

IMMOFINANZ

ANNUAL
REPORT
2017



SPACE TO SUCCEED

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KEY FIGURES

Earnings Data

		2017	(unaudited) 2016	Change in %	2016A
Rental income	in MEUR	234.5	233.4	0.5%	156.7
Results of asset management	in MEUR	150.8	133.1	13.4%	91.0
Results of property sales	in MEUR	26.0	-18.9	n.a.	-2.8
Results of property development	in MEUR	-28.8	-6.5	≤ -100.0%	-18.1
Results of operations	in MEUR	107.6	74.5	44.4%	50.9
Revaluations	in MEUR	28.5	-85.8	n.a.	0.3
EBIT	in MEUR	111.6	-61.3	n.a.	37.7
Financial results	in MEUR	88.8	-107.6	n.a.	-45.2
EBT	in MEUR	200.4	-168.9	n.a.	-7.5
Net profit or loss from continuing operations		181.0	-147.4	n.a.	26.9
Net profit for the period	in MEUR	-537.1	-421.8	-27.3%	-182.0
FFO 1 (excl. results of property sales & property development) ¹	in MEUR	71.4	53.2	34.0%	47.8
FFO 2 (incl. results of property sales) ¹	in MEUR	72.3	-5.0	n.a.	

1 See calculation on page 76

Asset Data

		31 Dec 2017	31 Dec 2016	Change in %
Balance sheet total	in MEUR	6,062.7	7,003.4	-13.4%
Equity as % of the balance sheet total	in %	46.3%	37.8%	n.a.
Net financial liabilities	in MEUR	2,140.4	3,316.9	-35.5%
Cash and cash equivalents	in MEUR	477.9	189.3	≥ +100.0%
Loan-to-value ratio (net)	in %	40.8%	52.2%	n.a.
Gearing	in %	76.3%	92.6%	n.a.
Average interest rate on financial liabilities, incl. hedging	in %	2.3%	4.0%	n.a.
Average term of financial liabilities	in years	3.5	3.3	7.7%

Property Data

		31 Dec 2017	31 Dec 2016	Change in %
Total number of properties		239	244	-2.0%
Rentable space	in sqm	1,865,178	1,770,031	5.4%
Occupancy rate	in %	94.2%	89.6%	n.a.
Gross return	in %	6.4%	6.1%	n.a.
Gross return adjusted for occupancy	in %	6.8%	6.8%	n.a.
Portfolio value	in MEUR	4,194.8	4,003.5	4.8%
thereof investment properties	in MEUR	3,729.5	3,531.4	5.6%
thereof property under construction	in MEUR	404.1	379.0	6.6%
thereof real estate inventories	in MEUR	61.2	93.1	-34.2%
Unencumbered investment property	in MEUR	846.1	755.2	12.0%

EPRA Indicators¹

		31 Dec 2017	31 Dec 2016	Change in %
EPRA Net Asset Value	in MEUR	3,220.6	3,014.2	6.8%
EPRA Net Asset Value per share	in EUR	2.86	3.12	-8.3%
EPRA Triple Net Asset Value	in MEUR	3,201.6	2,867.9	11.6%
EPRA Triple Net Asset Value per share	in EUR	2.84	2.97	-4.2%

		2017	(unaudited) 2016	Change in %
EPRA earnings	in MEUR	112.0	-54.5	n.a.
EPRA earnings per share	in EUR	0.11	-0.05	n.a.
EPRA earnings after company-specific adjustments	in MEUR	35.5	37.6	-5.6%
EPRA earnings per share after company-specific adjustments	in EUR	0.03	0.04	-10.7%
EPRA Net Initial Yield	in %	5.3%	5.1%	n.a.

