasons, and most of the assets and liabilities had been sold by 30 April 2016. The parts of the logistics portfolio that had not been disposed as of 30 April 2016 were reported as assets or disposal groups held for sale in the consolidated financial statements for the 2015/16 financial year. The closings for the remaining two development projects in Hamburg and Bucharest and the standing investment in Poland took place during the 2016A financial year and represent the conclusion of the sale of the logistics portfolio.

The following table shows the net assets from the logistics portfolio which were sold in 2016A as well as the related results from deconsolidation:

All amounts in TEUR	2016A
Assets held for sale	
Investment property	29,159
Property under construction	30,938
Receivables and other assets	4,698
Cash and cash equivalents	1,636
Liabilities held for sale	
Financial liabilities	-12
Trade payables	-1,089
Other liabilities	-4,453
Provisions	-3
Deferred tax liabilities	-406
Net assets sold	**60,468**
Consideration received in cash and cash equivalents	55,391
Outstanding purchase price receivables (incl. subsequent purchase-price-adjustments)	10,021
Less net assets sold	-60,468
Reclassification of foreign exchange differences to profit or loss	2,483
Results from deconsolidation	**7,427**
Consideration received in cash and cash equivalents	55,391
Less cash and cash equivalents sold	-1,636
Net inflow of cash and cash equivalents	**53,755**

Since the final purchase price was determined on the basis of financial statements prepared as of the respective closing date, the subsequent purchase-price adjustments resulted in earnings effects.

The income statement includes the following positions for the results from the two discontinued operations:

All amounts in TEUR	2016A	2015/16
Net profit or loss retail portfolio Moscow	-216,764	-267,069
Net profit or loss logistics portfolio	7,946	-9,687
Net profit or loss from discontinued operations	**-208,818**	**-276,756**

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

	Retailportfolio Moscow		Logisticsportfolio	
All amounts in TEUR	**2016A**	**2015/16**	**2016A**	**2015/16**
Rental income	**50,089**	**82,153**	**107**	**28,165**
Operating costs charged to tenants	11,566	21,555	63	6,892
Other revenues	900	1,778	0	40
Revenues	**62,555**	**105,486**	**170**	**35,097**
Expenses from investment property	-14,412	-38,683	-655	-8,958
Operating expenses	-10,812	-20,543	-106	-7,133
Results of asset management	**37,331**	**46,260**	**-591**	**19,006**
Proceeds from the sale of properties	0	0	25,221	34,656
Carrying amount of sold properties	0	0	-25,221	-34,656
Expenses from property sales	-10	-11	0	0
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	0	0	0	-19
Results of property sales	**-10**	**-11**	**0**	**-19**
Expenses from property development and inventories	-123	-511	-21	-6
Revaluation of properties under construction adjusted for foreign exchange effects	0	0	2,438	1,615
Results of property development	**-123**	**-511**	**2,417**	**1,609**
Other operating income	128	450	32	668
Other operating expenses	-4,150	-3,746	1	-2,424
Results of operations	**33,176**	**42,442**	**1,859**	**18,840**
Revaluation of investment properties adjusted for foreign exchange effects	-182,519	-466,945	-1,380	-4,684
Revaluation of investment properties resulting from foreign exchange effects	-59,772	408,496	0	10,150
Goodwill impairment and earn-out effects on income	-18,315	-15,224	0	0
Other revaluation results	**-260,606**	**-73,673**	**-1,380**	**5,466**
Operating profit (EBIT)	**-227,430**	**-31,231**	**479**	**24,306**
Financing costs	-36,630	-53,375	-71	-6,803
Financing income	12	76	0	59
Foreign exchange differences	51,392	-207,753	440	-2,944
Other financial results	2	0	34	1,289
Financial results	**14,776**	**-261,052**	**403**	**-8,399**
Earnings before tax (EBT)	**-212,654**	**-292,283**	**882**	**15,907**
Current income tax	458	-18,074	-805	-1,161
Deferred tax	-4,568	43,288	442	-8,669
Earnings from discontinued operations	**-216,764**	**-267,069**	**519**	**6,077**
Loss from fair value measurement less costs to sell	0	0	0	-6,082
Gain from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	0	0	4,342	-9,682
Subsequent purchase-price-adjustment effects on income	0	0	3,085	0
Net profit or loss from discontinued operations	**-216,764**	**-267,069**	**7,946**	**-9,687**
Thereof attributable to owners of IMMOFINANZ AG	-216,764	-267,069	7,946	-9,687

IMMOFINANZ eliminates transactions between continuing and discontinued operations on the income statement. Consequently, the consolidation of income and expenses as well as the elimination of interim results were carried out for both reported years. Services centrally provided for the retail portfolio Moscow (in a limited scope) are allocated on an actual expense basis (also see section 3.3).

The impairment of goodwill recognised to the retail portfolio Moscow were required to reflect the decline in the fair value of the properties. These impairment losses were calculated as follows:

All amounts in TEUR	2016A
Recoverable amount of impaired cash-generating units	**807,789**
Goodwill	85,787
Investment property	882,600
Deferred tax liabilities	-140,045
Carrying amount of cash-generating units	**828,342**
Impairment losses	**-20,553**
Thereof recognised in profit or loss	-18,712
Thereof recognised in other comprehensive income as a foreign exchange difference	-1,841

The following input parameters were used to determine the fair values of the properties in the retail portfolio Moscow as of 31 December 2016:

	Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
min	21,104	34.70	12.50	10.75	3.61
max	168,400	43.45	14.25	12.00	12.77
weighted average	71,559	38.28	13.50	11.58	9.29
median	25,173	36.69	13.75	12.00	11.48

The appraisals for IMMOFINANZ's retail properties in Russia are prepared in US Dollars. This procedure leads to revaluation results adjusted for and resulting from foreign exchange effects in Rubles for the Russian subsidiaries, which are translated into the Euro at the average exchange rate applicable to each quarter (see section 2.6.2). If the value of a property in US Dollars remains unchanged compared with the last balance sheet date or the change in the US Dollar exchange rate reflects the increases and decreases in investment property expressed in US Dollars, the entire revaluation is considered foreign exchange-related. An increase (decrease) in the US Dollar in relation to the Ruble results in positive (negative) foreign exchange-based revaluation results in Rubles, which – when translated into the Euro – represent the revaluation resulting from foreign exchange effects on the consolidated income statement. Changes in the value of investment property in US Dollars lead to foreign exchange-adjusted revaluation in the Euro through this foreign currency triangle.

The following table shows how the revaluation of properties held for sale of retail portfolio Moscow would be influenced by an increase or decrease of 2% and 5% in the local currency as of 30 April 2016. This calculation is based on the year-end exchange rates listed in section 2.6.2. The analysis assumes that all other valuation-relevant input parameters, especially interest rates, remain constant.

Based on the following exchange rate movements as of 31 December 2016					
All amounts in TEUR	2016A	Δ +2%	Δ -2%	Δ +5%	Δ -5%
Retailportfolio Moscow	-242,291	-222,069	-262,773	-192,213	-293,994

Based on the following exchange rate movements as of 30 April 2016					
All amounts in TEUR	2015/16	Δ +2%	Δ -2%	Δ +5%	Δ -5%
Retail portfolio Moscow	-58,449	-36,018	-81,163	-2,892	-115,777

The previous core market Russia is associated with a number of specific concentration risks. Firstly, IMMOFINANZ has a single investment in this market – the *Golden Babylon Rostokino* shopping center in Moscow – which represents more than 15.0% of the total continuing portfolio based on fair value as of 31 December 2016 (30 April 2016: >15.0% of the share of the property portfolio, excl. the retail portfolio Moscow). IMMOFINANZ's property portfolio covers the following three balance sheet positions: investment property, property under construction and real estate inventories.

Secondly, the investment property in Russia are concentrated in the Moscow retail market, which comprises 29.0% of the Group's continuing investment property (30 April 2016: 29.0% of the property portfolio, excl. the retail portfolio Moscow). As of 31 December 2016 the fair value of the five Russian retail properties which are reported as assets held for sale (see section 4.8) totalled EUR 1,024.1 million.

Given the high share of the total portfolio represented by the five Russian shopping centers, a change in the underlying input factors and the resulting change in the value of these assets could have a significant effect on Group earnings. The following table shows the changes in fair value that would have resulted from a shift in the valuation parameters for the retail portfolio Moscow as of 31 December 2016:

Sensitivity of fair value as of 31 December 2016					Rental income
Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	-1.7%	1.6%	4.8%	8.1%	11.3%
Δ -25 basis points	-4.0%	-0.8%	2.4%	5.5%	8.7%
Δ 0 basis points	-6.2%	-3.1%	0.0%	3.1%	6.2%
Δ +25 basis points	-8.3%	-5.3%	-2.3%	0.8%	3.9%
Δ +50 basis points	-10.4%	-7.4%	-4.4%	-1.4%	1.6%

1 Discount rate and exit yield

For example: if the interest rate fell by 25 basis points and rental income rose by 2.5%, the fair value of the retail portfolio Moscow would rise by 5.5%.

Sensitivity of fair value as of 31 December 2016					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-0.1%	3.0%	6.1%	9.2%	12.3%
Δ -2.5% points	-3.1%	0.0%	3.1%	6.2%	9.3%
Δ 0.0% points	-6.2%	-3.1%	0.0%	3.1%	6.2%
Δ +2.5% points	-9.3%	-6.2%	-3.1%	0.0%	3.1%
Δ +5.0% points	-12.5%	-9.3%	-6.2%	-3.1%	0.0%

For example: if the vacancy rate fell by 2.5% points and rental income rose by 2.5%, the fair value of the retail portfolio Moscow would rise by 6.2%.

A change in the valuation parameters as of 30 April 2016 would have led to the following changes in the fair value of the retail portfolio Moscow:

Sensitivity of fair value as of 30 April 2016					Rental income
Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	-1.1%	1.7%	4.6%	7.5%	10.3%
Δ -25 basis points	-3.4%	-0.6%	2.3%	5.1%	7.9%
Δ 0 basis points	-5.5%	-2.7%	0.0%	2.7%	5.5%
Δ +25 basis points	-7.5%	-4.8%	-2.1%	0.5%	3.2%
Δ +50 basis points	-9.5%	-6.8%	-4.2%	-1.6%	1.1%

1 Discount rate and exit yield

Sensitivity of fair value as of 30 April 2016					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-0.1%	2.6%	5.3%	8.1%	10.8%
Δ -2.5% points	-2.7%	0.0%	2.7%	5.5%	8.2%
Δ 0.0% points	-5.5%	-2.7%	0.0%	2.7%	5.5%
Δ +2.5% points	-8.2%	-5.5%	-2.7%	0.0%	2.7%
Δ +5.0% points	-11.0%	-8.2%	-5.5%	-2.7%	0.0%

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

	Retailportfolio Moscow		Logisticsportfolio	
All amounts in TEUR	**2016A**	**2015/16**	**2016A**	**2015/16**
Cash flow from operating activities	63,652	118,855	1,619	20,871
Cash flow from investing activities	-1,722	-52,507	-3,115	-21,649
Cash flow from financing activities	-46,381	-98,469	-251	-18,376
Net cash flow from discontinued operations	**15,549**	**-32,121**	**-1,747**	**-19,154**

2.6 FOREIGN CURRENCY TRANSLATION

2.6.1 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.

2.6.2 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 2016	Closing rate on 30 4 2016	Average rate 2016A	Average rate 2015/16
BGN	1.95583	1.95583	1.95583	1.95583
CHF	1.07390	1.09840	1.08766	1.07494
CZK	27.02000	27.04000	27.03033	27.11400
HRK	7.55779	7.47828	7.50749	7.59358
RSD	123.47230	122.61930	123.18510	121.21018
RUB	63.81110	73.30150	70.65164	70.93152
TRY	3.70720	3.19340	3.38702	3.15346
UAH	28.42260	28.77500	28.18744	25.93784
USD	1.05200	1.14030	1.10493	1.11102

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 eight regional core markets (Austria, Germany, Czech Republic, Slovakia, Hungary, Romania, Poland and Russia). The retail portfolio Moscow is reported as a disposal group and discontinued operation (see section 2.5 for detailed information) based on a decision by the Executive Board and Supervisory Board on 19 December 2016. The previous core market Russia is therefore no longer included in segment reporting. 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. In contrast, segment assets also include properties attributable to discontinued operations if these properties have not yet been sold.

3.2 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.

3.3 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.

The transition column includes the amounts for the retail portfolio Moscow to permit a reconciliation with the segment assets and segment investments as reported on the consolidated balance sheet.

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 *Business Park Vienna* and the *myhive City Tower Vienna*. The portfolio also includes properties from the retail and other asset classes.
> Germany: the business segment Germany is the location, above all, for major office development projects like the *FLOAT complex*, *Medienhafen* and *Campus Aachen*. Also included here are the real estate projects in the *Gerling Quartier*, which are classified as held for sale and assigned 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 Postepu, IO-1* and *Nimbus Office* in Warsaw as well as the *EMPARK*, which is classified as held for sale. This operating segment also contains retail properties like the *Tarasy Zamkowe* shopping center in Lublin and shopping centers/retail parks of the VIVO! and STOP SHOP brands. Further retail properties are currently under development in this country.
> Czech Republic: the Czech portfolio includes office properties like the *BB Centrum Gamma* and *Pankrac House* as well as retail properties.
> Slovakia: the core business in Slovakia lies primarily in the retail asset class with the *Polus City Center* in Bratislava and retail parks of the STOP SHOP brand. This portfolio also includes office properties like the *Polus Tower*.
> Hungary: this portfolio consists primarily of office properties like. the *Átrium Park* and *Haller Gardens* as well as of retail parks of the STOP SHOP brand.
> Romania: the business segment Romania comprises, above all, office properties like the *S-Park* and *IRIDE Business Park* and retail properties like the *Polus Center Cluj* and the *Maritimo Shopping Center*. IMMOFINANZ is also active in residential property development in Romania through the Adama Group.
> Other non-core countries: this business segment consists primarily of STOP SHOP retail parks in Slovenia and Serbia. Other locations in Serbia are currently under development.

3.5 INFORMATION ON KEY CUSTOMERS

IMMOFINANZ had no individual customers who accounted for 10% or more of revenues in the 2016A financial year or the 2015/16 financial year.

3.6 SEGMENT REPORTING

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

	Austria		Germany	
All amounts in TEUR	**2016A**	**2015/16**	**2016A**	**2015/16**
Office	22,572	35,028	3,237	2,636
Retail	14,194	25,041	406	574
Other	4,382	8,159	2,413	2,947
Rental income	**41,148**	**68,228**	**6,056**	**6,157**
Operating costs charged to tenants	7,643	12,488	2,060	1,153
Other revenues	1,235	1,739	239	39
Revenues	**50,026**	**82,455**	**8,355**	**7,349**
Expenses from investment property	-26,504	-34,683	-2,263	-7,426
Operating expenses	-7,700	-12,334	-1,975	-1,718
Results of asset management	**15,822**	**35,438**	**4,117**	**-1,795**
Proceeds from the sale of properties	143,645	238,857	10,845	2,500
Carrying amount of sold properties	-143,645	-238,857	-10,845	-2,500
Results from deconsolidation	-13	-6	0	0
Expenses from property sales	-8,151	-3,879	-1,215	-219
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-1,285	9,485	-1,949	0
Results of property sales before foreign exchange effects	**-9,449**	**5,600**	**-3,164**	**-219**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	**-9,449**	**5,600**	**-3,164**	**-219**
Proceeds from the sale of real estate inventories	0	2,033	30,975	27,372
Cost of real estate inventories sold	0	-1,506	-36,377	-32,743
Expenses from real estate inventories	0	0	-14,174	-25,506
Expenses from real estate development	-3	-131	-1,579	-3,730
Revaluation of properties under construction adjusted for foreign exchange effects	-2,432	-17	965	14,160
Results of property development before foreign exchange effects	**-2,435**	**379**	**-20,190**	**-20,447**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-2,435**	**379**	**-20,190**	**-20,447**
Other operating income	1,251	3,332	79	607
Other operating expenses	-1,682	-2,800	-2,348	-1,538
Results of operations	**3,507**	**41,949**	**-21,506**	**-23,392**
Revaluation of investment properties adjusted for foreign exchange effects	-7,409	40,577	-319	-805
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	0	0	0	0
Other revaluation results	**-7,409**	**40,577**	**-319**	**-805**
Operating profit (EBIT)	**-3,902**	**82,526**	**-21,825**	**-24,197**
	31 12 2016	**30 4 2016**	**31 12 2016**	**30 4 2016**
Investment property	918,004	1,116,359	65,600	135,900
Property under construction	34,000	34,700	237,700	256,180
Goodwill	0	0	0	0
Investment properties held for sale	73,470	23,245	152,565	22,985
Real estate inventories	255	143	83,543	92,560
Segment assets	**1,025,729**	**1,174,447**	**539,408**	**507,625**
	2016A	**2015/16**	**2016A**	**2015/16**
Segment investments	**5,857**	**14,487**	**87,855**	**123,226**

All amounts in TEUR	Poland 2016A	Poland 2015/16	Czech Republic 2016A	Czech Republic 2015/16
Office	16,804	23,594	8,868	14,260
Retail	9,773	12,085	6,597	10,249
Other	1,953	2,665	992	1,580
Rental income	**28,530**	**38,344**	**16,457**	**26,089**
Operating costs charged to tenants	13,462	16,696	4,639	7,906
Other revenues	1,327	2,130	170	228
Revenues	**43,319**	**57,170**	**21,266**	**34,223**
Expenses from investment property	-10,664	-15,223	-7,523	-8,664
Operating expenses	-12,708	-15,580	-4,530	-7,741
Results of asset management	**19,947**	**26,367**	**9,213**	**17,818**
Proceeds from the sale of properties	830	0	0	1,200
Carrying amount of sold properties	-830	0	0	-1,200
Results from deconsolidation	747	97	2,043	3,447
Expenses from property sales	-57	-899	-105	-444
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-7,902	-15,480	-55	907
Results of property sales before foreign exchange effects	**-7,212**	**-16,282**	**1,883**	**3,910**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	**-7,212**	**-16,282**	**1,883**	**3,910**
Proceeds from the sale of real estate inventories	5,439	22,917	0	0
Cost of real estate inventories sold	-4,995	-18,299	0	0
Expenses from real estate inventories	-2,011	-1,688	0	0
Expenses from real estate development	-1,075	-1,310	-134	-191
Revaluation of properties under construction adjusted for foreign exchange effects	1,572	-5,648	-482	-972
Results of property development before foreign exchange effects	**-1,070**	**-4,028**	**-616**	**-1,163**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-1,070**	**-4,028**	**-616**	**-1,163**
Other operating income	2,537	4,014	508	1,250
Other operating expenses	-1,861	-3,705	-1,231	-2,184
Results of operations	**12,341**	**6,366**	**9,757**	**19,631**
Revaluation of investment properties adjusted for foreign exchange effects	-3,625	-12,152	12,016	-13,641
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	-626	3,372	-155	-10,435
Other revaluation results	**-4,251**	**-8,780**	**11,861**	**-24,076**
Operating profit (EBIT)	**8,090**	**-2,414**	**21,618**	**-4,445**

	31 12 2016	30 4 2016	31 12 2016	30 4 2016
Investment property	598,910	590,210	375,610	424,200
Property under construction	5,767	11,387	20,920	21,400
Goodwill	586	1,212	7,629	9,977
Investment properties held for sale	141,760	159,243	0	0
Real estate inventories	7,581	13,901	0	0
Segment assets	**754,604**	**775,953**	**404,159**	**455,577**

	2016A	2015/16	2016A	2015/16
Segment investments	**4,906**	**188,075**	**280**	**764**

	Slovakia		Hungary	
All amounts in TEUR	**2016A**	**2015/16**	**2016A**	**2015/16**
Office	1,254	1,309	8,731	12,442
Retail	8,668	13,276	8,397	12,043
Other	160	212	699	973
Rental income	**10,082**	**14,797**	**17,827**	**25,458**
Operating costs charged to tenants	6,224	7,999	6,894	9,941
Other revenues	519	377	466	386
Revenues	**16,825**	**23,173**	**25,187**	**35,785**
Expenses from investment property	-3,497	-6,658	-7,618	-8,458
Operating expenses	-5,565	-6,751	-6,590	-9,488
Results of asset management	**7,763**	**9,764**	**10,979**	**17,839**
Proceeds from the sale of properties	6,000	0	163	14
Carrying amount of sold properties	-6,000	0	-163	-14
Results from deconsolidation	-108	6	-1,698	0
Expenses from property sales	-17	-12	-119	-119
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-2,130	0	62	0
Results of property sales before foreign exchange effects	**-2,255**	**-6**	**-1,755**	**-119**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	**-2,255**	**-6**	**-1,755**	**-119**
Proceeds from the sale of real estate inventories	0	0	0	0
Cost of real estate inventories sold	0	0	0	0
Expenses from real estate inventories	0	0	0	0
Expenses from real estate development	-194	-51	-98	-44
Revaluation of properties under construction adjusted for foreign exchange effects	-2,839	3,724	88	1,023
Results of property development before foreign exchange effects	**-3,033**	**3,673**	**-10**	**979**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-3,033**	**3,673**	**-10**	**979**
Other operating income	297	123	77	289
Other operating expenses	-842	-1,296	-913	-233
Results of operations	**1,930**	**12,258**	**8,378**	**18,755**
Revaluation of investment properties adjusted for foreign exchange effects	5,512	-24,251	-21	16,867
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	0	-551	-592	-2,119
Other revaluation results	**5,512**	**-24,802**	**-613**	**14,748**
Operating profit (EBIT)	**7,442**	**-12,544**	**7,765**	**33,503**

	31 12 2016	**30 4 2016**	**31 12 2016**	**30 4 2016**
Investment property	201,980	178,080	468,770	473,000
Property under construction	22,100	44,400	0	3,080
Goodwill	209	209	2,708	3,300
Investment properties held for sale	2,510	0	6,112	0
Real estate inventories	0	0	0	0
Segment assets	**226,799**	**222,689**	**477,590**	**479,380**

	2016A	**2015/16**	**2016A**	**2015/16**
Segment investments	**9,051**	**14,350**	**551**	**1,821**

All amounts in TEUR	Romania 2016A	Romania 2015/16	Other non-core countries 2016A	Other non-core countries 2015/16[1]
Office	11,979	18,655	852	1,508
Retail	16,693	22,836	4,084	4,179
Other	2,751	3,586	237	2,510
Rental income	**31,423**	**45,077**	**5,173**	**8,197**
Operating costs charged to tenants	12,615	18,355	1,151	1,316
Other revenues	1,414	1,970	151	357
Revenues	**45,452**	**65,402**	**6,475**	**9,870**
Expenses from investment property	-13,302	-15,288	-1,940	-4,003
Operating expenses	-12,399	-17,896	-1,118	-1,255
Results of asset management	**19,751**	**32,218**	**3,417**	**4,612**
Proceeds from the sale of properties	7,541	8,285	325	1,307
Carrying amount of sold properties	-7,541	-8,285	-325	-1,307
Results from deconsolidation	0	0	4,531	5,814
Expenses from property sales	-238	-514	-2,034	-598
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-224	2,297	12,791	-601
Results of property sales before foreign exchange effects	**-462**	**1,783**	**15,288**	**4,615**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	4,315	1,506
Results of property sales	**-462**	**1,783**	**19,603**	**6,121**
Proceeds from the sale of real estate inventories	3,130	8,257	324	360
Cost of real estate inventories sold	-2,987	-6,408	-651	-333
Expenses from real estate inventories	-1,038	-2,342	-10	-300
Expenses from real estate development	-302	-1,567	-175	-745
Revaluation of properties under construction adjusted for foreign exchange effects	10,175	4,437	728	4,400
Results of property development before foreign exchange effects	**8,978**	**2,377**	**216**	**3,382**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	40	339
Results of property development	**8,978**	**2,377**	**256**	**3,721**
Other operating income	762	9,473	325	946
Other operating expenses	-4,109	-8,300	-1,505	-2,873
Results of operations	**24,920**	**37,551**	**22,096**	**12,527**
Revaluation of investment properties adjusted for foreign exchange effects	-19,153	-56,873	2,024	-27,820
Revaluation of investment properties resulting from foreign exchange effects	0	0	-158	2,785
Goodwill impairment, negative differences and earn-out effects on income	-686	-6,629	-4	-4,410
Other revaluation results	**-19,839**	**-63,502**	**1,862**	**-29,445**
Operating profit (EBIT)	**5,081**	**-25,951**	**23,958**	**-16,918**
	31 12 2016	**30 4 2016**	**31 12 2016**	**30 4 2016**
Investment property	784,825	816,601	117,680	108,716
Property under construction	56,820	31,220	1,729	7,676
Goodwill	13,537	14,223	1,044	1,025
Investment properties held for sale	0	19,665	42,480	24,778
Real estate inventories	1,536	4,687	185	835
Segment assets	**856,718**	**886,396**	**163,118**	**143,030**
	2016A	**2015/16**	**2016A**	**2015/16**
Segment investments	**6,539**	**34,440**	**4,957**	**19,251**

1 The comparable prior year figures were adjusted accordingly (see section 1.7).

All amounts in TEUR	Total reportable segments 2016A	Total reportable segments 2015/16[1]	Transition to consolidated financial statements 2016A	Transition to consolidated financial statements 2015/16[1]	IMMOFINANZ 2016A	IMMOFINANZ 2015/16[1]
Office	74,297	109,432	0	0	74,297	109,432
Retail	68,812	100,283	0	0	68,812	100,283
Other	13,587	22,632	0	0	13,587	22,632
Rental income	**156,696**	**232,347**	**0**	**0**	**156,696**	**232,347**
Operating costs charged to tenants	54,688	75,854	0	0	54,688	75,854
Other revenues	5,521	7,226	0	0	5,521	7,226
Revenues	**216,905**	**315,427**	**0**	**0**	**216,905**	**315,427**
Expenses from investment property	-73,311	-100,403	0	0	-73,311	-100,403
Operating expenses	-52,585	-72,763	0	0	-52,585	-72,763
Results of asset management	**91,009**	**142,261**	**0**	**0**	**91,009**	**142,261**
Proceeds from the sale of properties	169,349	252,163	0	0	169,349	252,163
Carrying amount of sold properties	-169,349	-252,163	0	0	-169,349	-252,163
Results from deconsolidation	5,502	9,358	0	0	5,502	9,358
Expenses from property sales	-11,936	-6,684	0	0	-11,936	-6,684
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-692	-3,392	0	0	-692	-3,392
Results of property sales before foreign exchange effects	**-7,126**	**-718**	**0**	**0**	**-7,126**	**-718**
Revaluation of properties sold and held for sale resulting from foreign exchange effects	4,315	1,506	0	0	4,315	1,506
Results of property sales	**-2,811**	**788**	**0**	**0**	**-2,811**	**788**
Proceeds from the sale of real estate inventories	39,868	60,939	0	0	39,868	60,939
Cost of real estate inventories sold	-45,010	-59,289	0	0	-45,010	-59,289
Expenses from real estate inventories	-17,233	-29,836	0	0	-17,233	-29,836
Expenses from real estate development	-3,560	-7,769	0	0	-3,560	-7,769
Revaluation of properties under construction adjusted for foreign exchange effects	7,775	21,107	0	0	7,775	21,107
Results of property development before foreign exchange effects	**-18,160**	**-14,848**	**0**	**0**	**-18,160**	**-14,848**
Revaluation of properties under construction resulting from foreign exchange effects	40	339	0	0	40	339
Results of property development	**-18,120**	**-14,509**	**0**	**0**	**-18,120**	**-14,509**
Other operating income	5,836	20,034	7,115	9,838	12,951	29,872
Other operating expenses	-14,491	-22,929	-17,602	-59,727	-32,093	-82,656
Results of operations	**61,423**	**125,645**	**-10,487**	**-49,889**	**50,936**	**75,756**
Revaluation of investment properties adjusted for foreign exchange effects	-10,975	-78,098	0	0	-10,975	-78,098
Revaluation of investment properties resulting from foreign exchange effects	-158	2,785	0	0	-158	2,785
Goodwill impairment, negative differences and earn-out effects on income	-2,063	-20,772	0	0	-2,063	-20,772
Other revaluation results	**-13,196**	**-96,085**	**0**	**0**	**-13,196**	**-96,085**
Operating profit (EBIT)	**48,227**	**29,560**	**-10,487**	**-49,889**	**37,740**	**-20,329**
	31 12 2016	**30 4 2016**	**31 12 2016[2]**	**30 4 2016[2]**	**31 12 2016**	**30 4 2016**
Investment property	3,531,379	3,843,066	0	1,118,779	3,531,379	4,961,845
Property under construction	379,036	410,043	0	0	379,036	410,043
Goodwill	25,713	29,946	0	74,138	25,713	104,084
Investment properties held for sale	418,897	249,916	1,024,051	0	1,442,948	249,916
Real estate inventories	93,100	112,126	0	0	93,100	112,126
Segment assets	**4,448,125**	**4,645,097**	**1,024,051**	**1,192,917**	**5,472,176**	**5,838,014**
	2016A	**2015/16**	**2016A[2]**	**2015/16[2]**	**2016A**	**2015/16**
Segment investments	**119,996**	**396,414**	**1,727**	**52,426**	**121,723**	**448,840**

1 The comparable prior year figures were adjusted accordingly (see section 1.7).
2 The transition includes the amounts from the discontinued retail portfolio Moscow; a full presentation of the retail portfolio Moscow is provided in 4.8.

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. Properties acquired at the start of the development process are classified as property under construction when management has taken the necessary decisions 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	2016A	2015/16
Beginning balance	**4,961,845**	**5,830,951**
Additions through business combinations	0	161,550
Deconsolidations (see 2.4)	-67,513	-484,691
Currency translation adjustments	147,144	-430,310
Additions	21,643	79,706
Disposals	-134,834	-125,229
Revaluation	-258,867	-130,196
Reclassifications	42,898	284,945
Reclassification IFRS 5	-1,180,937	-224,881
Ending balance	**3,531,379**	**4,961,845**

The reclassifications are related primarily to transfers of EUR 43.9 million (2015/16: EUR 322.7 million) from property under construction to investment property and to transfers of EUR 10.0 million (2015/16: EUR 56.3 million) from investment property to property under construction.

4.1.2 ACCOUNTING POLICIES

The fair value of standing investments is generally determined with a discounted cash flow method, specifically in the form of the term and reversion method as well as the hardcore and top slice method. The application of the term and reversion method to existing rental contracts involves the following: net income up to the end of the contract term and the market-based net income over the following 10 years are discounted back to the valuation date (term); for the time after this period, the stabilised net rental income is capitalised at the market interest rate and also discounted back to the valuation date to determine the perpetual yield (reversion).

Depending on the estimates of risk – which are based on the asset class, location and region as well as current market circumstances – different interest rates are applied to the current rental income (discount rate) and the capitalisation of the perpetual yield (exit rate). The assumptions underlying the valuation, e.g. for risk, vacancies or maintenance costs, are based on estimates by relevant market players, on derived data or on the appraisers' experience. The calculation methodology for the hardcore and top slice method is similar to the logic underlying the term and reversion method. The net income generated by the 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 the market rent) is then discounted at a risk-adjusted market interest rate. 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.

Changes in the fair value of investment properties, properties under construction, properties held for sale and properties sold are recognised to the income statement. These items are reported under the revaluation of investment properties, properties under construction or properties sold adjusted for or resulting from foreign exchange effects (see section 5.7.1). Since the functional currency in the core countries of IMMOFINANZ – with the exception of Russia – is always the Euro and the fair value of the properties is also determined in the Euro, the total revaluation results in these countries are reported under the revaluation of properties adjusted for foreign exchange effects. The real estate in Russia is valued in US Dollars because the rental agreements concluded by IMMOFINANZ for these retail properties are denominated primarily in US Dollars, which is also the predominant currency for marketing prime assets on the Russian real estate market. The properties in the other non-core countries are valued in the Euro.

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 2016, 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 2015/16 for the period from 30 April 2016 to 31 December 2018. Internal valuations are used in a very limited number of cases. In accordance with the applicable Group guideline, a new tender will be held for property valuations starting on 31 December 2018.

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 (previously 30 April) for the preparation of the consolidated financial statements and as of 30 June (previously 31 October) 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), Russia (discontinued operations retail portfolio Moscow, see section 2.5) and other non-core countries).

This aggregation resulted 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, Russia, other non-core countries
> **Other** – in each of the country groups West, CEE, other non-core countries

The valuation of investment properties generally involves a net present value procedure based on the DCF method (see section 4.1.2). The following table shows the non-observable input factors used for valuation. CBRE uses DCF methods in the form of the term and reversion method, while BNP Paribas Real Estate Consult values primarily with the hardcore and top slice method, but also carries out present value-equivalent calculations with the term and reversion method. To improve comparability, the underlying input factors for the term and reversion method are shown for both appraisers‘ calculations. The key input parameters used to value the investment property are listed for each asset class. A minimum and maximum value is shown for each input parameter in the class; as a result, 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 in the following tables are to be understood as follows:

> Lettable space in sqm: the total gross space available for rental by tenants (excluding parking areas)
> Monthly rent per sqm 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
> Discount rate in %: the interest rate used to discount cash flows for the first 10 years (detailed planning period)
> Exit yield in %: the interest rate used to discount the planned cash flow starting in year 11 for the calculation of the perpetual yield
> Vacancy rate in %: the actual vacancy rate as of the balance sheet date.

The following tables also include the investment property classified held for sale (see section 4.8) when current appraisals were available as of the balance sheet date. Standing investments with 100% vacancy (31 December 2016: 0 properties; 30 April 2016: 8 properties) are not included in the following tables.

Office 2016A		Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
West	min	1,193	0.87	4.90	3.55	0.00
	max	67,478	22.70	8.12	6.50	52.43
	weighted average	13,626	13.34	6.67	4.99	13.77
	median	8,230	13.22	6.87	5.05	2.93
CEE	min	1,437	6.77	7.25	6.00	0.00
	max	68,061	21.19	13.85	10.50	75.02
	weighted average	16,369	11.94	9.79	8.09	15.29
	median	13,266	12.07	9.25	8.00	6.74
Other non-core countries	min	15,827	12.96	8.65	8.30	31.68
	max	15,827	12.96	8.65	8.30	31.68
	weighted average	15,827	12.96	8.65	8.30	31.68
	median	15,827	12.96	8.65	8.30	31.68

Retail 2016A		Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
West	min	1,372	2.48	6.36	4.90	0.00
	max	24,677	13.56	9.85	9.00	83.50
	weighted average	5,802	10.93	7.97	6.54	26.53
	median	4,326	11.97	7.23	5.73	0.00
CEE	min	1,380	5.34	7.40	6.25	0.00
	max	63,018	19.95	11.25	9.25	26.76
	weighted average	11,783	12.06	9.19	7.97	4.88
	median	6,843	9.65	9.00	8.25	0.05
Russia[1]	min	9,046	18.19	12.50	10.75	3.61
	max	168,400	45.47	14.25	12.00	24.91
	weighted average	55,651	34.36	12.95	11.05	13.54
	median	25,173	36.69	13.75	12.00	12.70
Other non-core countries	min	1,665	7.25	8.30	7.80	0.00
	max	13,109	14.37	9.25	9.25	22.76
	weighted average	6,206	10.02	8.84	8.57	2.06
	median	5,424	10.60	8.55	8.05	0.00

1 Discontinued operation retailportfolio Moscow

Other 2016A		Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
West	min	597	15.50	5.69	4.00	29.56
	max	597	15.50	5.69	4.00	29.56
	weighted average	597	15.50	5.69	4.00	29.56
	median	597	15.50	5.69	4.00	29.56

Office

2015/16		Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
West	min	1,457	1.00	4.58	3.50	0.00
	max	68,354	21.50	9.20	7.25	65.91
	weighted average	9,905	12.95	6.66	5.09	17.47
	median	5,142	12.19	6.76	5.40	11.80
CEE	min	1,437	7.60	7.65	6.00	0.00
	max	84,124	19.76	12.25	9.78	74.62
	weighted average	16,310	12.18	9.67	7.99	22.05
	median	12,981	12.11	9.50	7.85	16.02
Other non-core countries	min	9,793	4.34	8.70	8.35	36.11
	max	15,845	14.95	11.00	10.00	60.94
	weighted average	12,819	12.04	9.58	8.98	45.59
	median	12,819	9.64	9.85	9.18	48.52

Retail

2015/16		Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
West	min	536	0.81	6.40	4.90	0.00
	max	24,677	13.75	11.10	10.75	50.84
	weighted average	2,096	7.69	8.68	7.80	4.46
	median	1,309	6.93	9.10	9.20	0.00
CEE	min	1,380	2.45	7.25	6.25	0.00
	max	63,026	24.55	11.80	9.80	59.33
	weighted average	12,443	11.79	9.37	8.09	9.36
	median	7,011	9.50	9.00	8.25	0.78
Russia	min	9,050	16.44	12.50	11.00	3.55
	max	167,945	38.80	13.75	12.25	27.18
	weighted average	55,727	31.91	12.80	11.30	18.09
	median	25,173	35.71	13.75	12.25	11.57
Other non-core countries	min	1,665	7.06	8.30	7.80	0.00
	max	12,397	14.80	9.25	9.25	22.76
	weighted average	5,239	10.07	8.62	8.21	5.20
	median	5,062	11.43	8.55	8.05	0.00

Other

2015/16		Lettable space in sqm	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
West	min	1,002	8.94	5.00	3.15	14.69
	max	1,813	15.51	5.45	4.00	32.76
	weighted average	1,284	10.69	5.30	3.64	22.90
	median	1,038	9.77	5.33	3.50	27.57
CEE	min	8,917	6.92	11.75	9.75	44.08
	max	8,917	6.92	11.75	9.75	44.08
	weighted average	8,917	6.92	11.75	9.75	44.08
	median	8,917	6.92	11.75	9.75	44.08

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 discount rate, exit yield or 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 according to the comparable value method (undeveloped land and vacant buildings):

Office 2016A		Land in sqm	Price per sqm in EUR
West	min	450	657.89
	max	14,352	14,437.09
	weighted average	5,454	5,849.44
	median	3,656	6,231.82
CEE	min	2,162	124.52
	max	214,576	4,998.87
	weighted average	35,490	396.90
	median	15,850	592.83
Other non-core countries	min	68,896	66.19
	max	68,896	66.19
	weighted average	68,896	66.19
	median	68,896	66.19

Retail 2016A		Land in sqm	Price per sqm in EUR
CEE	min	17,905	24.73
	max	126,500	197.11
	weighted average	65,508	71.80
	median	61,664	55.02
Other non-core countries	min	14,100	42.00
	max	30,000	278.01
	weighted average	22,050	117.46
	median	22,050	160.01

In 2016A the asset class "other non-core countries" includes a retail property in Russia which is under development (land) but was not allocated to the discontinued retail portfolio Moscow.

Other 2016A		Land in sqm	Price per sqm in EUR
West	min	3,084	4,377.43
	max	4,267	4,804.31
	weighted average	3,676	4,625.22
	median	3,676	4,590.87
CEE	min	2,686	13.02
	max	210,034	599.72
	weighted average	34,229	131.51
	median	24,193	140.74
Other non-core countries	min	6,632	8.06
	max	196,671	1,378.17
	weighted average	62,659	100.43
	median	22,651	131.69

Office 2015/16		Land in sqm	Price per sqm in EUR
West	min	4,256	657.89
	max	8,723	791.01
	weighted average	6,490	747.36
	median	6,490	724.45
CEE	min	2,162	130.51
	max	204,576	752.48
	weighted average	51,472	191.51
	median	20,308	529.84
Other non-core countries	min	68,896	70.77
	max	68,896	70.77
	weighted average	68,896	70.77
	median	68,896	70.77

Retail 2015/16		Land in sqm	Price per sqm in EUR
CEE	min	18,568	9.06
	max	126,500	196.57
	weighted average	62,149	59.43
	median	60,082	37.95
Russia	min	14,100	292.91
	max	14,100	292.91
	weighted average	14,100	292.91
	median	14,100	292.91
Other non-core countries	min	21,428	73.98
	max	52,041	84.00
	weighted average	36,735	76.90
	median	36,735	78.99

Other 2015/16		Land in sqm	Price per sqm in EUR
CEE	min	2,109	3.96
	max	210,034	525.12
	weighted average	30,154	133.28
	median	17,989	147.39
Other non-core countries	min	7,242	8.64
	max	102,953	89.75
	weighted average	53,115	23.25
	median	51,133	38.89

An increase in the price per square meter would lead to an increase in fair value, while a decrease would lead to 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	Russia	Other non-core countries	Total
Balance on 1 May 2015	**1,019,570**	**1,264,800**	**0**	**55,900**	**2,340,270**
Addition to the scope of consolidation	0	161,550	0	0	161,550
Deconsolidations	0	-17,470	0	-1,725	-19,195
Foreign exchange differences	0	0	0	424	424
Additions	6,772	1,307	0	0	8,079
Disposals	-12,425	0	0	0	-12,425
Revaluation of properties in the portfolio as of the balance sheet date	37,798	-38,277	0	-19,335	-19,814
Revaluation of properties no longer in the portfolio as of the balance sheet date	-2,193	-83	0	-575	-2,851
Reclassifications	-10,494	78,567	0	87	68,160
Reclassification IFRS 5	-22,600	-147,700	0	0	-170,300
Balance on 30 April 2016	**1,016,428**	**1,302,694**	**0**	**34,776**	**2,353,898**
Balance on 1 May 2016	**1,016,428**	**1,302,694**	**0**	**34,776**	**2,353,898**
Deconsolidations	0	-63,700	0	0	-63,700
Foreign exchange differences	0	0	0	-282	-282
Additions	5,110	2,308	0	0	7,418
Disposals	-98,630	0	0	0	-98,630
Revaluation of properties in the portfolio as of the balance sheet date	-1,049	-8,607	0	-1,161	-10,817
Revaluation of properties no longer in the portfolio as of the balance sheet date	13,161	-53	0	0	13,108
Reclassifications	-6,646	31,326	0	127	24,807
Reclassification IFRS 5	-67,954	0	0	-2,000	-69,954
Balance on 31 December 2016	**860,420**	**1,263,968**	**0**	**31,460**	**2,155,848**

Retail

All amounts in TEUR	West	CEE	Russia	Other non-core countries	Total
Balance on 1 May 2015	**218,910**	**878,405**	**1,536,513**	**52,090**	**2,685,918**
Foreign exchange differences	0	0	-417,309	-386	-417,695
Additions	7,551	2,511	59,408	2	69,472
Disposals	-29,763	-1,280	0	0	-31,043
Revaluation of properties in the portfolio as of the balance sheet date	11,970	-36,896	-59,867	-3,023	-87,816
Revaluation of properties no longer in the portfolio as of the balance sheet date	2,273	0	0	0	2,273
Reclassifications	1,709	203,400	34	20,967	226,110
Balance on 30 April 2016	**212,650**	**1,046,140**	**1,118,779**	**69,650**	**2,447,219**
Balance on 1 May 2016	**212,650**	**1,046,140**	**1,118,779**	**69,650**	**2,447,219**
Deconsolidations	0	0	0	-3,813	-3,813
Foreign exchange differences	0	0	146,989	380	147,369
Additions	381	7,696	1,730	2,813	12,620
Disposals	-14,761	-1,382	0	0	-16,143
Revaluation of properties in the portfolio as of the balance sheet date	-13,134	3,638	-242,292	1,984	-249,804
Revaluation of properties no longer in the portfolio as of the balance sheet date	-2,603	-350	0	-1,833	-4,786
Reclassifications	187	3,011	-1,156	13,049	15,091
Reclassification IFRS 5	-71,820	-8,623	-1,024,050	0	-1,104,493
Balance on 31 December 2016	**110,900**	**1,050,130**	**0**	**82,230**	**1,243,260**

Other

All amounts in TEUR	West	CEE	Russia	Other non-core countries	Total
Balance on 1 May 2015	**420,869**	**321,681**	**30,000**	**32,213**	**804,763**
Deconsolidations	-342,574	-98,525	-24,397	0	-465,496
Foreign exchange differences	0	0	-10,150	-2,889	-13,039
Additions	1,263	917	0	-25	2,155
Disposals	-73,044	-8,259	0	-458	-81,761
Revaluation of properties in the portfolio as of the balance sheet date	-13,835	-27,149	4,547	133	-36,304
Revaluation of properties no longer in the portfolio as of the balance sheet date	52,728	-38,506	0	94	14,316
Reclassifications	-7,904	-1,421	0	0	-9,325
Reclassification IFRS 5	-14,322	-15,481	0	-24,778	-54,581
Balance on 30 April 2016	**23,181**	**133,257**	**0**	**4,290**	**160,728**
Balance on 1 May 2016	**23,181**	**133,257**	**0**	**4,290**	**160,728**
Foreign exchange differences	0	0	0	57	57
Additions	15	1,590	0	0	1,605
Disposals	-6,910	-13,151	0	0	-20,061
Revaluation of properties in the portfolio as of the balance sheet date	-3,690	62	0	-357	-3,985
Revaluation of properties no longer in the portfolio as of the balance sheet date	-450	-2,133	0	0	-2,583
Reclassifications	6,628	-3,628	0	0	3,000
Reclassification IFRS 5	-6,490	0	0	0	-6,490
Balance on 31 December 2016	**12,284**	**115,997**	**0**	**3,990**	**132,271**

The “other” asset class in the previous year also includes the properties attributable to the discontinued logistics portfolio.