¹ See calculations beginning on page 76

Stock Exchange Data

		31 Dec 2017	31 Dec 2016	Change in %
Book value per share	in EUR	2.53	2.75	-8.2%
Share price at end of period	in EUR	2.15	1.85	16.0%
Discount of share price to diluted NAV per share	in %	24.8%	40.6%	n.a.
Total number of shares ¹		1,116,173,778	975,955,651	14.4%
thereof number of treasury shares		0	9,999,973	≤ -100.0%
Market capitalisation at end of period	in MEUR	2,399.8	1,808.4	32.7%

		2017	(unaudited) 2016	Change in %
Net profit or loss from continuing operations per share	in EUR	0.17	-0.15	n.a.
Earnings per share	in EUR	-0.51	-0.43	-18.9%

¹ As of 31 March 2018, i.e. after the end of the reporting period, the number of voting rights totalled 1,120,852,699. This change resulted from the capital increases of EUR 4,678,921.00 from conditional capital which were carried out by the company during the period from January to March 2018. They involved the issue of 4,678,921 shares to service the exchange rights of the holders of the 4.25% convertible bond 2018.

Due to the harmonisation of the financial year with the calendar year as of 31 December 2016, the comparative data is based on the respective 12-month period in the 2016 calendar year (2016*). This information represents unaudited pro-forma data. Additional details on the unaudited pro-forma financial information is presented in a separate section beginning on page 102.

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.



myhive

CLEARLY DEFINED BRAND POLICY FOR OUR TENANTS AND INVESTORS

Our principal focus for the 2017 financial year was to systematically eliminate the last major problems from the past and strengthen our balance sheet, optimise the operating business and reduce costs. The sale of the retail portfolio in Russia shortly before the end of the year marked the final point in a long restructuring phase for you as investors.

VIVO!



SPACE TO SUCCEED

HIGHLIGHTS 2017

JANUARY

- Multi-stage refinancing leads to an improvement of more than MEUR 21 in annual financing costs over the medium-term.

- Opening of liquidation proceedings over Aviso Zeta (formerly Constantia Privatbank) – finalisation expected in Q2 2018



- Placement of 4.5 million BUWOG shares at a profit of approx. MEUR 18



FEBRUARY

MARCH



- Occupancy rate rises to 91.9% at the end of Q1 2017

- Approval of share buyback programme 1/2017 for up to 20 million shares

MAY

- Settlement of legal proceedings to review the exchange ratio applied to the IMMOFINANZ/IMMOEAST merger – last historical legal proceedings at the investor level



- Final closing for the purchase of nine retail parks in Hungary, Slovakia and Romania with approx. 74,000 sqm of rentable space – rebranding as STOP SHOPS planned

- Year-on-year reduction of 24% in personnel costs during H1 2017

JUNE

SEPTEMBER



- Further increase in occupancy rate to 92.9%
- Opening of the fully rented *VIVO! Krosno* and *STOP SHOP Lazarevac* development projects with more than 31,000 sqm in total
- “Easy Shopping” – first standardised international advertising campaign for *STOP SHOPS*
- Portfolio optimisation: approx. EUR 1 billion of non-strategic assets defined – sale programme already 2/3 completed

JULY

- Full sale of the *Gerling Quartier* in Cologne to Quantum and Proximus
- Redemption of corporate bond 2017 with a volume of MEUR 100
- Topping-off ceremony for *trivago Campus* in Düsseldorf



- Second incentivised conversion of the CB 2018 (outstanding volume reduced to MEUR 32.8) – net LTV improves to 42.3% and interest costs, excl. hedging, decline to 2.05% at the end of September

OCTOBER

DECEMBER



NOVEMBER

- Sale of the Russian portfolio to the FORT Group for approx. MEUR 900 (incl. earn-out) – significant reduction of financial liabilities and average financing costs



- Over EUR 1.6 billion of refinancing in 2017 further improves financing structure and costs
- Closing for the sale of the Russian portfolio
- Simplification of corporate structure – year-on-year reduction from 512 to 370* in the number of consolidated companies
- Occupancy rate reaches an all-time high of 94.2%

* excl. companies in liquidation

INTRODUCTION

IMMOFINANZ'S REORIENTATION SUCCESSFULLY COMPLETED

Dear Shareholders,

Our principal focus for the 2017 financial year was to systematically eliminate the last major problems from the past and strengthen our balance sheet, optimise the operating business and reduce costs. The sale of the retail portfolio in Russia shortly before the end of the year marked the final point in a long restructuring phase for you as investors.

The overriding goal for this multi-year reorientation of IMMOFINANZ was to create a stable and significantly stronger company which pays sustainably attractive dividends, has a solid foundation for future growth and is capable of playing a leading role in the possible future consolidation of the commercial property sector.

The highlights in detail:

- Risks in the form of inherited problems from historical legal disputes and risks in the portfolio were eliminated. The most important milestone in this respect was the sale of our five shopping centers in Moscow. With the settlement to terminate the legal proceedings for the review of the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ in 2010, we also ended the last historical legal dispute at the shareholder level.
- Our balance sheet has become stronger and weatherproof. IMMOFINANZ's property portfolio totals approximately EUR 4.2 billion, and the value of our investment in CA Immo has increased to over EUR 680 million. Cash and cash equivalents rose substantially to roughly EUR 480 million during the past year, and our debt ratio in the form of net LTV improved to 40.8%.
- The property portfolio was reorganised and efficiently structured through the introduction of a clearly defined brand policy. Our customer orientation was strengthened and the operating business improved. With an increase of ten percentage points in the occupancy rate from April 2015 to a sound 94% at year-end 2017, we have reached an internationally respectable level.
- Costs in the financing and administrative areas were substantially reduced. This process was also accompanied by a reduction in the previously very complex corporate structure.

All these measures have strengthened our company and will be reflected in a sustainable improvement in earning power over the coming quarters.

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**OLIVER SCHUMY, CEO,
ON THE STANDING
INVESTMENT PORT-
FOLIO, MILESTONES
AND OPERATING
DEVELOPMENT**



OLIVER SCHUMY,
CEO

The following overview describes our major achievements and results in the 2017 financial year:

The occupancy rate in our standing investment portfolio rose to a record 94.2%. That means an increase of 4.6 percentage points since the end of December 2016. We rented a total of 254,000 sqm in 2017, which represent roughly 14% of the space in the standing investment portfolio. In the office sector, we raised the occupancy rate to 91.9% and, at 97.2%, our retail properties are more or less fully rented. Our success is also reflected in rental income adjusted for new acquisitions, sales and completions: this like-for-like indicator improved by 4.5%.

In the project development business, we can look back on a number of completions: our *Cluster Produktionstechnik* in Aachen, Germany, opened in May 2017. It is the largest building complex on the RWTH Aachen campus to date with roughly 30,000 sqm of gross floor space. We also opened two retail properties in September – a VIVO! shopping center in Krosno, Poland, and a STOP SHOP in Lazarevac, Serbia – which have more than 31,000 sqm of rentable space in total. All three properties are fully rented and generate very attractive returns. The first half of 2017 also brought the closing for our acquisition of nine retail parks in Slovakia, Hungary and Romania at the end of 2016.

The STOP SHOP portfolio now includes 70 locations in eight countries with a combined total of nearly 484,000 sqm of rentable space. Our VIVO! portfolio has grown to ten locations in four countries with more than 310,000 sqm of rentable space. These two retail brands generate roughly 46% of our total rental income and form a stable backbone for the IMMOFINANZ portfolio.

Our plans also call for the sale of properties that no longer fit with the core portfolio. As previously announced, we want to sell approximately EUR 1 billion of properties over the medium-term. We are currently well on target to reach this volume: the sale programme is nearly 80% complete. The portfolio optimisation also involved the scheduled, full sale of the *Gerling Quartier* in Cologne during the past year. However, outstanding obligations from the transfer and completion of the Cologne properties had an added negative effect on the results of property development in 2017. This was also part of our historical legacy.

DIETMAR REINDL, COO, ON BRANDS, COMMUNITY AND 120 MILLION VISITORS



DIETMAR REINDL,
COO

The occupancy rate in the IMMOFINANZ properties rose by nearly five percentage points to 94.2% in 2017. What were the main factors behind this improvement?