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 2016	30 4 2016
Office	860,420	1,016,428
Retail	110,900	212,650
Other	12,284	23,181
Total West	**983,604**	**1,252,259**
Office	1,263,968	1,302,694
Retail	1,050,130	1,046,140
Other	115,997	133,257
Total CEE	**2,430,095**	**2,482,091**
Retail	0	1,118,779
Total Russia	**0**	**1,118,779**
Office	31,460	34,776
Retail	82,230	69,650
Other	3,990	4,290
Total Other non-core countries	**117,680**	**108,716**
Total (as per consolidated balance sheet)	**3,531,379**	**4,961,845**

Sensitivity analysis of revaluation results

The fair values determined by the property appraisals are heavily dependent on the calculation method and the relevant input factors. 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 2016 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 2016					Rental income
Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	3.6%	6.3%	9.0%	11.8%	14.5%
Δ -25 basis points	-0.9%	1.7%	4.3%	6.9%	9.5%
Δ 0 basis points	-5.0%	-2.5%	0.0%	2.5%	5.0%
Δ +25 basis points	-8.8%	-6.4%	-4.0%	-1.5%	0.9%
Δ +50 basis points	-12.2%	-9.9%	-7.6%	-5.3%	-3.0%

1 Discount rate and exit yield

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 6.9%.

Sensitivity of fair value as of 31 December 2016					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-2.8%	-0.3%	2.2%	4.7%	7.2%
Δ -2.5% points	-3.9%	-1.4%	1.1%	3.6%	6.1%
Δ 0.0% points	-5.0%	-2.5%	0.0%	2.5%	5.0%
Δ +2.5% points	-6.9%	-4.4%	-1.9%	0.6%	3.1%
Δ +5.0% points	-8.9%	-6.4%	-3.8%	-1.3%	1.2%

For example: if the vacancy rate fell by 2.5% points and rental income rose by 2.5%, the fair value would increase by 3.6%.

The following two tables show the per cent change in the fair value of investment property as of 30 April 2016 that would result from changes in rental income and interest rates, respectively from changes in the vacancy rate:

Sensitivity of fair value as of 30 April 2016					Rental income
Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	2.2%	4.8%	7.4%	10.1%	12.7%
Δ -25 basis points	-1.5%	1.0%	3.6%	6.1%	8.5%
Δ 0 basis points	-4.9%	-2.4%	0.0%	2.4%	4.9%
Δ +25 basis points	-8.0%	-5.7%	-3.3%	-1.0%	1.4%
Δ +50 basis points	-11.0%	-8.7%	-6.4%	-4.1%	-1.8%

1 Discount rate and exit yield

Sensitivity of fair value as of 30 April 2016					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-1.3%	1.1%	3.5%	6.0%	8.4%
Δ -2.5% points	-3.0%	-0.6%	1.9%	4.3%	6.7%
Δ 0.0% points	-4.9%	-2.4%	0.0%	2.4%	4.9%
Δ +2.5% points	-6.9%	-4.5%	-2.1%	0.4%	2.8%
Δ +5.0% points	-9.0%	-6.5%	-4.1%	-1.7%	0.8%

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 2016 the investment property had a carrying amount of EUR 3,531.4 million (30 April 2016: EUR 4.961,8 million) and the carrying amount of the top 30 properties totalled EUR 2,046.9 million (30 April 2016: EUR 3,016.1 million) or 61.9% (30 April 2016: 60.8%) of the standing investment portfolio.

For the top 30 properties in the standing investment portfolio, the interest rates (discount rate, resp. exit yield) used by the appraisers for valuation as of 31 December2016 ranged from 3.9% to 10.5% (30 April 2016: 3.9% to 13.8%). The interest rates were highest in Romania during 2016A with a range of 7.5% to 10.5% and lowest in Austria with a range of 3.9% to 7.7%. The interest rates were highest during the previous financial year in Russia with a range of 11.0% to 13.8% and lowest in Austria with a range of 3.9% to 7.1%.

In addition to the previously discussed valuation-relevant parameters, changes in exchange rates also have an effect on profit or loss through revaluation results.

The following table shows how the revaluation of investment properties, property under construction and properties held for sale would be influenced by an increase or decrease of 2% and 5% in the local currency as of 31 December 2016. This calculation is based on the year-end exchange rates listed in section 2.6.2. The analysis assumes that all other valuation-relevant input parameters, especially interest rates, remain constant.

Based on the following exchange rate movements as of 31 December 2016					
All amounts in TEUR	**2016A**	**Δ +2%**	**Δ -2%**	**Δ +5%**	**Δ -5%**
Other non-core countries	19,740	21,874	17,579	25,020	14,281
Business segments with EUR as the functional currency	-19,435	0	0	0	0
Total	**305**	**21,874**	**17,579**	**25,020**	**14,281**

Based on the following exchange rate movements as of 30 April 2016					
All amounts in TEUR	**2015/16**	**Δ +2%**	**Δ -2%**	**Δ +5%**	**Δ -5%**
Russia	-1,418	-1,321	-1,516	-1,178	-1,666
Other non-core countries	-17,973	-16,178	-19,792	-13,529	-22,567
Business segments with EUR as the functional currency	-36,362	0	0	0	0
Total	**-55,753**	**-17,499**	**-21,308**	**-14,707**	**-24,233**

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 very well balanced and diversified tenant mix. No single tenant is responsible for more than 2.0% (also see section 3.5.).

The decision to exit from the previous core market Russia (see section 2.5) will substantially reduce the regional concentration risk. A sensitivity analysis of the regional concentration risk arising from the retail portfolio Moscow is provided in section 2.5.

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	2016A	2015/16
Beginning balance	**410,043**	**469,134**
Disposal due to sale of subsidiaries attributable to discontinued operations	0	-9,009
Currency translation adjustments	-40	-339
Additions	100,080	207,582
Disposals	-10,845	0
Revaluation	4,517	23,061
Reclassifications	-50,379	-255,351
Reclassification IFRS 5 (see 4.8)	-74,340	-25,035
Ending balance	**379,036**	**410,043**

The reclassifications are related primarily to transfers of EUR 10.0 million (2015/16: EUR 322.7 million) from investment property to property under construction and to transfers of EUR 43.9 million (2015/16: EUR 56.3 million) from property under construction to investment property. The reclassifications also include transfers of EUR 19.7 million (2015/16: EUR 0.0 million) from property under construction to real estate inventories.

The residual value method is used to value property under construction. 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 exit yields for IMMOFINANZ's development projects range from 3.75% to 8.75% (2015/16: 3.9% to 9.0%), while the project development profit ranges from 6.4% to 13.7% (2015/16: 2.2% to 17.4%). The estimated fair values of the projects on completion range from EUR 3.6 million to EUR 194.1 million (2015/16: EUR 3.1 million to EUR 186.5 million), and the estimated outstanding construction costs by property range from EUR 1.4 million to EUR 84.3 million (2015/16: EUR 1.5 million to EUR 96.4 million).

Of the total carrying amount of property under construction as of 31 December 2016, 62.7% (30 April 2016: 62.5%) 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 2016	30 4 2016
Goodwill	25,713	104,084
Other intangible assets	242	390
Total	**25,955**	**104,474**

4.3.2 GOODWILL

The development of goodwill is shown in the following table:

All amounts in TEUR	2016A	2015/16
Acquisition cost – beginning balance	**1,139,524**	**1,206,640**
Deconsolidations (see 2.4)	-26,286	-31,810
Currency translation adjustments	17,325	-33,934
Reclassification IFRS 5 (see 4.8)	-111,887	-1,372
Acquisition cost – ending balance	**1,018,676**	**1,139,524**
Accumulated depreciation – beginning balance	**-1,035,440**	**-1,030,134**
Deconsolidations (see 2.4)	24,087	31,538
Currency translation adjustments	-7,500	7,459
Impairment losses to continuing operations (see 5.7.2)	-2,063	-26,464
Impairment losses to discontinued operations (see 2.5)	-18,712	-19,211
Reclassification IFRS 5 (see 4.8)	46,665	1,372
Accumulated depreciation – ending balance	**-992,963**	**-1,035,440**
Carrying amount as of the balance sheet date	**25,713**	**104,084**

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 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	Rent per sqm and month in EUR	Discount rate in %	Exit Yield in %	Vacancy rate in %
Poland	min	21,264	12.19	7.40	6.25	0.96
	max	39,108	13.77	8.00	7.10	5.77
	weighted average	30,186	12.98	7.70	6.68	3.36
	median	30,186	12.98	7.70	6.68	3.36
Czech Republic	min	4,250	7.16	7.75	6.00	0.00
	max	34,948	14.57	9.25	8.75	46.42
	weighted average	11,735	9.60	8.82	7.34	9.06
	median	6,113	8.83	9.00	7.50	0.00
Slovakia	min	3,263	9.39	8.75	8.25	0.00
	max	6,808	12.35	10.00	9.25	10.80
	weighted average	5,213	10.25	9.25	8.56	2.70
	median	5,391	9.62	9.13	8.38	0.00
Hungary	min	7,210	5.34	9.15	7.40	3.25
	max	36,598	12.49	10.00	8.75	26.76
	weighted average	14,820	9.33	9.48	8.31	11.66
	median	9,393	9.87	9.50	8.75	8.78
Romania	min	16,650	6.77	9.50	7.50	0.00
	max	63,018	18.03	10.25	8.25	2.32
	weighted average	30,939	13.47	9.94	7.94	0.75
	median	20,922	13.64	9.95	7.95	0.48
Other non-core countries	min	5,062	7.25	8.55	8.05	0.00
	max	15,827	12.96	8.65	8.30	31.68
	weighted average	11,095	10.14	8.62	8.17	18.14
	median	12,397	10.22	8.65	8.15	22.76

The following table shows the cash-generating units of the continuing generations, summarised by segment, in which impairment testing led to the recognition of an impairment loss to goodwill in 2016A.

All amounts in TEUR	Romania	Poland	Czech Republic	Hungary	Other	Total
Recoverable amount of impaired cash-generating units	**291,586**	**104,385**	**187,962**	**182,403**	**25,600**	**791,936**
Goodwill	14,198	1,180	8,329	3,292	367	27,366
Investment property	309,290	106,000	199,800	188,440	26,500	830,030
Deferred tax liabilities	-31,216	-2,169	-20,012	-8,737	-1,263	-63,397
Carrying amount of cash-generating units	**292,272**	**105,011**	**188,117**	**182,995**	**25,604**	**793,999**
Impairment losses	**-686**	**-626**	**-155**	**-592**	**-4**	**-2,063**

Impairment testing of the other cash-generating units of continuing operations which carry goodwill did not indicate any need for the recognition of an impairment loss during 2016A.

Impairment losses are reported on the consolidated income statement under “goodwill impairment, negative differences and earn-out effects on income” (see section 5.7.2). The impairment losses to goodwill resulted from a 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 is NP Investments a.s., which maintains its registered office in Prague. This joint venture is the owner of the *Na Příkopě* office and shopping center in the inner city of Prague.

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, in the investments in NP Investments a.s. and IMMOKRON Immobilienbetriebsgesellschaft m.b.H.

The shares in Efgad Europe BV and Maramando Trading & Investment Limited were sold and HEPP III Luxembourg MBP SARL was liquidated during 2016A. The net profit or loss from equity-accounted investments therefore includes disposal and liquidation results of EUR -3.3 million as well as a subsequent earn-out effect on income of EUR -0.1 million from the investment in Residea Limited which was sold in 2015/16. Of this total, EUR -0.6 million are attributable to the recycling of other comprehensive income (from currency translation differences). A further EUR -0.2 million are attributable to the recycling of other comprehensive income in connection with the acquisition of the remaining shares in Vertano Residence Sp.z.o.o. and Vertano Residence Sp.z.o.o. 1 Sp.k. IMMOFINANZ attained control over these two joint ventures, which were previously accounted for at equity, during 2016A (see section 2.3).

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 2016	Other 31 12 2016	Total 31 12 2016
Non-current assets	87,201	17,422	104,623
Thereof investment property	83,080	14,200	97,280
Current assets	1,304	33,478	34,782
Thereof cash and cash equivalents	621	2,587	3,208
Non-current liabilities	64,570	27,171	91,741
Thereof non-current financial liablities	58,033	4,147	62,180
Current liabilities	33,612	7,891	41,503
Thereof current financial liablities	1,489	552	2,041
Equity	**-9,677**	**15,838**	**6,161**
Equity interest of IMMOFINANZ in the investment	-4,839	11,814	6,975
Other adjustments	4,839	7,410	12,249
Carrying amount as of 31 December 2016	**0**	**19,224**	**19,224**
Losses not recognised during the financial year	0	-8	-8
Cumulative losses not recognised as of 31 December 2016	0	-8	-8
	2016A	**2016A**	**2016A**
Rental income	2,189	1,012	3,201
Expenses charged on and other revenue	220	0	220
Revenues	**2,409**	**1,012**	**3,421**
Net profit or loss for the period	**6,014**	**5,768**	**11,782**
Thereof interest income	54	459	513
Thereof interest expense	-3,060	-675	-3,735
Thereof income taxes	60	-670	-610
Thereof attributable to shareholders of the investment	6,014	5,768	11,782
Share of net profit or loss attributable to IMMOFINANZ	5	1,982	1,987
Other adjustments	3,002	-1,823	1,179
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**3,007**	**159**	**3,166**
Other comprehensive income	**-9**	**3,443**	**3,434**
Thereof attributable to shareholders of the investment	-9	3,443	3,434
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-5	1,098	1,093
Share of reclassification of foreign exchange effects to profit and loss attributable to IMMOFINANZ	0	762	762
Total comprehensive income	**6,005**	**9,211**	**15,216**
Thereof attributable to shareholders of the investment	6,005	9,211	15,216
Share of IMMOFINANZ total comprehensive income for the period	**3,002**	**2,021**	**5,023**
Dividends received	**0**	**0**	**0**

All amounts in TEUR	NP Investments a.s. 30 4 2016	HEPP III Luxembourg MBP SARL 30 4 2016	IMMOKRON Immobilien-betriebs-gesellschaft m.b.H. 30 4 2016	Other 30 4 2016	Total 30 4 2016
Non-current assets	77,489	0	0	26,253	103,742
Thereof investment property	75,100	0	0	22,123	97,223
Current assets	341	70	30,633	9,425	40,469
Thereof cash and cash equivalents	79	70	2,123	408	2,680
Non-current liabilities	47,663	0	6,858	28,554	83,075
Thereof non-current financial liablities	42,332	0	0	4,553	46,885
Current liabilities	45,850	0	1,385	9,430	56,665
Thereof current financial liablities	628	0	12	509	1,149
Equity	**-15,683**	**70**	**22,390**	**-2,306**	**4,471**
Equity interest of IMMOFINANZ in the investment	-7,841	35	17,913	-3,218	6,889
Other adjustments	7,841	-35	-83	8,633	16,356
Carrying amount as of 30 April 2016	**0**	**0**	**17,830**	**5,415**	**23,245**

	2015/16	2015/16	2015/16	2015/16	2015/16
Rental income	1,140	2,837	121	1,714	5,812
Expenses charged on and other revenue	167	1,982	-6	0	2,143
Revenues	**1,307**	**4,819**	**115**	**1,716**	**7,957**
Net profit or loss for the period	**7,980**	**59,546**	**145**	**1,375**	**69,046**
Thereof interest income	0	1,404	640	99	2,143
Thereof interest expense	-5,744	-4,438	-208	-2,057	-12,447
Thereof income taxes	-2,204	694	-183	1,874	181
Thereof attributable to shareholders of the investment	7,980	59,546	145	1,375	69,046
Share of net profit or loss attributable to IMMOFINANZ	128	29,773	116	2,492	32,509
Other adjustments	3,862	-29,773	0	-4,521	-30,432
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**3,990**	**0**	**116**	**-2,029**	**2,077**
Other comprehensive income	**-257**	**4,390**	**0**	**-26**	**4,107**
Thereof attributable to shareholders of the investment	-257	4,390	0	-26	4,107
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-128	0	0	-6	-134
Share of reclassification of foreign exchange effects to profit and loss attributable to IMMOFINANZ	0	2,195	0	7	2,202
Total comprehensive income	**7,723**	**63,936**	**145**	**1,349**	**73,153**
Thereof attributable to shareholders of the investment	7,723	63,936	145	1,349	73,153
Share of IMMOFINANZ total comprehensive income for the period	**3,862**	**2,195**	**116**	**-2,027**	**4,146**
Dividends received	**0**	**0**	**0**	**0**	**0**

4.4.2 INVESTMENTS IN ASSOCIATES

IMMOFINANZ's most important associates are CA Immobilien Anlagen Aktiengesellschaft (CA Immo) and BUWOG AG (BUWOG).

The CA Immo Group, which maintains its registered office in Vienna, is an international real estate corporation which develops, holds and manages office, hotel, retail, logistics and residential properties in Austria, Germany and Eastern Europe. CA Immo shares are listed on the Vienna Stock Exchange.

The BUWOG Group, which maintains its registered office in Vienna, is a complete provider in the residential property sector of Germany and Austria. BUWOG shares are listed on the stock exchanges in Vienna, Frankfurt and Warsaw.

IMMOFINANZ purchased approx. 25.7 million bearer shares and four registered shares with restricted transferability (Golden Shares) in CA Immo as of 2 August 2016 and now holds an approximate 26% equity interest in this company. The purchase price allocation is to be considered preliminary. This share package gives IMMOFINANZ a significant influence over the CA Immo Group. The accounting treatment of this investment is therefore based on the equity method. The share package creates a relative voting rights majority – IMMOFINANZ is the largest single shareholder – and the Golden Shares include the right to delegate up to four members to the CA Immo Supervisory Board – a delegation right that IMMOFINANZ exercised in the financial year 2016A. Therefore, additional facts and circumstances that represent indications of de-facto control as defined in IFRS 10 will be reviewed on a regular basis. Special importance will be given to the attendance rates in the future annual general meetings of CA Immo. An analysis of the historical attendance rates, at the present time, does not support the conclusion that IMMOFINANZ clearly has control over the CA Immo Group; there is no de-facto control as defined in IFRS 10.

The purchase price for the above-mentioned share package amounted to EUR 603.7 million (EUR 23.50 per share), and the capitalisable transaction costs totalled EUR 5.2 million (EUR 0.20 per share). The CA Immo Group is included in IMMOFINANZ's consolidated financial statements for the comparable accounting period (as of 31 December 2016). In 2016A IMMOFINANZ recognised the proportional results of the CA Immo Group for the six-month period from 1 July 2016 to 31 December 2016, which were corrected to reflect the carryforward of the fair value adjustments from the (preliminary) purchase price allocation. The share price equalled EUR 17.47 on 31 December 2016, which is lower than the acquisition cost per share. That represents an objective indication of impairment. In connection with impairment testing, the recoverable amount of the share package was determined on the basis fair value less cost to sell.

The absence of Level 1 fair values for the unit of account comprising the share package of bearer and registered shares with restricted transferability required a discretionary decision concerning the valuation procedure. IFRSs do not provide any explicit rules for the determination of fair value in accordance with IFRS 13 for such share packages. IMMOFINANZ's management decided to carry out these valuations as "close to market" as possible. The prices on the Vienna Stock Exchange as of 31 December 2016 therefore formed the basis for valuation. The parameters to be considered included not only a package premium, but also the fact that the Golden Shares create a disparity with regard to voting rights and cash flow rights. This is reflected in higher return expectations by equity investors and, in turn, leads to a higher cost of equity capital. 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 the CA Immo Group). In view of these circumstances, appropriate premiums totalling 22.4% (EUR 3.92 per share, resp. EUR 100.7 million) for the Golden Shares and the size of the share package were included in the determination of fair value. The premium for the Golden Shares was calculated by means of a dividend discount model (DDM) using synthetic equity costs. The premium for the size of the equity investment was derived from comparable transactions – i.e. the purchase of share packages in European real estate companies from 2009 to 2016 – based on capital market data. The plausibility of the valuation was then verified, among others, by analyses of price discounts to the net asset value (NAV) on capital market transactions and reviews of bid premiums. Since this fair value was derived from both observable and non-observable data, it is classified under Level 3 on the IFRS 13 measurement hierarchy.

The resulting recoverable amount – it represents a fair value of EUR 549.5 million (EUR 21.39 per share) less costs to sell of 1.75% – therefore amounted to EUR 539.9 million as of 31 December 2016. The book price of the investment in the CA Immo Group equalled EUR 21.02 per share as of 31 December 2016. The net profit or loss from equity-accounted investments includes not only the proportional results of the CA Immo Group for six months (incl. effects from the carryforward of the fair value adjustments from the preliminary purchase price allocation) but also an impairment loss of EUR 91.9 million.

IMMOFINANZ has gradually reduced its investment in the BUWOG Group since the spin-off in 2013/14. The BUWOG Group has been included in IMMOFINANZ's consolidated financial statements as an equity-accounted investment since the spin-off. On 31 December 2016 the closing price of the BUWOG share on the Vienna Stock Exchange equalled EUR 22.09 and the book value of the share equalled EUR 17.70.

In 2016A IMMOFINANZ reduced its investment in the BUWOG Group by an 18.61% shareholding. IMMOFINANZ sold approx. 18.5 million BUWOG shares to the SAPINDA Group for a total price of EUR 358.7 million. The gain on the sale amounted to EUR 34.2 million after the deduction of EUR 10.7 million in transaction costs and was reported under net profit or loss from equity-accounted investments. As of 31 December 2016, IMMOFINANZ continued to hold an investment of approximately 10% (30 April 2016: 28.61%) in the BUWOG Group. IMMOFINANZ was represented on the BUWOG supervisory board as of 31 December 2016 through two members who were elected with the support of its voting rights, and the voting rights limitations defined by the de-denomination agreement ended with the termination of this agreement as of 12 October 2016. Therefore, IMMOFINANZ still had a significant influence over the BUWOG Group as of 31 December 2016 in spite of the reduction in the investment (see section 7.6).

The BUWOG Group is included on the basis of consolidated (interim) financial statements that do not differ by more than three months from IMMOFINANZ's balance sheet date. Material business transactions and events occurring in the BUWOG Group during the interim period are included, where necessary, through appropriate adjustments. In 2016A, IMMOFINANZ recognised, in addition to a dividend, a proportional share of BUWOG Group results for the nine-month period from 1 February 2016 to 31 October 2016 (2015/16: 12-month period from 1 February 2015 to 31 January 2016), which were corrected to reflect the carryforward of the fair value adjustments from the purchase price allocation.

The investment in Bulreal EAD was sold during the reporting year. The share of net profit or loss from equity-accounted investments therefore includes disposal results of EUR 1.9 million from this sale as well as a subsequent purchase price adjustment of EUR -0.1 million from the sale of the investment in TriGránit Centrum a.s. during 2015/16.

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. 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 to the investment in the CA Immo Group are related to treasury shares, impairment losses and the carryforward of the fair value adjustments identified in connection with the acquisition of the shares during the (preliminary) 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 of the net investment in the joint ventures. The other adjustments to net profit recorded by the CA Immo Group also include the carryforward of fair value adjustments totalling EUR 1.2 million that were recognised during the acquisition of the investment. The other adjustments to net profit recorded by the BUWOG Group also include the carryforward of fair value adjustments totalling EUR 0.3 million (2015/16: EUR -1.0 million) that were recognised during the acquisition of the investment.

All amounts in TEUR	CA Immo Group [1] 31 12 2016	BUWOG Group [2] 31 12 2016	Bulreal EAD 31 12 2016	Other 31 12 2016	Total 31 12 2016
Non-current assets	3,659,806	4,055,034	0	35,553	7,750,393
Thereof investment property	2,923,676	3,968,104	0	19,770	6,911,550
Current assets	649,332	857,884	0	13,122	1,520,338
Thereof real estate inventory	34,147	313,597	0	0	347,744
Non-current liabilities	1,753,026	2,422,903	0	44,097	4,220,026
Current liabilities	351,571	714,391	0	9,242	1,075,204
Equity	**2,204,541**	**1,775,624**	**0**	**-4,664**	**3,975,501**
Thereof attributable to non-controlling interests	46	15,576	0	0	15,622
Thereof attributable to shareholders of the investment	2,204,495	1,760,048	0	-4,664	3,959,879
Equity interest of IMMOFINANZ in the investment	573,169	176,022	0	-1,896	747,295
Other adjustments	-33,273	341	0	5,667	-27,265
Carrying amount as of 31 December 2016	**539,896**	**176,363**	**0**	**3,771**	**720,030**
Losses not recognised during the financial year	0	0	0	44	44
Cumulative losses not recognised as of 31 December 2016	0	0	0	-2,364	-2,364
	2016A	**2016A**	**2016A**	**2016A**	**2016A**
Rental income	84,261	155,322	3,497	1,090	244,170
Expenses charged on and other revenue	21,965	83,256	174	19,541	124,936
Revenues	**106,226**	**238,578**	**3,670**	**20,632**	**369,106**
Net profit or loss for the period	**86,045**	**222,628**	**-3,005**	**-793**	**304,875**
Thereof attributable to non-controlling interests	7	5,510	0	0	5,517
Thereof attributable to shareholders of the investment	86,038	217,118	-3,005	-793	299,358
Share of net profit or loss attributable to IMMOFINANZ	22,372	35,498	-997	277	57,150
Other adjustments	-90,620	260	0	-43	-90,403
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**-68,248**	**35,758**	**-997**	**234**	**-33,253**
Other comprehensive income	**-2,871**	**286**	**1**	**0**	**-2,584**
Thereof attributable to shareholders of the investment	-2,871	286	1	0	-2,584
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-746	82	0	0	-664
Total comprehensive income	**83,174**	**222,914**	**-3,004**	**-793**	**302,291**
Thereof attributable to non-controlling interests	7	5,510	0	0	5,517
Thereof attributable to shareholders of the investment	83,167	217,404	-3,004	-793	296,774
Share of IMMOFINANZ total comprehensive income for the period	**-68,994**	**35,840**	**-996**	**233**	**-33,917**
Dividends received	**0**	**6,874**	**0**	**294**	**7,168**

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 2016. The income statement data cover the period from 1 July 2016 to 31 December 2016.

2 The financial data recorded for the BUWOG Group is based on the BUWOG Group's consolidated interim financial statements as of 31 October 2016. The fourth quarter of the 2015/16 financial year was added to the income statement data.

All amounts in TEUR	BUWOG Group [1] 30 4 2016	Bulreal EAD 30 4 2016	Other 30 4 2016	Total 30 4 2016
Non-current assets	3,896,935	37,436	40,120	3,974,491
Thereof investment property	3,818,364	29,900	24,700	3,872,964
Current assets	509,121	3,209	12,577	524,907
Thereof real estate inventory	271,622	0	0	271,622
Non-current liabilities	2,346,697	10,675	44,088	2,401,460
Current liabilities	437,784	17,452	12,132	467,368
Equity	**1,621,575**	**12,518**	**-3,523**	**1,630,570**
Thereof attributable to non-controlling interests	11,712	0	0	11,712
Thereof attributable to shareholders of the investment	1,609,863	12,518	-3,523	1,618,858
Equity interest of IMMOFINANZ in the investment	460,653	6,134	-1,962	464,825
Goodwill	0	6,320	1,072	7,392
Other adjustments	443	-6,164	4,362	-1,359
Carrying amount as of 30 April 2016	**461,096**	**6,290**	**3,472**	**470,858**
Losses not recognised during the financial year	0	0	3,600	3,600
Cumulative losses not recognised as of 30 April 2016	0	0	-2,408	-2,408

	2015/16	2015/16	2015/16	2015/16
Rental income	201,306	7,561	3,005	211,872
Expenses charged on and other revenue	107,423	586	27,248	135,257
Revenues	**308,729**	**8,146**	**30,254**	**347,129**
Net profit or loss for the period	**200,864**	**-36,992**	**-49**	**163,823**
Thereof attributable to non-controlling interests	2,279	0	0	2,279
Thereof attributable to shareholders of the investment	198,585	-36,992	-49	161,544
Share of net profit or loss attributable to IMMOFINANZ	90,506	-18,126	700	73,080
Other adjustments	-973	-2,315	72	-3,216
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**89,533**	**-20,441**	**772**	**69,864**
Other comprehensive income	**-923**	**0**	**-23**	**-946**
Thereof attributable to shareholders of the investment	-923	0	-23	-946
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-452	0	-15	-467
Share of reclassification of foreign exchange effects to profit and loss attributable to IMMOFINANZ	0	0	7,264	7,264
Total comprehensive income	**199,941**	**-36,992**	**-71**	**162,878**
Thereof attributable to non-controlling interests	2,279	0	0	2,279
Thereof attributable to shareholders of the investment	197,662	-36,992	-71	160,599
Share of IMMOFINANZ total comprehensive income for the period	**89,081**	**-20,441**	**8,021**	**76,661**
Dividends received	**26,598**	**0**	**3,010**	**29,608**

1 The financial information recognised for the BUWOG Group is based on the consolidated interim financial statements of the BUWOG Group as of 31 January 2016. The fourth quarter of the 2014/15 financial year was added to the income statement data.

4.5 TRADE AND OTHER RECEIVABLES

Receivables and other financial assets are generally classified as loans and receivables (L&R) in accordance with IAS 39 and carried 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 basically carried at amortised cost after the deduction of any write-downs.

The following table shows the composition and remaining terms of receivables and other assets.

All amounts in TEUR	31 12 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Rents receivable	15,589	15,529	60	0	21,839	21,609	230	0
Miscellaneous	31,485	29,459	2,026	0	24,792	21,941	2,851	0
Total trade accounts receivable	**47,074**	**44,988**	**2,086**	**0**	**46,631**	**43,550**	**3,081**	**0**
Receivables due from associates	1,925	223	0	1,702	9,893	71	7,618	2,204
Receivables due from joint ventures	33,740	8,938	24,699	103	45,980	9,707	34,163	2,110
Receivables due from equity-accounted investments	**35,665**	**9,161**	**24,699**	**1,805**	**55,873**	**9,778**	**41,781**	**4,314**
Restricted funds	179,585	44,429	135,156	0	135,823	9,449	95,474	30,900
Financing	18,553	1,576	904	16,073	20,701	2,985	1,908	15,808
Property management	1,560	1,497	19	44	5,211	5,146	19	46
Outstanding purchase price receivables – sale of properties	42,277	42,277	0	0	4,668	4,668	0	0
Outstanding purchase price receivables – sale of shares in other companies	38,198	13,740	24,458	0	44,894	7,229	37,665	0
Miscellaneous	20,065	15,295	4,492	278	36,060	24,416	10,927	717
Total other financial receivables	**300,238**	**118,814**	**165,029**	**16,395**	**247,357**	**53,893**	**145,993**	**47,471**
Tax authorities	31,213	31,213	0	0	82,506	79,647	1,390	1,469
Total other non-financial receivables	**31,213**	**31,213**	**0**	**0**	**82,506**	**79,647**	**1,390**	**1,469**
Total	**414,190**	**204,176**	**191,814**	**18,200**	**432,367**	**186,868**	**192,245**	**53,254**

Restricted funds consists primarily of prepayments on apartment sales which were pledged to banks, bank balances pledged as collateral for property financing and the balance of a trust account with Aviso Zeta AG.

The following tables show the contractual maturity of the financial receivables that were past due but not impaired as of the balance sheet date as well as an analysis of the individual financial instruments that were considered to be impaired individually as of the balance sheet date:

Contractual maturity analysis All amounts in TEUR	Carrying amount 31 12 2016	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	2016A Allowance for bad debt
Trade accounts receivable	47,074	38,641	7,764	15,865	-15,196
Financing receivables	54,218	71,571	2	74,293	-91,648
Loans and other receivables	281,685	274,283	7,444	6,139	-6,181
Total	**382,977**	**384,495**	**15,210**	**96,297**	**-113,025**

Receivables past due but not impaired All amounts in TEUR	Carrying amount 31 12 2016	Overdue up to 3 months[1]	Overdue between 3 and 6 months	Overdue between 6 and 12 months	Overdue more than 12 months
Trade accounts receivable	7,764	4,646	301	1,823	994
Financing receivables	2	2	0	0	0
Loans and other receivables	7,444	6,479	13	730	222
Total	**15,210**	**11,127**	**314**	**2,553**	**1,216**

1 The column "overdue up to 3 months" also includes receivables that are due immediately.

Contractual maturity analysis All amounts in TEUR	Carrying amount 30 4 2016	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	2015/16 Allowance for bad debt
Trade accounts receivable	46,631	35,335	5,364	48,892	-42,960
Financing receivables	76,574	181,483	313	15,569	-120,791
Loans and other receivables	226,656	221,080	520	20,767	-15,711
Total	**349,861**	**437,898**	**6,197**	**85,228**	**-179,462**

Receivables past due but not impaired All amounts in TEUR	Carrying amount 30 4 2016	Overdue up to 3 months[1]	Overdue between 3 and 6 months	Overdue between 6 and 12 months	Overdue more than 12 months
Trade accounts receivable	5,364	3,650	829	189	696
Financing receivables	313	0	0	0	313
Loans and other receivables	520	4	17	2	497
Total	**6,197**	**3,654**	**846**	**191**	**1,506**

1 The column "overdue up to 3 months" also includes receivables that are due immediately.

The risk associated with receivables due from tenants is 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 to 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 reported on the income statement under the results of asset management.

With respect to the trade accounts receivable that were neither impaired nor overdue as of the balance sheet date, there are no signs that the debtors will be unable to meet their payment obligations.

As in the previous financial year, individual valuation adjustments were recognised to trade accounts receivable, financing receivables and receivables from joint ventures in 2016A. Therefore, the balance sheet reflects these receivables' recoverability. The change in the valuation adjustments equalled EUR -4.7 million (2015/16: EUR-10.8 million).

The following table shows the change in valuation adjustments recognised in profit or loss as well as the income and expenses related to doubtful and uncollectible receivables aggregated by category of financial instrument:

All amounts in TEUR	2016A	2015/16
Trade accounts receivable	-1,427	-5,884
Financing receivables (see 5.9)	-3,249	-5,477
Loans and other receivables	16	517
Total change in valuation adjustments	**-4,660**	**-10,844**

Financing receivables and receivables due from associates and joint ventures are related chiefly to property companies. This financing will be repaid when the property value is realised through the sale (or continued rental) of the property. Consequently, the recoverability is dependent on the net asset value (NAV) of the property company. The impairment losses were, as a rule, caused by a decline in the net asset value.

4.6 OTHER FINANCIAL ASSETS

Other non-current financial instruments comprise shares in real estate funds, derivatives and miscellaneous securities.

Real estate fund shares acquired prior to 1 May 2004 are classified as available for sale (AFS) in accordance with IAS 39 and carried at fair value, i.e. at the market or stock exchange value on the balance sheet date. If fair value cannot be determined and comparable market prices are not available, fair value is established using generally accepted valuation methods. The initial recognition and measurement take place as of the settlement date. Market-based fluctuations in fair value are recorded under other comprehensive income and only recognised to the consolidated income statement when the assets are sold or their value is impaired due to a negative change in the issuer's credit standing. If there are objective indications of solvency-related impairment as defined in IAS 39, an appropriate impairment loss is recognised.

Real estate fund shares acquired since 1 May 2004 are generally designated as financial instruments at fair value through profit or loss based on the fair value option provided by IAS 39. This classification reflects the fact that the investments are part of a portfolio whose results are measured at fair value and which also forms the basis for periodic reporting to management.

Derivatives are accounted for as standalone financial instruments. These financial instruments are used to reduce the risks associated with foreign exchange and interest rate fluctuations. Derivative transactions are only concluded with financial institutions that have first-rate credit standings. Derivatives are assigned to the category "held for trading" (HFT) and valued through profit or loss at the market value applicable on the balance sheet date. IMMOFINANZ does not apply hedge accounting in the sense of IAS 39.

Other short-term financial assets are classified as held for trading (HFT) in accordance with IAS 39 and carried at the applicable market or stock exchange value as of the balance sheet date. The initial recognition and measurement take place as of the settlement date, which represents the date on which the asset is transferred. Temporary fluctuations in fair value are recognised through profit or loss.

Other financial assets comprise the following:

All amounts in TEUR	31 12 2016	30 4 2016
Other securities	5,055	5,705
Real estate fund shares	4,253	8,405
Derivative financial instruments	1,185	0
Total	**10,493**	**14,110**

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 2016 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:

	31 12 2016		30 4 2016	
All amounts in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property	1,886	273,381	8,337	454,112
Other financial assets and miscellaneous assets	22,790	53,256	13,033	74,755
Total	**24,676**	**326,637**	**21,370**	**528,867**
Other liabilities and provisions	14,783	8,782	16,303	16,964
Financial liabilities	2,577	17,037	1,746	24,513
Total	**17,360**	**25,819**	**18,049**	**41,477**
Tax loss carryforwards	984,813	0	1,023,723	0
Real differences from the elimination of intra-Group liabilities	0	982,422	0	952,663
Deferred tax assets and deferred tax liabilities	**1,026,849**	**1,334,878**	**1,063,142**	**1,523,007**
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	-1,022,464	-1,022,464	-1,056,836	-1,056,836
Net deferred tax assets and deferred tax liabilities	**4,385**	**312,414**	**6,306**	**466,171**

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 19.2 million (30 April 2016: EUR 535.1 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.

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 for the financial year or prior year (EUR 2.2 million; 2015/16: EUR 4.4 million) is dependent on the generation of future taxable profits that is 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 1,630.1 million (2015/16: EUR 2,159.4 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 450.5 million (30 April 2016: EUR 132.1 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 2016	Applicable tax rate 30 4 2016
Germany[1]	15.83% – 32.45%	15.83% – 32.45%
Austria	25.00%	25.00%
Poland	15.00%/19.00%	19.00%
Romania	16.00%	16.00%
Russia[2]	20.00%	20.00%
Slovakia	21.00%	22.00%
Czech Republic	19.00%	19.00%
Hungary	9.00%	10.00% – 19.00%
Non-core countries	10.00% – 35.00%	10.00% – 35.00%

1 The tax rate can vary (dependent on the company's headquarters and trade tax liability).
2 Discontinued operation

The applicable income tax rate in Hungary was reduced to 9% from the previous range of 10% to 19%. A reduction from 22% to 21% was also implemented in Slovakia. The applicable income tax rate was reduced from 20% to 18% in Croatia and increased from 17% to 19% in Slovenia. Poland introduced a new corporate income tax rate of 15% for small businesses and start-ups. These changes led to adjustments of EUR 3.5 million to deferred taxes through profit or loss.

The previous 10-year limitation on loss carryforwards in Russia will be replaced by an unlimited carryforward as of 1 January 2017. However, this rule initially restricts the utilisation of the unlimited loss carryforwards to 50% of taxable annual profit for the period from 2017 to 2020. The resulting adjustments to the deferred tax assets recognised on loss carryforwards in the Russian subsidiaries were not material.

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	Retailportfolio Moscow	EMPARK	Friesen-/ Gerling Quartier	Specialised Austrian retail portfolio	Other	Carrying amount as of 31 12 2016	Carrying amount as of 30 4 2016
Investment property	1,024,050	141,760	72,794	57,700	66,873	1,363,177	224,881
Property under construction	0	0	74,340	0	0	74,340	25,035
Real estate inventories	0	0	5,431	0	0	5,431	0
Other tangible assets	210	0	0	0	1	211	0
Intangible assets	65,226	0	0	0	0	65,226	0
Deferred tax assets	0	1,792	0	0	237	2,029	1,792
Trade and other receivables	23,291	4,451	0	0	40,338	68,080	52,810
Other financial assets	0	0	0	0	6,993	6,993	11,500
Cash and cash equivalents	12,789	3,512	143	0	497	16,941	7,140
Assets held for sale	**1,125,566**	**151,515**	**152,708**	**57,700**	**114,939**	**1,602,428**	**323,158**
Currency translation reserve	**-523,628**	**0**	**0**	**0**	**-19,909**	**-543,537**	**-9,853**
Financial liabilities	721,660	116,307	0	0	40,095	878,062	164,403
Trade and other payables	38,832	4,827	143	0	6,054	49,856	14,836
Provisions	437	753	1,020	2,319	1,742	6,271	892
Deferred tax liabilities	119,895	55	0	0	7,234	127,184	4,259
Liabilities held for sale	**880,824**	**121,942**	**1,163**	**2,319**	**55,125**	**1,061,373**	**184,390**

The following investment properties classified as held for sale as of 30 April 2016 were sold during 2016A: one standing investment in Bulgaria allocated to the “other” asset class, two residential properties and one office property in Austria, and the development projects in Hamburg and Bucharest and a standing investment in Poland which were part of the discontinued logistics portfolio. The sale of the logistics portfolio was concluded with this transaction (see section 2.5).

In accordance with resolutions passed by the Executive Board and Supervisory Board on 19 December 2016 on IMMOFINANZ’s exit from the core market Russia, the assets and liabilities in the retail portfolio Moscow (and the related service companies) are presented as a disposal group as of 31 December 2016 (see section 2.5). A foreign exchange-adjusted revaluation of EUR -182.5 million was recognised for this disposal group in 2016A (2015/16: EUR -466.9 million) and is reported under “net profit or loss from discontinued operations”.

The financial indicators in the existing loan agreements for three shopping centers in the retail portfolio Moscow were amended during 2016A. The financing agreements for this retail portfolio include standard market clauses that define cash flow and valuation indicators as financial covenants. These indicators are monitored regularly in accordance with the original loan agreements. The compliance review of the relevant financial covenants in these loan agreements was suspended in 2016A based on supplementary agreements with the financing banks (waiver agreements). The latest agreements resulted in an improvement in the cash flow indicators (primarily the DSCR) and the valuation indicators (primarily the LTV). These agreements include a reduction or suspension of the scheduled repayments. For the largest loan based on volume, SBERBANK issued a waiver to the Russian subsidiary AO Kashirskij Dvor-Severyanin – which holds and operates the *Rostokino* shopping center – in December 2016 and confirmed that the loan would not be called due to non-compliance with the agreed financial covenants. A one-year suspension for the scheduled principal payments was also agreed for this loan. The conditions for this suspension were met after the balance sheet date.

Resolutions passed by the Executive Board and Supervisory Board on 27 April 2016 concerning the sale of the Polish *EMPARK Mokotów Business Park* led to the classification of the related assets and liabilities as a disposal group as of 30 April 2016. *EMPARK Mokotów Business Park* is one of the largest connected office sites in CEE and comprises nine buildings with approx. 117,000 sqm of rentable space located near the airport. The sale is expected to take the form of a share deal. IMMOFINANZ's management stands by the original sale decision. A (foreign exchange-adjusted) revaluation of EUR -8.1 million was recognised to this held-for-sale property in 2016A (2015/16: EUR -15.5 million).

IMMOFINANZ had also entered into negotiations for the sale of the *Friesenquartier* and the two building sections of the *Gerling Quartier* in Cologne – with the exception of the real estate inventories (apartments) in the first building section – as of 31 December 2016. The related resolutions were passed by the Executive Board and Supervisory Board on 27 July 2016 and 19 December 2016. The disposal group comprises six mixed-use standing investments in the *Friesenquartier* with approx. 22,300 sqm of rentable space (incl. underground parking spaces), three properties under development and two standing investments with approx. 21,500 sqm of rentable space (incl. garage spaces) in the first building section of the *Gerling Quartier* as well as four properties under development with approx. 19,000 sqm of rentable space in the second building section of the *Gerling Quartier*. Plans also call for the forward sale of a hotel currently under development (incl. the accompanying parking spaces), which was leased to the operator "25hours hotel company". However, these two properties remain classified as real estate inventories because they cannot be sold in their current condition. The sale is expected to take the form of asset deals. For this disposal group, (foreign exchange-adjusted) revaluations to held-for-sale properties and impairment losses to real estate inventories totalling EUR -8.1 million were recognised in 2016A. Transaction costs of EUR 1.0 million related to the sale were also expensed during the reporting year.

The signing for the sale of a small scaled Austrian retail portfolio comprising 88 properties took place on 15 December 2016. The sale is structured in three tranches of asset deals, which will be completed by the end of the 2017 financial year. The closing for the first tranche with 24 retail properties took place in 2016A. The remaining 64 retail properties still held by IMMOFINANZ were classified as a disposal group as of 31 December 2016. A (foreign exchange-adjusted) revaluation of EUR 8.8 million was recognised to the properties held for sale in this disposal group during 2016A. Transaction costs of EUR 2.3 million related to the sale (above all for VAT adjustments and brokerage fees) were also expensed during the reporting year.

Based on a resolution by the Executive Board on 4 May 2015, the assets and liabilities in a portfolio of land reserves in Turkey were reclassified from the other non-core countries segment and presented as a disposal group. The political and economic uncertainty as well as the devaluation of the Turkish Lira has, however, reduced the refinancing alternatives for interested investors, and the sale could not be completed as planned within 12 months. IMMOFINANZ's management stands by the original sale decision, and the planned simplification of the portfolio's financing structure should facilitate the sale through a share deal. An alternative would be the sale in the form of an asset deal. A foreign exchange-adjusted revaluation of EUR 16.4 million was recognised to the properties held for sale in this disposal group during 2016A (2015/16: EUR 0.1 million).

The following investment properties were classified as held for sale in 2016A: one retail property in Hungary, one retail development project in Slovakia, one office property and land reserves in Bulgaria, and one office property and one retail property in Austria. With the exception of the Austrian retail property and the Bulgarian office property, all sales are expected to take the form of asset deals.

The other financial assets held for sale represent shares in real estate funds. The decision in effect as of 30 April 2016 to sell one particular real estate fund was revised during 2016A, and a further sales decision was taken. Write-downs totalling EUR 0.7 million (2015/16: EUR -10.3 million) were recognised to these real estate fund shares and are reported under other financial results.

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 2016	30 4 2016
Inventories carried at net realisable value less costs to sell	67,520	99,785
Inventories carried at acquisition or production cost	25,580	12,341
Total	**93,100**	**112,126**

Write-downs totalling EUR 14.8 million were recognised to real estate inventories in 2016A (2015/16: EUR 22.9 million). They are attributable, above all, to repeated construction cost overruns in the development of the *Gerling Quartiers* in Cologne.

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 approx. 3.8% in 2016A (2015/16: approx. 3.8%). Borrowing costs of EUR 1.7 million were capitalised for real estate inventories under development during the reporting year (2015/16 EUR 3.2 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 189.3 million as of 31 December 2016 (30 April 2016: EUR 371.6 million). In addition, other financial receivables include various bank deposits whose use is restricted (see section 4.5).

4.11 EQUITY

Share capital totalled EUR 976.0 million as of 31 December 2016 (30 April 2016: EUR 976.0 million). It is divided into 975,955,651 (30 April 2016: 975,955,651) zero par value shares, each of which represents a stake of EUR 1.00 in share capital. All shares are fully paid in.

The annual general meeting of IMMOFINANZ AG on 30 September 2014 authorised the Executive Board, with the consent of the Supervisory Board and in accordance with § 169 of the Austrian Stock Corporation Act, to increase the share capital of IMMOFINANZ AG by up to EUR 225.8 million through the issue of up to 225,790,537 new shares in exchange for cash or contributions in kind.

IMMOFINANZ held 10,000,000 treasury shares as of 30 April 2016. Twenty-seven shares were used to service the conversion right from the convertible bond 2011–2018 during the reporting year, which reduced the number of treasury shares to 9,999,973 as of 31 December 2016.

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 number of shares developed as follows:

	2016A	2015/16
Balance at the beginning of the financial year	**975,955,651**	**1,073,193,688**
Withdrawal of treasury shares	0	-97,238,037
Balance at the end of the financial year	**975,955,651**	**975,955,651**

Accumulated other equity comprises the currency translation reserve, the IAS-19-reserve and the AFS reserve.

The 23rd annual general meeting on 29 September 2016 approved the payment of a EUR 0.06 dividend per share for the 2015/16 financial year (2014/15: EUR 0.00). Based on this resolution, a total of EUR 58.0 million was distributed to shareholders on 4 October 2016. The Executive Board of IMMOFINANZ AG plans to recommend an ordinary dividend of EUR 0.06 or the 2016A financial year to the annual general meeting on 1 June 2017.

4.12 LIABILITIES FROM CONVERTIBLE BONDS

Similar to 30 April 2016, IMMOFINANZ had two convertible bonds with a nominal value of EUR 528.5 million outstanding as of 31 December 2016 (30 April 2016: EUR 528.5 million).

All amounts in TEUR	31 12 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Convertible bond 2007–2017	26,536	26,536	0	0	25,718	118	25,600	0
Convertible bond 2011–2018	503,729	6,698	497,031	0	494,516	3,103	491,413	0
Total	**530,265**	**33,234**	**497,031**	**0**	**520,234**	**3,221**	**517,013**	**0**

The two convertible bonds entitle the bondholders, in each case, to conversion into a combination of shares of IMMOFINANZ AG and BUWOG AG. These two options are accounted for separately from the underlying bond liabilities. If dividends are paid by IMMOFINANZ AG or BUWOG AG, the conversion rights into IMMOFINANZ shares and BUWOG shares are adjusted in accordance with the respective bond terms.

The conversion rights into shares of IMMOFINANZ AG (originally) represented an equity instrument for IMMOFINANZ. The related components of the convertible bonds were therefore recorded directly in equity and, up to the spin-off of the BUWOG operating business, not subject to subsequent measurement.

The spin-off of the BUWOG operating segment as of 26 April 2014 led to an adjustment by the respective calculation agent of the conversion rights and prices for the convertible bond 2007–2017 and the convertible bond 2011–2018 issued by IMMOFINANZ AG based on the respective issue terms. The bondholders are now entitled to receive shares of IMMOFINANZ AG and also have an additional claim to shares of BUWOG AG if they exercise their conversion option. In accordance with IAS 32, this type of adjustment to the terms for conversion rights and prices leads to the reclassification of the equity component of the convertible bond that was originally recorded under capital reserves. The equity component was therefore reclassified at fair value to other liabilities. The standalone derivative is subsequently measured at fair value through profit or loss in accordance with IAS 39 (see section 5.9).

The underlying bond liability and the related interest rate coupon are carried at amortised cost according to the effective interest rate method.

Convertible bond 2007–2017

The conversion rights for the convertible bond issued by IMMOFINANZ AG were adjusted to reflect the EUR 0.06 cash dividend per IMMOFINANZ share approved by the 23rd annual general meeting of IMMOFINANZ AG and the cash dividend of EUR 0.69 per share approved by the 3rd annual general meeting of BUWOG AG. One certificate of the convertible bond 2007–2017 with a nominal value of EUR 100,000 each currently entitles the bondholder to conversion into 12,909.75 IMMOFINANZ shares (30 April 2016: 12,547.05) and 718.10 BUWOG shares (30 April 2016: 691.44).

The nominal amount outstanding remained unchanged as of 31 December 2016 and totalled EUR 21.4 million. This outstanding nominal value will be redeemed on 19 November 2017 if there are no conversions into the company's shares before that date.

The value of the standalone derivative from the convertible bond 2007–2017, which is recorded under other liabilities (see section 4.14) equalled EUR 0.0 million as of 31 December 2016 (30 April 2016: EUR 0.0 million).

Convertible bond 2011–2018

The conversion rights for this convertible bond issued by IMMOFINANZ AG were adjusted to reflect the EUR 0.06 cash dividend per IMMOFINANZ share approved by the 23rd annual general meeting of IMMOFINANZ AG and the cash dividend of EUR 0.69 per share approved by the 3rd annual general meeting of BUWOG AG. One certificate of the convertible bond 2018 with a nominal value of EUR 4.12 each currently entitles the bondholder to conversion into 1.1908 IMMOFINANZ shares (30 April 2016: 1.1573) and 0.0649 BUWOG shares (30 April 2016: 0.0629).

The nominal amount outstanding as of 31 December 2016 totalled EUR 507.1 million (30 April 2016: EUR 507.1 million). The conversion right for 24 bond certificates with a total nominal value of EUR 98.88 was exercised during the reporting year and resulted in the delivery of 27 IMMOFINANZ shares and one BUWOG share.

The value of the standalone derivative from the convertible bond 2011–2018, which is recorded under other liabilities (see section 4.14), equalled EUR 9.4 million as of 31 December 2016 (30 April 2016: EUR 18.7 million).

4.13 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 31 December 2016:

All amounts in TEUR	31 12 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016	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	2,010,806	605,013	983,860	421,933	2,670,316	404,382	1,534,462	731,472
Thereof secured by collateral	2,010,696	604,903	983,860	421,933	2,670,237	404,303	1,534,462	731,472
Thereof not secured by collateral	110	110	0	0	79	79	0	0
Liabilities arising from the issue of bonds	102,446	102,446	0	0	104,030	4,310	99,720	0
Other financial liabilities	1,542	552	0	990	1,577	445	315	817
Total	**2,114,794**	**708,011**	**983,860**	**422,923**	**2,775,923**	**409,137**	**1,634,497**	**732,289**

The liabilities arising from the issue of bonds represent a corporate bond which was issued in July 2012. This bond has a total nominal value of EUR 100.0 million (30 April 2015: EUR 100.0 million), a term of 5 years and an interest rate of 5.25%.

The conditions of the major financial liabilities are as follows:

31 12 2016		Interest rate	Weighted average interest rate	Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable		Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	0.02%	47,520	47,520	
	EUR	variable	2.16%	1,968,733	1,968,733	
Total amounts due to financial institutions					**2,016,253**	**2,010,806**
Liabilities from the issue of bonds	**EUR**	**fixed**	**5.25%**	**100.000**	**100.000**	**102,446**
Other financial liabilities						**1,542**
Total						**2,114,794**

30 4 2016		Interest rate	Weighted average interest rate	Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable		Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	CHF	variable	0.19%	284	258	
	EUR	fixed	0.03%	46,775	46,775	
	EUR	variable	2.07%	1,955,243	1,955,243	
	USD	variable	7.52%	763,332	669,413	
Total amounts due to financial institutions					**2,671,689**	**2,670,316**
Corporate bond	EUR	fixed	5.25%	100,000	100,000	
Liabilities arising from the issue of bonds					**100,000**	**104,030**
Other financial liabilities						**1,577**
Total						**2,775,923**

The debt covenants for a number of bank loans, in particular the debt service coverage ratio (DSCR) and the loan-to-value ratio (LTV ratio), were not met during the 2016A financial year. Negotiations were started with the financing banks. The involved loans amount to EUR 74.9 million (30 April 2016: EUR 190.6 million). In this connection, EUR 58.1 million (30 April 2016: EUR 52.6 million) were reclassified from non-current financial liabilities to current financial liabilities. A total of EUR 16.8 million (30 April 2016: EUR 49.5 million) would have been reported under current financial liabilities in any case based on the remaining term of the credit agreement or contractually agreed scheduled repayments.

The contractual provisions for compliance with certain financial indicators (financial covenants) were amended and/or regular monitoring was suspended for financing with a volume of EUR 771.1 million. These measures involved two loans for office properties in Hungary and one loan each for office properties in the Czech Republic, Slovakia and Austria.

4.14 TRADE PAYABLES AND OTHER LIABILITIES

All amounts in TEUR	31 12 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade payables	**97,758**	**96,045**	**1,677**	**36**	**100,991**	**99,086**	**1,869**	**36**
Derivative financial instruments (liabilities)	29,599	9,976	11,316	8,307	47,154	19,369	14,353	13,432
Property management	2,996	2,996	0	0	2,795	2,795	0	0
Amounts due to non-controlling interests	6,425	0	262	6,163	3,870	99	262	3,509
Amounts due to associated companies	1,005	984	0	21	814	793	0	21
Amounts due to joint ventures	23,616	23,280	21	315	24,050	22,820	21	1,209
Deposits and guarantees received	20,602	4,036	11,591	4,975	35,515	6,309	16,793	12,413
Prepayments received on property sales	31,263	30,239	1,024	0	35,215	33,740	1,475	0
Construction and refurbishment	2,465	2,398	67	0	7,493	7,410	83	0
Outstanding purchase prices (share deals)	406	359	47	0	819	772	47	0
Outstanding purchase prices (acquisition of properties)	1,732	1,732	0	0	4,330	4,330	0	0
Miscellaneous	12,291	10,188	996	1,107	17,073	12,575	3,357	1,141
Total other financial liabilities	**132,400**	**86,188**	**25,324**	**20,888**	**179,128**	**111,012**	**36,391**	**31,725**
Tax authorities	18,129	18,129	0	0	23,240	23,240	0	0
Rental and lease prepayments received	21,850	20,485	1,365	0	23,498	22,632	866	0
Miscellaneous	31	9	8	14	25	2	8	15
Total non-financial liabilities	**40,010**	**38,623**	**1,373**	**14**	**46,763**	**45,874**	**874**	**15**
Total	**270,168**	**220,856**	**28,374**	**20,938**	**326,882**	**255,972**	**39,134**	**31,776**

Derivative financial instruments (liabilities) include EUR 9.4 million (30 April 2016: EUR 18.7 million) for the standalone derivatives, which are classified under current liabilities, from the 2007–2017 and 2011–2018 convertible bonds (see section 4.12). The prepayments received on property sales include prepayments of EUR 26.9 million (30 April 2016: EUR 32.4 million) for apartments in the *Gerling Quartier*.

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 2016A:

All amounts in TEUR	2016A
Balance at the beginning of the financial year	**58,961**
Deconsolidations (see 2.4 and 2.5)	-66
Foreign exchange differences	39
Additions	20,332
Disposals	-5,992
Use	-19,611
Reclassifications	2,489
Reclassification IFRS 5 (see 4.8)	-5,379
Balance at the end of the financial year	**50,773**
Thereof current	47,896
Thereof non-current	2,877

The provisions comprise provisions of EUR 24.0 million for legal proceedings, EUR 14.0 million for work outstanding after the transfer of apartments in the *Gerling Quartier* and other provisions. The other provisions consist primarily of provisions for guarantee claims, tax risks (above all VAT and property tax) and obligations to employees (e.g. for bonuses and unused vacation).

IMMOFINANZ terminated most of the legal proceedings with investors through out-of-court settlements in the previous financial year and thereby created legal certainty. As of 31 December 2016 the value in dispute of the outstanding proceedings with investors totalled EUR 0.9 million (30 April 2016: EUR 7.0 million).

The Tier 2 capital-bank bond 2006–2016 issued by Aviso Zeta AG was due to mature in the previous financial year. From the issuer's viewpoint, this Tier 2 capital had been consumed by net losses during the bond's term. The bond was therefore not redeemed, and the financial liabilities were consequently derecognised. In spite of a positive Supreme Court decision during the valuation period in 2015/16 in favour of the issuer, uncertainty still exists over the calculation and allocation of the net losses. A provision was recognised in 2015/16 for possible future payments from any related legal proceedings (or settlements). Payments of EUR 11.3 million were made in this connection during 2016A, and the provision amounted to EUR 0.5 million as of 31 December 2016.

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. Settlement discussions are currently in progress to resolve the restitution issue.

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	2016A	2015/16
Office	74,297	109,432
Retail	68,812	100,283
Other	13,587	22,632
Total	**156,696**	**232,347**

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. 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 2016 is as follows:

All amounts in TEUR	2016A	2015/16
Within 1 year	224,496	238,735
Between 1 and 5 years	605,218	625,126
Over 5 years	368,750	363,009
Total	**1,198,464**	**1,226,870**

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 results of asset management on the income statement to achieve a transparent presentation.

The income from operating costs charged to tenants totalled EUR 54.7 million (2015/16: EUR 75.9 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 of EUR -52.6 million (2015/16: EUR -72,8 million) only include the operating costs charged to tenants. These operating costs also contain personnel expenses (see section 5.6) of EUR 0.7 million (2015/16: EUR 4.0 million) from the direct management of properties. Operating costs that are not charged to tenants are reported under expenses directly related to investment property (see section 5.1.4) as vacancies or operating costs charged to building owners.

5.1.3 OTHER REVENUES

Other revenues consist primarily of revenues from advertising space and telecommunications equipment that was positioned on IMMOFINANZ properties.

5.1.4 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	2016A	2015/16
Vacancies	-9,005	-16,393
Commission expenses	-270	-767
Maintenance	-29,090	-23,187
Operating costs charged to building owners	-8,193	-17,956
Property marketing	-4,080	-7,645
Personnel expenses from asset management (see 5.6)	-5,113	-9,078
Other expenses from asset management	-2,431	-4,218
Rental and lease payments	-1,984	-3,207
Extension costs	-8,090	-7,061
Write-off of receivables from asset management	-1,427	-5,884
Other expenses	-3,628	-5,007
Total	**-73,311**	**-100,403**

The position “vacancies” covers the operating costs for vacant properties that must be carried by IMMOFINANZ as the owner. The operating costs charged to building owners include the portion of operating costs not charged to tenants.

The increase in maintenance costs is attributable primarily to the *Business Park Vienna* as well as the implementation of the myhive office concept and rebranding measures in connection with the VIVO! shopping center brand.

Expenses of EUR 2.2 million were recognised for lease and rental payments in connection with operating leases during the 2016A financial year (2015/16: EUR 3.6million). The minimum lease payments for the operating leases in effect as of 31 December 2016 are as follows:

All amounts in TEUR	31 12 2016	Due within 1 year	Due in 1 to 5 years	Due in over 5 years
Minimum lease payments for land	62,601	1,286	4,653	56,662
Minimum lease payments for buildings	3,553	2,525	1,028	0
Minimum lease payments for movable assets	528	295	233	0
Total	**66,682**	**4,106**	**5,914**	**56,662**

All amounts in TEUR	30 4 2016	Due within 1 year	Due in 1 to 5 years	Due in over 5 years
Minimum lease payments for land	81,221	1,951	7,083	72,187
Minimum lease payments for buildings	614	144	470	0
Minimum lease payments for movable assets	647	339	291	17
Total	**82,482**	**2,434**	**7,844**	**72,204**

The operating leases primarily represent leases for land. The average term of these leases equals 41.8 years (2015/16: 25.9 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	2016A	2015/16
Office	132,174	63,050
Retail	16,144	31,043
Other	21,031	158,070
Proceeds from property sales	**169,349**	**252,163**
Less carrying amount of sold properties	-169,349	-252,163
Net gain/loss from property sales	**0**	**0**
Gains/losses from deconsolidation (see 2.4)	**5,502**	**9,358**
Sales commissions	-3,156	-3,914
Personnel expenses from property sales (see 5.6)	-872	-1,648
Legal, auditing and consulting fees from property sales	-2,516	-633
VAT adjustments from the sale of properties	-5,000	0
Other expenses	-392	-489
Expenses from property sales	**-11,936**	**-6,684**
Revaluation results from properties sold and held for sale (see 5.7.1)	**3,623**	**-1,886**
Total	**-2,811**	**788**

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 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.

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	2016A	2015/16
Proceeds from the sale of real estate inventories	**39,868**	**60,939**
Cost of real estate inventories sold	**-45,010**	**-59,289**
Marketing for real estate inventories	-89	-452
Brokerage fees for real estate inventories	-354	-1,280
Other costs to sell for real estate inventories	-1,781	-3,082
Write-down related reversals of real estate inventories (see 4.9)	972	1,479
Write-down of real estate inventories (see 4.9)	-15,752	-24,384
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	16	517
Operating costs charged to building owners - inventories	-245	-2,634
Expenses from real estate inventories	**-17,233**	**-29,836**
Expenses from property development	**-3,560**	**-7,769**
Revaluation results from properties under construction (see 5.7.1)	**7,815**	**21,446**
Total	**-18,120**	**-14,509**

The sale of real estate inventories is reported under income from property development, with the transfer of economic ownership representing the date of realisation. This is normally the date on which the property is transferred to the owner because it is accompanied by the transfer of risks, opportunities and beneficial ownership. In accordance with IFRIC 15, contracts relating to inventories that are sold by IMMOFINANZ during the planning or construction stage generally fall under IAS 18. Revenue is recognised on the transfer date; there is no partial recognition of profit based on the stage of completion. Any prepayments received are recorded as liabilities (see section 4.14).

The results of property development also include charges of EUR 4.3 million (2015/16: EUR 7.7 million) for personnel costs.

5.4 OTHER OPERATING INCOME

Other operating income comprises the following items:

All amounts in TEUR	2016A	2015/16
Expenses charged on	549	864
Insurance compensation	3,823	2,445
Income from derecognised liabilities	456	3,909
Reimbursement for penalties	700	1,080
Miscellaneous	7,423	21,574
Total	**12,951**	**29,872**

The insurance compensation (compensation payments from D&O insurance) and miscellaneous other operating income reported in 2016A include income from claims for damages filed by IMMOFINANZ against former Executive Board members.

The miscellaneous other operating income reported in the previous financial year resulted, among others, from the elimination of tax obligations in the Romanian Adama Group based on a tax amnesty law and income from claims for damages filed by IMMOFINANZ against former Executive Board members, which were confirmed by the Austrian Supreme Court.

5.5 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

All amounts in TEUR	2016A	2015/16
Administrative expenses	-435	-214
Legal, auditing and consulting fees	-8,881	-15,396
Penalties	-292	-8
Levies	-1,892	-4,008
Advertising	-1,937	-2,086
Expenses charged on	-315	-977
Rental and lease expenses	-207	-417
EDP and communications	-1,546	-1,750
Expert opinions	-405	-944
Personnel expenses (see 5.6)	-13,984	-21,960
Addition to/reversal of provision for onerous contracts	16	974
Other write-downs	-725	-1,870
Miscellaneous	-1,490	-34,000
Total	**-32,093**	**-82,656**

Miscellaneous other operating expenses in the previous financial year included, in particular, costs of EUR 29.4 million in connection with the out-of-court settlement of outstanding lawsuits filed by investors.

5.6 PERSONNEL EXPENSES

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2016A	2015/16
Wages	-373	-1,845
Salaries	-21,719	-36,730
Employee benefits	-5,962	-11,392
Total	**-28,054**	**-49,967**

Employee benefits include EUR 0.1 million (2015/16 EUR 0.2 million) for pensions, EUR 0.4 million (2015/16: EUR 0.8 million) for severance payments and contributions to employee benefit funds and EUR 4.1 million (2015/16: EUR 7.9 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	2016A	2015/16
Results of asset management	5,788	13,074
Results of property sales	872	1,648
Results of property development	4,257	7,717
Other operating expenses	13,984	21,960
Total continuing operations	**24,901**	**44,399**
Discontinued operations retailportfolio Moscow	3,153	4,534
Discontinued operations logisticsportfolio	0	1,034
Personnel expenses	**28,054**	**49,967**

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 Group companies:

	2016A	2015/16
Salaried employees	473	650
Wage employees	12	12
Total continuing operations	**485**	**662**
Salaried employees	95	106
Wage employees	0	0
Total discontinued operations	**95**	**106**
Total	**580**	**768**

5.7 OTHER REVALUATION RESULTS

5.7.1 REVALUATION OF PROPERTIES ADJUSTED FOR FOREIGN EXCHANGE EFFECTS AND REVALUATION OF PROPERTIES RESULTING FROM FOREIGN EXCHANGE EFFECTS

The following table shows the revaluation gains and losses resulting from the revaluation of properties adjusted for and resulting from foreign exchange effects:

							2016A
	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Revaluation
All amounts in TEUR	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Total
Investment property	40,599	-51,574	-10,975	437	-595	-158	-11,133
Property under construction	24,277	-16,502	7,775	39	1	40	7,815
Properties sold and held for sale	45,256	-45,948	-692	4,294	21	4,315	3,623
Total	**110,132**	**-114,024**	**-3,892**	**4,770**	**-573**	**4,197**	**305**

							2015/16
	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Revaluation
All amounts in TEUR	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Total
Investment property	135,486	-213,584	-78,098	6	2,779	2,785	-75,313
Property under construction	58,727	-37,620	21,107	299	40	339	21,446
Properties sold and held for sale	17,537	-20,929	-3,392	1,298	208	1,506	-1,886
Total	**211,750**	**-272,133**	**-60,383**	**1,603**	**3,027**	**4,630**	**-55,753**

The allocation of revaluation results in the above tables into gains and losses is based on whether, in its entirely, the revaluation result was positive or negative.

5.7.2 IMPAIRMENT OF GOODWILL, NEGATIVE DIFFERENCES AND EARN-OUT ADJUSTMENTS

This position includes the impairment losses recognised to goodwill (see section 4.3.2), negative differences (i.e. gains from a bargain purchase of subsidiaries) recognised in profit or loss (see section 2.2.2) and the earnings effects of conditional purchase price payments.

The measurement of outstanding purchase price liabilities from earn-out payments is regularly based on the latest expert estimates for the relevant parameters and estimates for current developments.

All amounts in TEUR	2016A	2015/16
Impairment of goodwill (see 4.3.2)	-2,063	-26,464
Purchase price adjustments	0	2,043
Negative differences recognised through profit or loss	0	3,649
Total	**-2,063**	**-20,772**

5.8 SHARES OF PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

All amounts in TEUR	Joint ventures	Associates	Total 2016A
Share of profit or loss for the period	1,987	57,150	59,137
Other adjustments	1,179	-90,403	-89,224
Reclassification of foreign exchange differences to profit or loss	-762	0	-762
Gains/losses on the sale of equity-accounted investments	-2,649	36,044	33,395
Total	**-245**	**2,791**	**2,546**

All amounts in TEUR	Joint ventures	Associates	Total 2015/16
Share of profit or loss for the period	32,509	73,080	105,589
Other adjustments	-30,432	-3,216	-33,648
Reclassification of foreign exchange differences to profit or loss	-2,202	-7,264	-9,466
Gains/losses on the sale of equity-accounted investments	-451	17,734	17,283
Total	**-576**	**80,334**	**79,758**

In 2016A proceeds from the sale of equity-accounted investments include gains of EUR 34.2 million from the sale of BUWOG shares to the SAPINDA Group (see section 4.4.2). The other adjustments include an impairment loss of the investment in CA Immo Group of EUR 91.9 million (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	2016A	2015/16
For financial liabilities FLAC	-63,374	-102,267
For financial liabilities FL@FV/P&L	0	-2,195
For derivative financial instruments	-7,389	-14,297
Total financing costs	**-70,763**	**-118,759**
For financial receivables L&R	5,776	13,172
For derivative financial instruments	25	57
Total financing income	**5,801**	**13,229**
Foreign exchange differences	**9,706**	**-14,530**
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	12,138	57,637
Valuation of financial instruments at fair value through profit or loss (fair value option)	-2,610	-70,184
Distributions	1,222	283
Write-off of receivables	-3,249	-5,477
Other financial results	**7,501**	**-17,741**
Net profit or loss from equity-accounted investments (see 5.8)	**2,546**	**79,758**
Total	**-45,209**	**-58,043**

FL@FV/P&L: financial liabilities at fair value through profit or loss
FLAC: financial liabilities measured at amortised cost
L&R: loans and receivables at amortised cost, miscellaneous other financial instruments at cost

The financing income includes EUR 1.9 million (2015/16: EUR 7.1 million) of interest income from impaired financial assets.

The foreign exchange differences resulted primarily from subsidiaries of the Adama Group in Turkey and Ukraine which do not report in the Euro.

The profit (or loss) on other financial instruments and proceeds on the disposal of financial instruments included under other financial results comprise the following:

All amounts in TEUR	2016A	2015/16
Revaluation results from derivative financial instruments	11,596	42,519
Income from the derecognition/adjustment of the carrying amount of financial liabilities through profit or loss (from changes in estimates for cash flow)	1,307	33,068
Impairment losses to AFS financial instruments	-121	-2,808
Miscellaneous	-644	-15,142
Total	**12,138**	**57,637**

AFS: available for sale

Of the total revaluation results from derivative financial instruments, EUR 9.4 million (2015/16: EUR 51.0 million) are related to the standalone derivative from the convertible bond 2011–2018. The remaining EUR 2.2 million (2015/16: EUR -8.5 million) resulted from other derivatives (interest rate swaps and foreign exchange forwards). The write-downs to AFS financial instruments were related to shares in real estate funds. Information on the net gains and losses from financial instruments is provided in section 7.1.2.

Miscellaneous other financial results in the previous financial year consisted primarily of ancillary costs related to the repurchase of the exchangeable bond for BUWOG shares and the recognition of a provision for uncertain liabilities from the Tier 2 capital-bank bond issued by Aviso Zeta AG.

Other financial results for 2016A include the results from the valuation of financial instruments at fair value through profit or loss (fair value option). These results are related entirely to the valuation of shares in real estate funds.

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	2016A	2015/16
Current income tax	**-9,286**	**-23,600**
Thereof from current period	-8,324	-6,508
Thereof from prior periods	-962	-17,092
Deferred tax	**43,613**	**-11,626**
Thereof from current period	29,393	-33,586
Thereof from changes in tax rates	3,514	909
Thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	14,637	65,239
Thereof from the revaluation of investment property	1,490	-14,965
Thereof impairment losses (resp. reversals of previous impairment losses) to deferred tax assets	-5,421	-29,223
Total	**34,327**	**-35,226**

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	2016A		2015/16	
Earnings before tax	**-7,469**		**-78,372**	
Income tax expense at 25% tax rate	**1,867**	**25.0%**	**19,593**	**25.0%**
Effect of different tax rates	6,452	86.4%	-11,696	-14.9%
Effect of changes in tax rates	3,515	47.1%	909	1.2%
Impairment losses to goodwill/negative differences recognised in profit or loss	-391	-5.2%	-4,006	-5.1%
Loss carryforwards and deferred tax assets not recognised	-26,932	-360.6%	-101,369	-129.3%
Restructuring of intragroup receivables related to the retail portfolio Moscow	47,500	636.0%	0	0.0%
Non-deductible income and expenses	-27,075	-362.5%	-10,302	-13.1%
Write-downs and write-ups to deferred taxes	9,378	125.6%	48,428	61.8%
Effects related to other periods	-944	-12.6%	-17,301	-22.1%
Effects of deferred taxes on investments in subsidiaries, joint ventures and associates	-1,096	-14.7%	3,239	4.1%
Other non temporary differences	22,053	295.3%	37,279	47.6%
Effective tax rate	**34,327**	**459.6%**	**-35,226**	**-44.9%**

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 2004/05 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 tax audit for the years from 2012 to 2014 was announced for the Austrian tax group after the balance sheet date.

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.

	2016A	2015/16
Weighted average number of shares (basic)	**965,955,663**	**975,214,948**
Weighted average number of shares (diluted)	**965,955,663**	**975,214,948**
Net profit or loss (excl. non-controlling interests) in EUR	-186,521,000.00	-387,844,000.00
Net profit or loss excl. non-controlling interests in EUR (diluted)	**-186,521,000.00**	**-387,844,000.00**
Basic earnings per share in EUR	**-0.19**	**-0.40**
Earnings per share in EUR	**-0.19**	**-0.40**

Diluting effects in 2016A could have arisen through potential common shares from the issue of the convertible bond 2007–2017 and the convertible bond 2011–2018. These diluting effects are only included in the calculation when they reduce earnings per share or increase the loss per share. Diluting effects were not included in the calculation of earnings per share for 2016A because the effects of the convertible bond 2007–2017 and the convertible bond 2011–2018 did not increase the loss per share. The calculation of the number of shares outstanding reflects the deduction of the 9,999,973 treasury shares (2015/16: 10,000,000 treasury shares).

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 (abbreviated) 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 2016	30 4 2016
Cash and cash equivalents (see 4.10)	189,287	371,622
Cash and cash equivalents held by disposal groups (see 4.8)	16,941	7,140
Cash and cash equivalents	**206,228**	**378,762**

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 2016A and 2015/16 also includes the cash flows attributable to discontinued operations (see section 2.5).

The consideration paid for business combinations and other aquisitions of subsidiaries, less cash and cash equivalents, as reported on the cash flow statement includes the following components:

All amounts in TEUR	2016A	2015/16
Net cash flow from business combinations and other acquisitions in the financial year (see 2.3)	15	1,237
Net cash flow from business combinations and other acquisitions in the previous financial year	-21	0
Consideration paid (-) / received (+) from business combinations and other acquisitions, less cash and cash equivalents	**-6**	**1,237**

The consideration received from the sale of the logistics portfolio as well as of subsidiaries, less cash and cash equivalents, as reported on the cash flow statement includes the following components:

All amounts in TEUR	2016A	2015/16
Net cash flow from the sale of the logistics portfolio in the reporting year (see 2.5)	53,755	248,518
Net cash flow from the sale of the logistics portfolio in the previous year	3,602	0
Consideration received from the sale of the logistics portfolio, less cash and cash equivalents	**57,357**	**248,518**
Net cash flow from sales in the financial year (see 2.4)	27,434	88,410
Net cash flow from the sale in the previous financial year	-182	1,212
Consideration received from the sale of subsidiaries in continuing operations, less cash and cash equivalents	**27,252**	**89,622**
Total	**84,609**	**338,140**

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. Available-for-sale (AFS) financial assets and financial instruments recognised at fair value through profit or loss in accordance with IAS 39 (fair value option) are carried at fair value; all other financial assets and liabilities are shown 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 risk arising from fluctuations in foreign exchange rates and interest rates on business operations (see section 7.2.5).

Financial instruments can consist of a non-derivative underlying agreement and a derivative financial instrument. Embedded derivatives are recognised separately as standalone derivatives when they are not closely related to 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

IFRS7 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 IAS 39. The following table presents the carrying amount and fair value of each class of financial assets and financial liabilities as well as each IAS 39 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		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 2016	31 12 2016
Trade accounts receivable	0	0	0	47,074	0	0	47,074	47,074
Financing receivables	0	0	0	54,218	0	0	54,218	54,218
Loans and other receivables	0	0	0	281,685	0	31,213	312,898	312,898
Trade and other receivables	**0**	**0**	**0**	**382,977**	**0**	**31,213**	**414,190**	**414,190**
Real estate fund shares	644	3,609	0	0	0	0	4,253	4,253
Derivatives	0	0	1,185	0	0	0	1,185	1,185
Miscellaneous other financial instruments	0	0	0	5,055	0	0	5,055	5,055
Other financial assets	**644**	**3,609**	**1,185**	**5,055**	**0**	**0**	**10,493**	**10,493**
Cash and cash equivalents	**0**	**0**	**0**	**0**	**189,287**	**0**	**189,287**	**189,287**
Total assets	**644**	**3,609**	**1,185**	**388,032**	**189,287**	**31,213**	**613,970**	**613,970**

Equity and liabilities	FL@FV/P&L				Carrying amount	Fair value
All amounts in TEUR	Fair value option	HFT	FLAC	Non-FI	31 12 2016	31 12 2016
Liabilities from convertible bonds	**0**	**0**	**530,265**	**0**	**530,265**	**544,692**
Bonds	0	0	102,446	0	102,446	104,111
Amounts due to financial institutions	0	0	2,010,806	0	2,010,806	2,029,858
Other financial liabilities	0	0	1,542	0	1,542	1,542
Financial liabilities	**0**	**0**	**2,114,794**	**0**	**2,114,794**	**2,135,511**
Trade payables	0	0	97,758	0	97,758	97,758
Derivatives	0	29,599	0	0	29,599	29,599
Miscellaneous other liabilities	0	0	102,801	40,010	142,811	142,811
Trade and other payables	**0**	**29,599**	**200,559**	**40,010**	**270,168**	**270,168**
Total equity and liabilities	**0**	**29,599**	**2,845,618**	**40,010**	**2,915,227**	**2,950,371**

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

Assets All amounts in TEUR	AFS	FA@FV/P&L Fair value option	HFT	L&R/at Cost	Cash and cash equivalents	Non-FI	Carrying amount 30 4 2016	Fair value 30 4 2016
Trade accounts receivable	0	0	0	46,631	0	0	46,631	46,631
Financing receivables	0	0	0	76,574	0	0	76,574	76,574
Loans and other receivables	0	0	0	226,656	0	82,506	309,162	309,162
Trade and other receivables	**0**	**0**	**0**	**349,861**	**0**	**82,506**	**432,367**	**432,367**
Real estate fund shares	1,864	6,541	0	0	0	0	8,405	8,405
Miscellaneous other financial instruments	0	0	0	5,705	0	0	5,705	5,705
Other financial assets	**1,864**	**6,541**	**0**	**5,705**	**0**	**0**	**14,110**	**14,110**
Cash and cash equivalents	**0**	**0**	**0**	**0**	**371,622**	**0**	**371,622**	**371,622**
Total assets	**1,864**	**6,541**	**0**	**355,566**	**371,622**	**82,506**	**818,099**	**818,099**

Equity and liabilities All amounts in TEUR	FL@FV/P&L Fair value option	HFT	FLAC	Non-FI	Carrying amount 30 4 2016	Fair value 30 4 2016
Liabilities from convertible bonds	**0**	**0**	**520,234**	**0**	**520,234**	**546,575**
Bonds	0	0	104,030	0	104,030	108,251
Amounts due to financial institutions	0	0	2,670,316	0	2,670,316	2,653,841
Other financial liabilities	0	0	1,577	0	1,577	1,577
Financial liabilities	**0**	**0**	**2,775,923**	**0**	**2,775,923**	**2,763,669**
Trade payables	0	0	100,991	0	100,991	100,991
Derivatives	0	47,154	0	0	47,154	47,154
Miscellaneous other liabilities	0	0	131,974	46,763	178,737	178,737
Trade and other payables	**0**	**47,154**	**232,965**	**46,763**	**326,882**	**326,882**
Total equity and liabilities	**0**	**47,154**	**3,529,122**	**46,763**	**3,623,039**	**3,637,126**

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 is 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 2016 and the weighted average credit spreads for the loans in the respective currency as of the balance sheet date.

Discount rates as of	2016A EUR
1 1 2017	2,275%
1 1 2018	2,085%
1 1 2019	2,134%
1 1 2020	2,203%
1 1 2021	2,296%
1 1 2022	2,410%
1 1 2023	2,534%
1 1 2024	2,662%
1 1 2025	2,785%
1 1 2026	2,898%
1 1 2027	3,091%
1 1 2031	3,294%

The fair value of the miscellaneous other liabilities approximates the carrying amount.

The following table shows the carrying amounts of the financial instruments classified as held for sale – based on the IAS 39 categories. Included here are receivables and liabilities measured at amortised cost, shares in real estate fund shares (AFS, fair value option) as well as derivative financial liabilities carried at fair value:

All amounts in TEUR	31 12 2016 Carrying amount	30 4 2016 Carrying amount
Financial assets		
Loans and receivables	61,015	48,082
At fair value through profit or loss – fair value option	6,293	10,693
Available for sale	700	807
Financial liabilities		
At amortised cost	913,815	176,521
Held for trading	2,042	2,687
Cash and cash equivalents	16,941	7,140

The shares in real estate funds and the derivative financial liabilities classified as held for sale represent Level 3 in the fair value hierarchy under IFRS 13. Information on the valuation procedures and relevant input factors is provided in section 7.1.3.

7.1.2 NET GAINS AND LOSSES

IFRS 7 requires the disclosure of net gains and losses for each category of financial instrument defined in IAS 39. This information is presented in the following table:

All amounts in TEUR	Measurement at fair value	Impairment losses	Revaluation	Recycling	Income from disposals/ repurchase	Other gains/losses	31 12 2016 Net gain/loss
AFS	0	-121	0	0	0	90	-31
Thereof recognised to the consolidated income statement	0	-121	0	0	0	90	-31
FA@FV/P&L	-3,396	0	0	0	0	-1	-3,397
Thereof fair value option	-2,610	0	0	0	0	-1	-2,611
Thereof HFT	-786	0	0	0	0	0	-786
L&R	0	-5,728	1,068	0	-625	1,125	-4,160
FL@FV/P&L	12,382	0	0	0	0	-11	12,371
Thereof HFT	12,382	0	0	0	0	-11	12,371
FLAC	0	0	0	0	1,307	0	1,307

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

All amounts in TEUR	Measurement at fair value	Impairment losses	Revaluation	Recycling	Income from disposals/ repurchase	Other gains/losses	30 4 2016 Net gain/loss
AFS	-15	-2,808	0	0	0	0	-2,823
Thereof recognised to the consolidated income statement	0	-2,808	0	9	0	0	-2,799
Thereof recognised in other comprehensive income	-15	0	0	-9	0	0	-24
FA@FV/P&L	-36,246	0	0	0	0	-1	-36,247
Thereof fair value option	-36,246	0	0	0	0	-1	-36,247
L&R	0	-17,687	6,843	0	17	216	-10,611
FL@FV/P&L	8,581	0	0	0	0	-5,861	2,720
Thereof fair value option	-33,938	0	0	0	0	-5,686	-39,624
Thereof HFT	42,519	0	0	0	0	-175	42,344
FLAC	0	881	0	0	32,187	0	33,068

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

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

All amounts in TEUR	Level 1	Level 2	Level 3	31 12 2016 Total
Financial assets available for sale				
Real estate fund shares	–	–	644	644
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	–	–	3,609	3,609
Held for trading				
Derivatives	–	–	1,185	1,185
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	–	–	29,599	29,599

All amounts in TEUR	Level 1	Level 2	Level 3	30 4 2016 Total
Financial assets available for sale				
Real estate fund shares	–	–	1,864	1,864
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	–	–	6,541	6,541
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	–	–	47,154	47,154

The following table reconciles the beginning and ending balances of the financial instruments classified under Level 3:

	Real estate fund shares		Derivatives		Bonds		Total	
All amounts in TEUR	2016A	2015/16	2016A	2015/16	2016A	2015/16	2016A	2015/16
Beginning balance	**8,405**	**66,068**	**-47,154**	**-116,313**	**0**	**-424,987**	**-38,749**	**-475,232**
Recognised in the consolidated income statement	-2,731	-39,020	11,596	42,519	0	-33,938	8,865	-30,439
Disposals	-1,920	-7,143	7,144	23,953	0	458,925	5,224	475,735
Reclassification from/to assets held for sale	499	-11,500	0	2,687	0	0	499	-8,813
Ending balance	**4,253**	**8,405**	**-28,414**	**-47,154**	**0**	**0**	**-24,161**	**-38,749**

Of the EUR 8.9 million (2015/16: EUR -30,4 million) in results recognised in profit or loss and reported in the above table, EUR 10.7 million are attributable to financial instruments that were held at the end of the 2016A financial year (30 April 2016: EUR -31.2 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% to 14.25%
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: 1.50% to 3.50%
3	Derivatives (from convertible bonds)	Capital market and net present value methods	Market prices of convertible bonds, interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 3.59%

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 30 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 previously concluded 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 0.6million (30 April 2016: EUR 1.1 million) attributable to default risk. The change during the 2016A financial year equalled EUR -0.2 million (2015/16: EUR -24.3 million).

For net present value methods, an increase in the discount rate, exit yield or credit spread 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 4,894.6 million (30 April 2016: EUR 4,248.7 million) was pledged as collateral for long-term financing of EUR 2,401.6 million (30 April 2016: EUR 2,345.4 million). As of 31 December 2016, long-term financing of EUR 722.9 million and investment property with a carrying amount of EUR 1,024.1 million was attributable to the discontinued retail portfolio Moscow.

Property under construction with a carrying amount of EUR 453.4 million (30 April 2016: EUR 252.6 million) and real estate inventories with a carrying amount of EUR 98.5 million (30 April 2016: EUR 82.5 million) also serve as collateral. The corresponding financial liabilities total EUR 154.0 million (30 April 2016: EUR 210.4 million) and EUR 88.9 million (30 April 2016: EUR 98.2 million).

For property financing concluded by IMMOFINANZ, shares in the respective subsidiary serve as additional collateral to the mortgages in 85 cases (30 April 2016: 91 cases). The limitations on disposal end when the financial liability is repaid or when other collateral is provided. Also included here as of 31 December 2016 are the shares in three companies which are attributable to the discontinued retail portfolio Moscow.

The shares held by IMMOFINANZ in CA Immo also serve as collateral for long-term financing.

In 2016A and in previous financial years, IMMOFINANZ accepted liabilities or guarantees on behalf of third parties with a maximum risk of EUR 567.1 million (30 April 2016: EUR 557,9 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 the credit standing of tenants is monitored on a regular basis. Individual valuation adjustments are generally recorded to receivables that are exposed to an increased risk of default (e.g. in Russia due to the difficult foreign exchange-based market situation).

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.

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 2016
Liabilities from convertible bonds	43,260	517,781	0	561,041	530,265
Liabilities arising from the issue of bonds	105,264	0	0	105,264	102,446
Amounts due to financial institutions	634,053	1,188,369	453,844	2,276,266	2,010,806
Miscellaneous	143,745	13,741	13,607	171,093	202,101
Total non-derivative financial liabilities	**926,322**	**1,719,891**	**467,451**	**3,113,664**	**2,845,618**
Derivative financial instruments (liabilities)	10,446	17,790	913	29,149	29,599
Total derivative financial liabilities	**10,446**	**17,790**	**913**	**29,149**	**29,599**
Total	**936,768**	**1,737,681**	**468,364**	**3,142,813**	**2,875,217**

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 30 4 2016
Liabilities from convertible bonds	21,821	556,664	0	578,485	520,234
Liabilities arising from the issue of bonds	5,272	105,229	0	110,501	104,030
Amounts due to financial institutions	413,732	1,828,011	790,191	3,031,934	2,670,316
Miscellaneous	157,434	22,747	19,146	199,327	234,542
Total non-derivative financial liabilities	**598,259**	**2,512,651**	**809,337**	**3,920,247**	**3,529,122**
Derivative financial instruments (liabilities)	8,380	18,973	3,367	30,720	47,154
Total derivative financial liabilities	**8,380**	**18,973**	**3,367**	**30,720**	**47,154**
Total	**606,639**	**2,531,624**	**812,704**	**3,950,967**	**3,576,276**

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 figures 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 2016, all amounts payable by continuing operations to financial institutions were denominated in the Euro.

The amounts due to financial institutions in USD for the discontinued operations in the retail portfolio Moscow total EUR 721.7 million. The following table shows the sensitivity of these liabilities to a change in the exchange rate as of the balance sheet date and indicates the results of a -/+2% and -/+5% change in the exchange rate on the liability.

Sensitivity of amounts due to financial institutions	31 12.2016 Carrying amount				Exchange rate
Currency	TEUR	Δ -5%	Δ -2%	Δ +2%	Δ +5%
USD	721,660	759,642	736,388	707,510	687,295

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 IAS 39 is not applied. Therefore, the standalone derivatives are measured through profit or loss.

Section 7.2.5 contains list of the fair values and conditions of all derivative financial instruments purchased by IMMOFINANZ and held as of the balance sheet date as protection against foreign exchange risk.

Cash and cash equivalents are held in the following currencies:

All amounts in TEUR	31 12 2016	30 4 2016
EUR	95,616	241,914
USD	42,468	70,658
HUF	8,482	10,700
PLN	11,357	16,138
CZK	5,823	6,182
RON	22,801	20,932
RUB	48	1,729
Other	2,692	3,369
Total	**189,287**	**371,622**

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 by type of interest rate is shown in the following table:

All amounts in TEUR	31 12 2016	30 4 2016
Fixed interest financial liabilities	681,773	672,616
Floating rate financial liabilities	1,963,286	2,623,541
Total interest-bearing financial liabilities	**2,645,059**	**3,296,157**

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 2016 to hedge interest rate and foreign exchange risk:

	Type	Reference value as of 31 12 2016 in TEUR	Market value incl. interest in EUR [1]	Maturity
Interest rate up to 0.50%	Interest rate swap	67,732	-193	2017
	Interest rate swap	91,241	-160	2018
	Interest rate swap	61,168	-503	2019
	Interest rate swap	86,251	-1,204	2020
	Interest rate swap	128,902	-641	2021
	Interest rate swap	33,637	87	2022
	Interest rate swap	118,000	1,079	2026
Number of derivatives: 25		**586,931**	**-1,535**	
Interest rate from 0.50% to 1.00%	Interest rate swap	12,561	-95	2017
	Interest rate swap	25,601	-417	2018
	Interest rate swap	15,980	-438	2019
	Interest rate swap	8,027	-273	2021
	Interest rate swap	198,437	-7,011	2022
	Interest rate swap	19,156	-494	2031
Number of derivatives: 33		**279,762**	**-8,728**	
Interest rate over 1.00%	Interest rate swap	64,414	-1,795	2017
	Interest rate swap	11,551	-484	2018
	Interest rate swap	14,088	-481	2019
	Interest rate swap	106,352	-6,248	2020
	Interest rate swap	9,060	-630	2022
	Interest rate swap	9,183	-463	2024
Number of derivatives: 15		**214,648**	**-10,101**	
	FX forward EUR/PLN	14,705	-208	2017
Number of derivatives: 1		**14,705**	**-208**	
Total number of derivatives: 74 [2]		**1,096,046**	**-20,572**	

1 Fair value includes a credit risk adjustment.
2 As of the balance sheet date, 72 derivatives with a total negative value of EUR -23.6 million and 2 derivatives with a positive market value of EUR 1.2 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 as 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 2016	Δ +10 basis points	Δ +25 basis points
Fair value based on increase in interest rate	-20,892	-16,661	-10,463

Sensitivity of derivatives			Interest rate
All amounts in TEUR	30 4 2016	Δ +10 basis points	Δ +25 basis points
Fair value based on increase in interest rate	-33,140	-26,408	-20,298

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 2016A. This 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 2016 (e.g. 3-month EURIBOR: -0.319%), a sensitivity analysis was not prepared for falling interest rates during the 2016A financial year or the previous financial year.

Sensitivity of interest expense			Interest rate
All amounts in TEUR	2016A	Δ +50 basis points	Δ +100 basis points
Interest expense	70,763	73,914	76,932

Sensitivity of interest expense			Interest rate
All amounts in TEUR	2015/16 [1]	Δ +50 basis points	Δ +100 basis points
Interest expense	172,134	182,356	189,991

1 The sensitivity analysis for 2015/16 includes the net profit or loss from discontinued operations in 2016A.

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. Resolutions passed by the annual general meeting on 1 December 2015 over an increase in share capital from internal funds and an ordinary decrease in the share capital of IMMOFINANZ AG established the legal basis for the dividend policy. Information on the planned dividend policy is provided in section 4.11. Through share buybacks, management signalises the capital market that the share is trading substantially below its intrinsic value – the discount to the NAV equalled 40.7% as of 31 December 2016 (30 April 2016: 39.4%). The timing of these buybacks is dependent on the market price. 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, which include convertible and corporate bonds as well as securitised commercial mortgage loans (commercial mortgage-backed securities, CMBS), 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). IMMOFINANZ's financing costs averaged 4.0% in 2016A (2015/16: 3.9%) – including the derivatives used for interest rate hedging.

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 the properties held for sale as well as the proportional market capitalisation of the BUWOG Group and the proportional EPRA NAV of the CA Immo Group. As of 31 December 2016 the LTV ratio equalled 52.2% (30 April 2016: 49.4%). IMMOFINANZ's target calls for an LTV ratio of roughly 50%. 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 (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).

In the legal proceedings pending since 2010, the expert appointed by the court to review the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG issued his opinion on 21 August 2015. This opinion confirms that a plausibility analysis of the exchange ratio, which was based on the NAV method, indicated that, in all probability, the exchange ratio corresponds to the facts and legal situation. The expert sees an inconsistent application in the DCF method, whose elimination (ceteris paribus) would result in the application of a lower exchange ratio (in favour of the shareholders of IMMOFINANZ AG). IMMOFINANZ AG has submitted an extensive statement on this opinion. The conclusions in the expert opinion were re-confirmed during 2016A. The board involved in the review of the exchange ratio has not yet issued any information on further procedural steps. Decisions or settlements in the proceedings to review the exchange ratio will apply to all shareholders in the respective shareholder groups (erga omnes right). If the proceedings lead to additional payments (additional settlement payments), the shareholders in the disadvantaged shareholder group will receive these payments plus interest at a rate of 2% over the base interest rate on the registration date (28 April 2010). IMMOFINANZ AG has requested permission to grant additional shares in place of cash settlements. It is not possible to estimate whether a shareholder group will be granted additional payments (additional settlement payments) or what the amount of these payments might be. In view of the length of these proceedings and the related legal uncertainty, IMMOFINANZ AG is currently evaluating possibilities to work towards an (out-of-court) settlement.

IMMOFINANZ has filed a number of active lawsuits against former members of the Executive Board and Supervisory Board and other IMMOFINANZ persons as well as former members of the Executive Board of Constantia Privatbank AG. Claims were not recognised in these consolidated financial statements in cases where an (out-of-court) settlement has not yet been reached.

A preliminary injunction had been issued over the shares in a Romanian subsidiary (carrying amount of net assets: EUR 70.4 million) as of 31 December 2016 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	2016A	2015/16
Outstanding construction costs	200,472	140,472
Contracted maintenance	7,215	7,839
Contractual obligations for the construction of residential properties	0	32,316
Contractual obligations for the construction or acquisition of properties	4,962	16,104
Total	**212,649**	**196,731**

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 2016A 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 2016A 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 2016	30 4 2016
Relations with joint ventures		
Receivables	33,741	45,980
Thereof allowance for bad debt	-18,265	-28,400
Liabilities	23,616	24,050
Relations with associated companies		
Receivables	1,925	9,893
Thereof allowance for bad debt	-5,158	-4,443
Liabilities	1,006	815

All amounts in TEUR	2016A	2015/16
Relations with joint ventures		
Other income	22	37
Interest income	2,136	8,546
Interest expense	-352	-535
Write-downs for bad debt	6,182	-10,335
Thereof results that increase or reduce the net investment	3,274	1,688
Income taxes	29	240
Relations with associated companies		
Other income	1,167	648
Other expenses	-5,016	-6,556
Negative differences recognised through profit or loss (see 2.3)	0	3,649
Interest income	418	799
Interest expense	0	-3,174
Write-downs for bad debt	-761	-985
Thereof results that increase or reduce the net investment	-360	-642
Income taxes	0	904

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.

As of 1 July 2016 7.3% of the shares in IMMOFINANZ Friesenquartier GmbH and IMMOFINANZ Friesenquartier II GmbH were sold to the BUWOG Group. The shares in both subsidiaries are pledged in full to the financing bank. The sale contract releases the BUWOG Group, without charge, from any and all obligations arising from these pledges and other potential liabilities.

The shares in IMMOFINANZ Center Management Slovak Republik s.r.o. were sold to the associated EHL Group, which is accounted for at equity, during the 2016A financial year.

There were no reportable transactions with closely related parties of IMMOFINANZ during the 2016A 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 Schönauer – Chief Financial Officer

Supervisory Board

Michael Knap – Chairman
Rudolf Fries – Vice-Chairman
Christian Böhm – Member
Nick J. M. van Ommen – Member
Horst Populorum – Member
Wolfgang Schischek – Member

Members delegated by the Works Council to the Supervisory Board

The Works Council of IMMOFINANZ AG delegated the following persons to the Supervisory Board:

Mark Anthony Held (up to 6 December 2016)
Philipp Amadeus Obermair
Werner Ertelthalner (since 2 August 2016)
Carmen Balazs (up to 2 August 2016)

The members of management in key positions received the following remuneration:

			2016A			2015/16
All amounts in TEUR	Supervisory Board	Executive Board	Total	Supervisory Board	Executive Board	Total
Short-term employee benefits	261	1,832	2,093	261	2,223	2,484
Post-employment benefits	–	121	121	–	249	249
Termination benefits	–	–	–	–	792	792
Total	**261**	**1,953**	**2,214**	**261**	**3,264**	**3,525**

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).

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 termination benefits reported in the previous financial year represent severance compensation, which was paid following the premature resignation of an Executive Board member.

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 70,404,043 IMMOFINANZ shares as of 31 December 2016 (30 April 2016: 70,336,543 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 Austria during the 2016A financial year comprise TEUR 477 (2015/16: TEUR 443) for the audit of the individual and consolidated financial statements, TEUR 120 (2015/16: TEUR 149) for other assurance services, TEUR 29 (2015/16: TEUR 93) for tax advising and TEUR 168 (2015/16: TEUR 221) for other services.

7.6 SUBSEQUENT EVENTS

On 12 January 2017 IMMOFINANZ launched an incentivised conversion invitation to holders of the 4.25% convertible bond 2011–2018. The offer covers the conversion into bearer shares of IMMOFINANZ AG and bearer shares of BUWOG AG or (as an alternative) a cash payment for the BUWOG shares. The conversion offer is intended, among others, to simplify and optimise IMMOFINANZ's capital structure, improve long term financing costs and reduce the overall amount of debt. The incentivised conversion offer by 43.4% of the bondholders was accepted in full by IMMOFINANZ on 19 January 2017. This reduced the outstanding nominal amount of the convertible bond 2011-2018 from EUR 507.1 million to EUR 287.3 million. In connection with the incentivised conversion, an outstanding nominal amount of EUR 219.8 million was exchanged for an incentive premium of EUR 52.9 million and 63,532,467 newly issued IMMOFINANZ shares plus 802,219 BUWOG shares and a cash payment of EUR 58.7 million, which represents the current market price for 2,660,377 BUWOG chares. A premium of EUR 52.9 million was also paid. This transaction increased IMMOFINANZ's equity by approx. EUR 95.7 million.

On 24 January 2017 IMMOFINANZ placed a 2.0% convertible bond with a nominal value of EUR 297.2 million and a term ending on 24 January 2024 with institutional investors through an accelerated bookbuilding process. The convertible bond 2017-2024 carries conversion rights into 124,180,003 IMMOFINANZ shares. The coupon will be reduced by 50 basis points starting with the interest payment period which begins on the day after IMMOFINANZ receives an investment grade rating from S&P, Moody's or Fitch and will remain at that level as long as the investment grade rating is intact. The conversion price was initially set at EUR 2.3933. The conversion right can be exercised from 6 March 2017 to 10 January 2024. The holders of the convertible bond 2017-2024 have a put right at the nominal value plus accrued interest as of 24 January 2022. IMMOFINANZ has the right to call this convertible bond in full under certain circumstances beginning in February 2022. The convertible bond also includes a clause which entitles the bondholders to put their bond certificates in the event of a change of control. In the event of a merger with CA Immobilien Anlagen AG, the convertible bond will remain in effect at a conversion price that is adjusted to reflect the merger ratio. The proceeds from this convertible bond will be used for the partial financing of the incentivised conversion of the convertible bond 2011-2018, to refinance existing financial liabilities and for general corporate purposes.

The *Friesenquartier* and the properties under development in the second building section of the *Gerling Quartier* in Cologne (see section 4.8) were sold to a joint venture between the German Quantum Immobilien AG and PROXIUMS REAL ESTATE AG as of 30 January 2017. The closing for the sale of the *Friesenquartier* is expected to take place in the second quarter of 2017. The closing for the sale of the properties under development in the *Gerling Quartier* is dependent on the forward sale of the hotels and the accompanying underground parking spaces and is expected to take place in 2018. The transaction prices were reflected in real estate valuation as of the balance sheet date.

IMMOFINANZ sold 4,484,698 million BUWOG shares for EUR 21.76 per share as of 6 February 2017 through an accelerated bookbuilding process. The proceeds from this sale totalled EUR 97.6 million. The book price equalled EUR 17,70 per share as of 31 December 2016. The remaining 4.7 million BUWOG shares are reserved for the possible (proportional) servicing of the convertible bonds 2007-2017 and 2011-2018. As of 6 March 2016 Oliver Schumy resigned as vice-chairman of the BUWOG AG supervisory board. IMMOFINANZ has not exercised significant influence over the BUWOG Group since that date, which also marked the end of equity accounting (see section 4.4.2).

On 14 March 2017 the Executive Board and Supervisory Board of IMMOFINANZ approved a further share buyback programme in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act based on the authorisation of the 23rd annual general meeting on 29 September 2016. The volume will equal up to 20.0 million shares of IMMOFINANZ AG, which represent approx. 1.92% of the zero par value shares outstanding after the finalisation of the incentivised conversion of the convertible bond 2011–2018. The share buyback programme will end at the latest on 31 March 2018. The maximum price was set at the lower of EUR 2.92 per share and 15.0% above the volume-weighted daily closing prices on the previous 10 trading days of the Vienna Stock Exchange. The minimum price equals EUR 1.00 per share.

8. Group Companies of IMMOFINANZ

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 ≥ 20.00%.

The companies deconsolidated or attributed to discontinued operations during the financial year (see section 2.5) are reported in the column "type of consolidation" as sold, liquidated, merged, logistics or retail portfolio Moscow (retail portfolio).

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
"Agroprodaja" d.o.o. Beograd	RS	Belgrade	0.00%	Sold	100.00%	F
"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
ACE 2 Sp. z o.o.	PL	Warsaw	86.00%	F	86.00%	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	98.71%	F	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	98.71%	F	98.71%	F
Ahava Ukraine LLC	UA	Kiev	98.71%	F	98.71%	F
AIRPORT PROPERTY DEVELOPMENT, a.s.	CZ	Prague	100.00%	F	100.00%	F
Al Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Aloli Management Services Limited	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
AO Kashirskij Dvor-Severyanin	RU	Moscow	100.00%	Retail portfolio	100.00%	F
Appartement im Park ErrichtungsGmbH	AT	Vienna	100.00%	F	100.00%	F
ARAGONIT s.r.o.	CZ	Prague	100.00%	F	100.00%	F
ARE 5 Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
ARE 8 Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
ARMONIA CENTER ARAD S.R.L.	RO	Bucharest	100.00%	F	100.00%	F
ARO Eferding Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
ARO IBK GmbH	AT	Vienna	100.00%	F	100.00%	F
ARO Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
Arpad Center Kft.	HU	Budapest	100.00%	F	100.00%	F
ATLAS 2001 ČR s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Atom Centrum a.s.	CZ	Prague	100.00%	F	100.00%	F
Atrium Park Kft.	HU	Budapest	100.00%	F	100.00%	F
Aviso Delta GmbH	AT	Vienna	100.00%	F	100.00%	F
Aviso Zeta AG	AT	Vienna	100.00%	F	100.00%	F
BA/Energetika/, s.r.o. in Liqu.	SK	Bratislava	100.00%	F	100.00%	F
Banniz Ltd	CY	Nicosia	100.00%	F	100.00%	F
Barby Holding Sàrl	LU	Luxembourg	100.00%	F	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 A, s.r.o.	CZ	Prague	0.00%	Sold	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
BB C - Building B, s.r.o.	CZ	Prague	0.00%	Sold	100.00%	F
BB C - Building GAMMA, a.s.	CZ	Prague	100.00%	F	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
Bertie Investments Sp. z o.o. SKA w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Best Construction LLC	UA	Kiev	98.71%	F	98.71%	F
Beta real d.o.o.	SI	Laibach	0.00%	Merged	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.	MT	Valletta	100.00%	F	100.00%	F
Boondock Holdings Ltd	CY	Nicosia	100.00%	F	100.00%	F
Borisov Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Brno Estates a.s.	CZ	Prague	100.00%	F	100.00%	F
Bucharest Corporate Center s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Bulgarian Circuses and Fun-Fair OOD	BG	Sofia	0.00%	Sold	49.00%	E-AS
Bulreal EAD	BG	Sofia	0.00%	Sold	49.00%	E-AS
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	10.00%	E-AS	28.61%	E-AS
BUWON, s.r.o.	SK	Bratislava	50.00%	E-JV	50.00%	E-JV
C.E. Immobilienprojekte und Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
C.E. Investicije d.o.o.	SI	Laibach	0.00%	Merged	100.00%	F
C.E. Management GmbH	AT	Vienna	100.00%	F	100.00%	F
C.I.M. Beteiligungen 1998 GmbH	AT	Vienna	33.00%	E-AS	33.00%	E-AS
C.I.M. Verwaltung und Beteiligungen 1999 GmbH	AT	Vienna	33.00%	E-AS	33.00%	E-AS
CA Immobilien Anlagen AG	AT	Vienna	26.00%	E-AS	n.a.	n.a.
Campus Budapest Bt.	HU	Budapest	74.95%	F	74.95%	F
Capri Trade s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
CENTER INVEST BCSABA Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST DEB Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST Gödöll Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST INTERNATIONAL Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST KESZT Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST NKANIZSA 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	100.00%	F	100.00%	F
CEPD Kft.	HU	Budapest	100.00%	F	100.00%	F
CFE Immobilienentwicklungs GmbH	AT	Vienna	30.75%	E-JV	30.75%	E-JV
CGS Gamma Immobilien Vermietung GmbH	AT	Vienna	100.00%	F	100.00%	F
CHB Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
CHB Immobilienholding GmbH & Co. KG	DE	Frankfurt	100.00%	F	100.00%	F
Chronos Immoblien GmbH	AT	Vienna	100.00%	F	100.00%	F
City Tower Vienna Errichtungs- und Vermietungs-GmbH	AT	Vienna	100.00%	F	100.00%	F
Constantia Beteiligungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	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
Cortan Enterprise Sp. z o.o.	PL	Warsaw	0.00%	Sold	100.00%	F
CPB Advisory GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB ALPHA Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Anlagen Leasing Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
CPB BETA Anlagen Leasing 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	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
CPB Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Corporate Finance Consulting 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	AT	Vienna	100.00%	F	100.00%	F
CPB Enterprise GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB EPSILON Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB GAMMA Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Gesellschaft für Unternehmensbeteiligungen m.b.H.	AT	Vienna	100.00%	F	100.00%	F
CPB Grundstücks und Mobilien Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Investitionsgüter Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB JOTA Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Maschinen Leasing Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
CPB Mobilien Leasing Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
CPB OMIKRON Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Pegai Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB Realitäten und Mobilien Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB TERTIA Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
CPBE Clearing GmbH	AT	Vienna	100.00%	F	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
Dapply Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Debowe Tarasy Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Debowe Tarasy Sp. z o.o. II sp.k.	PL	Warsaw	100.00%	F	100.00%	F
Debowe Tarasy Sp. z o.o. III sp.k.	PL	Warsaw	100.00%	F	100.00%	F
Debowe Tarasy Sp. z o.o. IV sp.k.	PL	Warsaw	100.00%	F	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
Duist Holdings Ltd. in Liqu.	CY	Nicosia	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
Efgad Europe BV	NL	Rotterdam	0.00%	Sold	50.01%	E-JV
EFSP Immobilienentwicklung GmbH	AT	Vienna	100.00%	F	100.00%	F
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	SK	Bratislava	49.00%	E-AS	n.a.	n.a.
EKZ Horn Beteiligungsverwaltung GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	80.00%	NC
Elmore Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Elmore Investments Sp. z o.o. SKA w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
Emolu Trading Ltd.	CY	Nicosia	99.00%	F	99.00%	F
ENIT Lublin Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Eos Immobilien GmbH	AT	Vienna	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
Erlend Investments Sp. z o.o. SKA w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
ESCENDO Liegenschaftshandelsgesellschaft m.b.H. & Co KG	AT	Vienna	100.00%	F	100.00%	F
E-stone Central Europe AT Holding GmbH	AT	Vienna	28.00%	NC	28.00%	NC
E-Stone Central Europe Holding B.V.	NL	Amsterdam	28.00%	NC	28.00%	NC
EXIT 100 Projektentwicklungs GmbH in Liqu.	AT	Vienna	100.00%	F	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 Sosnowiec Sp. z o.o.	PL	Warsaw	45.00%	E-AS	45.00%	E-AS
FRANKONIA Eurobau Königskinder GmbH	DE	Nettetal	50.00%	NC	50.00%	NC

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
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 ACHT Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	Retail portfolio	100.00%	F
GENA DREI 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	100.00%	F	100.00%	F
Gena Vier Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
GENA ZEHN Immobilienholding GmbH	AT	Vienna	100.00%	F	n.a.	n.a.
Gendana Ventures Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Gewerbepark Langen	DE	Langen	60.00%	NC	60.00%	NC
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, Channel Islands	25.00%	Fonds	25.00%	Fonds
Global Trust s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Globe 13 Kft.	HU	Budapest	100.00%	F	100.00%	F
Globe 3 Ingatlanfejlesztö 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
Hadas Management SRL	RO	Bucharest	75.00%	E-JV	75.00%	E-JV
Haller Kert Kft.	HU	Budapest	100.00%	F	100.00%	F
Harborside Imobiliara s.r.l.	RO	Bucharest	90.00%	F	90.00%	F
HDC Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
Hekuba S.à r.l.	LU	Luxembourg	64.89%	F	64.89%	F
HEPP III Luxembourg MBP SARL in Liqu.	LU	Luxembourg	0.00%	Liquidated	50.00%	E-JV
Herva Ltd.	CY	Nicosia	100.00%	F	100.00%	F
HL Bauprojekt GesmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IA Holding 1 Kft.	HU	Budapest	100.00%	F	100.00%	F
ICS Ani Roada Gilei SRL	MD	Chisinau	0.00%	Sold	99.90%	F
ICS Noam Development SRL	MD	Chisinau	0.00%	Sold	99.90%	F
ICS Shay Development SRL	MD	Chisinau	0.00%	Sold	99.90%	F
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
IM Sharon Development SRL	MD	Chisinau	0.00%	Sold	99.90%	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	100.00%	F	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	Essen	100.00%	F	100.00%	F
IMF Königskinder GmbH	DE	Frankfurt	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.	AT	Vienna	100.00%	F	100.00%	F
IMF SECUNDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOASIA Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOASIA IMMOBILIEN ANLAGEN GmbH	AT	Vienna	100.00%	F	100.00%	F
Immobilia Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOBILIA Immobilienhandels GmbH & Co KG	AT	Vienna	100.00%	F	100.00%	F
Immobilia L Liegenschafts Vermietungs 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	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
Immobilia L Liegenschafts Vermietungs GmbH & Co Bischoffgasse 14/Rosasgasse 30 KG	AT	Vienna	100.00%	NC	100.00%	NC
Immobilia L Liegenschafts Vermietungs GmbH & Co Viriotgasse 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	100.00%	F	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.	PL	Warsaw	100.00%	F	100.00%	F
Immoeast Polonia Sp. z o.o. S.k.a. w likwidacji	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	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Almansor Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Almaria Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Alpha 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 Annius Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Arbaces Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Aries Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Babekan Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Barbarina Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Beta Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Caelum Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Cassiopeia Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Cepheus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt CIMAROSA Holding GmbH	AT	Vienna	100.00%	F	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 Curzio Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	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	100.00%	F	100.00%	F
IMMOEAST Projekt DESPINA Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Dorabella Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Ducentesimus Holding GmbH	AT	Vienna	100.00%	F	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	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Fenena Holding GmbH	AT	Vienna	100.00%	F	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	100.00%	F	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	100.00%	F	100.00%	F
IMMOEAST Projekt Montano Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Moskau Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Narbal 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	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
Immoeast Projekt Nonagesimus Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Nonus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Octavus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Immoeast Projekt Octogesimus Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	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	AT	Vienna	100.00%	F	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	100.00%	F	100.00%	F
IMMOEAST Projekt ROSCHANA Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Sarastro Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Secundus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Semos Holding GmbH	AT	Vienna	100.00%	F	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	100.00%	F	100.00%	F
IMMOEAST Projekt Sextus Holding GmbH	AT	Vienna	100.00%	F	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	100.00%	F	100.00%	F
IMMOEAST Projekt TITANIA Holding GmbH	AT	Vienna	100.00%	F	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	100.00%	F	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
IMMOFINANZ Aleos Anlagen Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ ALPHA Immobilien Vermietungsgesellschaft 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.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ BETEILIGUNGS GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ CAMPUS GmbH & Co. KG	DE	Düsseldorf	100.00%	F	100.00%	F
IMMOFINANZ Carlsquartier GmbH	DE	Frankfurt	100.00%	F	100.00%	F
Immofinanz Center Management Poland Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Immofinanz Center Management Romania SRL	RO	Floresti	100.00%	F	100.00%	F
Immofinanz Center Management Slovak Republic, s.r.o.	SK	Bratislava	0.00%	Sold	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.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Float GmbH & Co. KG	DE	Düsseldorf	94.90%	F	94.90%	F
IMMOFINANZ Friesenquartier GmbH	DE	Cologne	92.70%	F	94.90%	F
IMMOFINANZ Friesenquartier II GmbH	DE	Cologne	92.70%	F	94.90%	F
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Gesellschaft für Unternehmensbeteiligungen GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz 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 2016A	Type of consolidation 2016A	Interest in capital 2015/16	Type of consolidation 2015/16
IMMOFINANZ Hungária Harmadik Kft.	HU	Budapest	100.00%	F	100.00%	F
IMMOFINANZ IMMOBILIEN ANLAGEN Schweiz AG in Liq.	CH	Luterbach	0.00%	Liquidated	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.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ KAPPA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	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.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Medienhafen GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Metis Anlagen Leasing GmbH	AT	Vienna	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.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ OMIKRON Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Polska Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOFINANZ Real Estate Slovakia s.r.o.	SK	Bratislava	100.00%	F	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.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz TCT Liegenschaftsverwertungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ USA REAL ESTATE Inc. II	US	Wilmington	100.00%	F	100.00%	F
Immofinanz zwei Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOKRON Immobilienbetriebsgesellschaft m.b.H.	AT	Vienna	80.00%	E-JV	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.	LU	Luxembourg	100.00%	F	100.00%	F
IMMOWEST Lux III S.à.r.l.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux IV S.à.r.l.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux V S.à.r.l.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux VI S.à.r.l.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux VII S.à.r.l.	LU	Luxembourg	100.00%	F	100.00%	F
Immowest Lux VIII Sarl	LU	Luxembourg	100.00%	F	100.00%	F
IMMOWEST OVERSEAS REAL ESTATE GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOWEST PROMTUS Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Infinitas ProjektentwicklungsgesmbH	AT	Vienna	100.00%	F	100.00%	F
INTEROFFICE IRODAEPÜLET Kft.	HU	Budapest	0.00%	Sold	100.00%	F
IPOPEMA 78 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych in Liquidation	PL	Warsaw	100.00%	F	100.00%	F
Irascib Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IRES Slovakia s.r.o. in Liquidation	SK	Bratislava	0.00%	Liquidated	100.00%	NC
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	100.00%	F	100.00%	F
JUNGMANNOVA ESTATES a.s.	CZ	Prague	100.00%	F	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
Karam Enterprise Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Kastor Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Kibiq Ltd	CY	Nicosia	100.00%	F	100.00%	F
Klio Real Sp. z o.o.	PL	Warsaw	100.00%	F	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	AT	Vienna	100.00%	F	100.00%	F
LeasCon Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
LeasCon Maschinen Leasing und Handels GmbH	AT	Vienna	100.00%	F	100.00%	F
LENTIA Real (1) Hungária Kft.	HU	Budapest	100.00%	F	100.00%	F
Leretonar Ltd	CY	Nicosia	100.00%	F	100.00%	F
Leurax Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
Leutselinge Ltd	CY	Nicosia	100.00%	F	100.00%	F
LOG IQ Hamburg GmbH & Co. KG	DE	Essen	0.00%	Logistics sold	100.00%	F
Logistic Contractor s.r.l.	RO	Bucharest	0.00%	Logistics 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	AT	Vienna	100.00%	F	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
Maramando Trading & Investment Limited	CY	Nicosia	0.00%	Sold	50.00%	E-JV
MARINA Handelsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Master Boats Vertriebs- und Ausbildungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	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	98.71%	F	98.71%	F
Merav Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Merav Finance BV	NL	Rotterdam	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	50.00%	E-JV	50.00%	E-JV
MONESA LIMITED	CY	Nicosia	100.00%	F	100.00%	F
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
Nona Immobilienanlagen GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Norden Maritime Service 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
OBJ Errichtungs- und Verwertungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Objurg Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
Obrii LLC	UA	Kiev	98.71%	F	98.71%	F
OCEAN ATLANTIC DORCOL DOO	RS	Belgrade	80.00%	F	80.00%	F
Octo Immobilienanlagen GmbH	AT	Vienna	100.00%	F	100.00%	F
OFFICE CAMPUS BUDAPEST Kft.	HU	Budapest	75.00%	F	75.00%	F
OOO Berga Development	RU	Moscow	100.00%	Retail portfolio	100.00%	F
OOO Comcenter Podolsk	RU	Moscow	100.00%	F	100.00%	F
OOO Fenix Development	RU	Moscow	100.00%	Retail portfolio	100.00%	F
OOO IMMO Management	RU	Moscow	100.00%	Retail portfolio	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
OOO IMMOconsulting	RU	Moscow	100.00%	Retail portfolio	100.00%	F
OOO Krona Design	RU	Moscow	100.00%	Retail portfolio	100.00%	F
OOO Log center Terekhovo	RU	Moscow	100.00%	F	100.00%	F
OOO Real Estate Investment Management	RU	Moscow	100.00%	Retail portfolio	100.00%	F
OOO Torgoviy Dom Na Khodinke	RU	Moscow	100.00%	Retail portfolio	100.00%	F
OPTIMA-A Kft.	HU	Budapest	100.00%	F	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
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
Perlagonia 2 Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Pivuak Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Polluks Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Polus a.s.	SK	Bratislava	100.00%	F	100.00%	F
Polus Tower 2, a.s.	SK	Bratislava	100.00%	F	100.00%	F
Polus Tower 3, a.s.	SK	Bratislava	100.00%	F	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	100.00%	F	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	98.71%	F	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
Property Holding LLC	UA	Kiev	98.71%	F	98.71%	F
Quixotic Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
Raski Zalijey Vile d.o.o.	HR	Porec	0.00%	Sold	25.01%	E-JV
Real Habitation s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Rekan Estate d.o.o.	HR	Zagreb	100.00%	F	100.00%	F
Rekramext Holdings Ltd in Liqu.	CY	Nicosia	0.00%	Liquidated	100.00%	F
Remsing Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Remsing Investments Sp. z o.o. SKA w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
RentCon Handels- und Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
REVIVA Am Spitz Liegenschafts GmbH	AT	Vienna	100.00%	F	100.00%	F
Rezidentim s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Riverpark Residential Sp. z o.o.	PL	Warsaw	100.00%	F	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	50.66%	Fonds	50.66%	Fonds
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. S-Park Offices s.r.l.	RO	Bucharest	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	AT	Vienna	100.00%	F	100.00%	F
SBE Rijeka d.o.o.	HR	Pula	0.00%	Sold	50.01%	E-JV

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
SBF Development Praha spol.s r.o.	CZ	Prague	100.00%	F	100.00%	F
SCPO s.r.o.	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	100.00%	F	100.00%	F
SEGESTIA Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Septima Immobilienanlagen GmbH	AT	Vienna	100.00%	F	100.00%	F
Severin Schreiber-Gasse 11-13 Liegenschaftsverwertungs GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Sexta Immobilienanlagen GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Shaked Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Shark Park Holding Kft. in Liqu.	HU	Budapest	100.00%	F	100.00%	F
Sigalit Ltd.	CY	Nicosia	98.71%	F	98.71%	F
Silesia Residential Holding Limited	CY	Nicosia	100.00%	F	100.00%	F
Silesia Residential Project Sp. z o.o. w likwidacji	PL	Katowice	100.00%	F	100.00%	F
SITUS Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
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
SPE Liegenschaftsvermietung Gesellschaft m.b.H.	AT	Vienna	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 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	n.a.	n.a.
Stop Shop Romania I B.V.	NL	Amsterdam	100.00%	F	100.00%	F
Stop Shop Romania II B.V.	NL	Amsterdam	100.00%	F	100.00%	F
Stop Shop Ungarn GmbH	AT	Vienna	100.00%	F	100.00%	F
STOP. SHOP. Tabor s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP. SHOP. Trebic s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP 9. d.o.o.	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP BCS Kft.	HU	Budapest	100.00%	F	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	100.00%	F	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. 1 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 10 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 11 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 12 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 2 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 3 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 4 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 4 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 6 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 6 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 7 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 7 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 8 d.o.o. Beograd-Vozdovac	RS	Belgrade	0.00%	Merged	100.00%	F
STOP.SHOP. 8 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. 9 Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
STOP.SHOP. DOLNY KUBIN s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Dubnica s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Hranice s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Kladno s.r.o.	CZ	Prague	100.00%	F	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2016A Interest in capital	2016A Type of consolidation	2015/16 Interest in capital	2015/16 Type of consolidation
STOP.SHOP. Liptovsky Mikulas s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Lucenec s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Nové Zámky s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. POPRAD s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Pribram s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. PUCHOV s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Rakovnik s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Trencin s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Uherske Hradiste s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Usti nad Orlici s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Zatec s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Znojmo s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Stop.Shop.5 d.o.o.	RS	Belgrade	100.00%	F	100.00%	F
STOP.SHOP.Czech Republic I B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Czech Republic II B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Holding B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Hungary B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Ruzomberok s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP.Serbia B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Slovakia I B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Slovakia II B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Slovenia B.V.	NL	Amsterdam	100.00%	F	100.00%	F
STOP.SHOP.Zvolen s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
Sunkta Ltd	CY	Nicosia	100.00%	F	100.00%	F
SYLEUS Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	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	85.00%	F	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
TOV Arsenal City	UA	Kiev	99.35%	F	99.35%	F
TOV Evro-Luno-Park	UA	Kiev	0.00%	Sold	50.00%	E-JV
TOV Vastator Ukraine	UA	Kiev	99.35%	F	99.35%	F
TradeCon Handels- und Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
TradeCon Leasing- und Unternehmensbeteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Trevima Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Tripont Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
UKS Finance Kft. in Liquidation	HU	Budapest	0.00%	Liquidated	100.00%	F
UKS Liegenschaftsentwicklung GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Utility Park West s.r.o.	CZ	Prague	31.32%	NC	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	98.71%	F	98.71%	F
Ventilatorul Real Estate SRL	RO	Bucharest	100.00%	F	100.00%	F
Vertano Residence Sp. z o.o.	PL	Warsaw	100.00%	F	50.00%	E-JV
Vertano Residence Sp. z o.o. 1 Sp.k.	PL	Warsaw	100.00%	F	90.67%	E-JV
Village Management LLC	UA	Kiev	98.71%	F	98.71%	F
Vitrust Ltd.	CY	Nicosia	100.00%	F	100.00%	F
VIV Gebäudeerrichtungs GmbH	AT	Vienna	100.00%	F	100.00%	F
VTI Varna Trade Invest OOD in Liqu	BG	Sofia	50.00%	E-JV	50.00%	E-JV
W zehn Betriebs- & Service GmbH	AT	Vienna	100.00%	F	100.00%	F
Wakelin Promotions Limited	CY	Nicosia	100.00%	Retail portfolio	100.00%	F
Walkabout Beteiligungs GmbH	DE	Rodgau	66.67%	E-AS	66.67%	E-AS
WINNIPEGIA SHELF s.r.o.	CZ	Prague	100.00%	F	100.00%	F
WIPARK Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Wolkar Enterprise Sp. z o.o.	PL	Warsaw	0.00%	Sold	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 31 March 2017 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, 31 March 2017

The Executive Board of IMMOFINANZ AG

Oliver Schumy
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Auditor´s Report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of IMMOFINANZ AG, Vienna, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2016, 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 as of December 31, 2016, and its consolidated financial performance and its consolidated cash flows of the Group 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 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 and the retail portfolio Moscow

Audit matters and related information
(See sections 2.5, 4.1.1, 4.8 and 5.7.1 of the notes to the consolidated financial statements and the section "Property valuation" in the group management report.)

The foreign exchange-adjusted revaluation of investment property in the abbreviated 2016 financial year totalled EUR -11 million based on a carrying amount of EUR 3,531 million. The retail portfolio Moscow, which has a carrying amount of EUR 1,024 million and is classified as assets held for sale, was reduced by EUR -183 million during the abbreviated 2016 financial year.

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 discounted cash flow valuations include data supplied by the Company as of the balance sheet date as well as numerous assumptions by the Executive Board and the appraisers, above all concerning expected vacancies, future new rentals and the resulting realisable rents, discount rates based on the yields for comparable properties and estimates for foreign exchange developments, all of which are intended to best depict the future earnings potential of the respective property. The estimates by the Executive Board for Russia also include the duration of the rental price reductions granted to tenants. These estimates have a material influence on property valuation and lead to an increase in valuation uncertainty.

Therefore, 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, above all, the following activities which also involved internal property valuation experts:

- An evaluation of the professional suitability and objectivity of the appraisers appointed by the Executive Board
- A critical assessment of the methods and key assumptions in the expert opinions (sampling) through comparison with current publicly available data and market developments
- Random testing of the completeness, topicality and exactness of the documents provided to the appraisers by the Company.

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 1,027 million) and deferred tax liabilities (before offset: EUR 1,335 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 which is subject to continuous change. This has appropriate effects on the future development of earnings and the tax burden in the individual Group companies.

The valuation of deferred taxes 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, including a review of the relevance, completeness and exactness of the included forecast data
- An analysis of the forecast data and its development, in particular also in comparison with actual data from previous years
- 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)
- An analysis of the effects on tax planning of previously implemented or planned changes in the corporate and/or financing structure.

Consolidation and valuation of the investment in CA Immobilien Anlagen AG

Audit matters and related information
(See section 4.4 of the notes to the consolidated financial statements.)

In August 2016 IMMOFINANZ acquired an equity investment of approx. 26% in CA Immobilien Anlagen AG (“CA Immo“), which is reported as an equity-accounted investment as of December 31, 2016 at a carrying amount of EUR 539.9 million. The impairment loss recognised since the acquisition totalled EUR -92 million (including EUR 22 million for the proportional share of earnings).

The assessment of whether this equity investment should be accounted for at equity or must be fully consolidated depends on numerous factors, which also require estimates by management and allow for discretionary judgment.

The equity investment is valued with a calculation model which adjusts the stock exchange price as of the balance sheet date to reflect the existence of Golden Shares and the size of the equity investment.

The classification of the investment as well as the valuation model include significant assumptions and estimates, and the resulting effects can have a material influence on the consolidated financial statements. Therefore, we have defined the consolidation and valuation of this equity investment as a key audit matter.

Audit Procedures
In connection with our audit of the appropriateness of the consolidation and valuation of the investment in CA Immo, our audit procedures included the following activities which also involved internal valuation experts:

> An analysis of the Company's argumentation and documentation on a potential consolidation requirement for CA Immo, respectively on the presentation and valuation of the investment according to the equity method
> An analysis of the valuation method selected for the valuation of the equity investment in CA Immo
> An analysis of the methodology underlying the calculation model, the assumptions made for the adjustment of the stock exchange price and the plausibility calculations.

OTHER INFORMATION

Management is responsible for the other information. The other information contain all information in the annual report and annual financial report but does not include the consolidated financial statements, the management report and our auditor's report thereon. The annual report and annual financial report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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.

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 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.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Group.

As part of an audit in accordance 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 and separate 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 give 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.

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.

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 are 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.

ENGAGEMENT PARTNER

The engagement partner responsible for the audit is Mag. Friedrich Wiesmüllner.

Vienna, March 31, 2017

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, 31 March 2017

The Executive Board of IMMOFINANZ AG

Oliver Schumy
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Glossary

Abbreviated financial year
A financial year that covers a period of less than 12 months. It generally represents an adjustment phase between two full financial years during a change in the balance sheet date

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

ADR programme
An American Depositary Receipt is a share certificate issued by an American depository bank, which represents a certain number of shares in a foreign company and is traded independently on the US capital market

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, the leading index of the Vienna Stock Exchange

Austrian Commercial Code
The commercial (legal) code applicable to companies in Austria

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 and 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)
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

Exchangeable bond
In contrast to a convertible bond (see above), an exchangeable bond does not entitle the bondholder to exchange the instrument for shares of the issuing company but for shares of another company

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 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
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 Earnings, Balance Sheet and Cash Flow Analysis

Net profit
Profit or loss recorded by a company during a specific period

NNNAV
Triple Net Asset Value, see the calculation in the Earnings, Balance Sheet and Cash Flow Analysis

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

PPS
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

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

Turnover rate
The frequency with which properties are developed, bought and sold

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 2017

22 May 2017	Record date for participation in the 24th annual general meeting
29 May 2017	Announcement of results for the first quarter of 2017 (after the close of trading)
30 May 2017	Report on the first quarter of 2017
1 June 2017	24th Annual general meeting
2 June 2017	Expected ex-dividend date[1]
6 June 2017	Expected record date for the determination of dividend rights[1]
7 June 2017	Expected dividend payment date[1]
29 August 2017	Announcement of results for the first half of 2017 (after the close of trading)
30 August 2017	Report on the first half of 2017
28 November 2017	Announcement of results for the third quarter of 2017 (after the close of trading)
29 November 2017	Report on the third quarter of 2017

1 This information is preliminary and will be confirmed at a later date.

IMPRINT

Photos: IMMOFINANZ, Klaus Vynhalek, APA Fotoservice

Concept and Realisation: Mensalia Unternehmensberatung

Pro-Forma Financial Information (pages 86–101) and Consolidated Financial Statements (pages 104–213): produced inhouse using firesys GmbH

IMMOFINANZ AG
Wienerbergstrasse 11
1100 Vienna, Austria
T +43 (0)1 880 90

investor@immofinanz.com
immofinanz.com

BÖSMÜLLER FOR CLIMATE CO_2-NEUTRAL

PEFC™ PEFC/06-39-256

immofinanz.com