Our clear brand policy as the guarantee for quality and reliability, the undisputed success of our new myhive office concept and, above all, our focus on the needs and requirements of our customers. These factors were responsible for sound development in all areas: the occupancy rate has already reached 93% in our myhive offices, nearly 98% in our STOP SHOP retail parks and roughly 97% in the VIVO! shopping centers. In other words, we are fully rented in the retail segment since one to two per cent of the space is attributable to tenant turnover.

myhive was introduced at the end of 2016, which makes it your youngest brand. How was the first full business year?

Very good. You can see that not only in the occupancy rate, but also in the immense amount of positive feedback we have received. One thing makes me particularly proud: we are exceeding our tenants' expectations. myhive starts with friendly personalised greetings at the welcome desk and continues with a pleasant atmosphere. The entire package is rounded out by an extensive service offering and support from our community managers as well as an exclusive lounge and power nap room. We see our tenants as guests – just like in a hotel. At the same time, we help when space requirements change by offering certain limited options for the uncomplicated reduction or expansion of space.

Exactly what does a community manager do?

At myhive, we place high priority on networking between tenants. Our recently installed community managers – and here, I mean one employee in each country – are responsible for supporting exchanges between tenants, identifying

possibilities for cooperation and brokering the necessary contacts. Their activities range from the organisation of sport programmes to after work events and business breakfasts where experts discuss current issues with our tenants. Our specially designed myhive office app provides a wide range of information on the latest events in the respective office building and in the myhive community. It also supports IMMOFINANZ's central services, for example through a direct feedback tool. In this way, our tenants can register for events, submit suggestions and requests, and also file damage reports quickly, easily and at any time.

Key word: digitalisation. What role does this play in connection with the myhive app?

The app and virtual 360-degree tours are, of course, only one part of our offer. We see digitalisation as an extensive transformation of our business processes and our entire customer communications. In view of these developments, we have completely reorganised our customer relations management (CRM). That means: employees, customers and services are now all on the same platform. And we can now act even faster with a better focus on our target groups, which leads to the further improvement of our customer service.

Let's take a closer look at the retail sector. Do your plans include further growth?

Absolutely. In 2017 we opened two fully rented IMMOFINANZ development projects – the *VIVO! Krosno* in Poland and *STOP STOP Lazarevac* in Serbia – and finalised the acquisition of nine retail parks in Hungary, Slovakia and Romania.

Our STOP SHOP portfolio has now grown to 70 locations. At the same time, we are investing to improve the quality of service and the quality of stays at our existing locations in order to optimise the shopping experience.

One good example of this is the addition of playgrounds and a gastronomy offering in the form of a cafe at selected STOP SHOPS.

One point is particularly important for this continued growth: we are using available market potential. Our new locations are not close to existing competitors. We also don't concentrate on large shopping centers, but on smaller and, consequently, very efficient concepts like STOP SHOP and VIVO! which are especially well suited for secondary and tertiary cities without a comparable offering.

More than 120 million customers visited our retail properties in 2017. In comparison, that equals the entire population of four of our core markets: Austria, Germany, Romania and the Czech Republic. And that is a very impressive statistic.

What role does online retailing play in your plans?

Online retailing has become an important sales channel for the retail branch, and we are addressing this issue in our brand strategy and portfolio structuring. Our focus is on decentralised locations in Central and Eastern Europe and on convenience goods which are still not readily available over the Internet. We are also present in regions where the shopping center density is significantly lower than in Western Europe. As a result of these factors, we can also benefit from the effects of online retailing – consumers are looking for goods they can purchase quickly and easily. Exactly this is the strength of our decentralised structure: quick accessibility virtually on your doorstep.

Direct customer contact and a presence on the so-called "last mile" are also very important for retailers. And from this viewpoint, our locations are ideally positioned.

What are the basic principles of your financing strategy?

Ensuring sufficient liquidity at all times, maintaining a balanced capital and term structure and optimising our financing costs. In all three areas, we made considerable progress during the past financial year.

What does that mean in concrete numbers?

Our liquid funds increased from roughly EUR 189 million to over EUR 480 million year-on-year – and that is a very nice cushion. Our equity ratio also rose to 46.3%, and net debt declined substantially. The net-loan-to-value ratio, in other words the ratio of debt to the carrying amount of our properties, now equals 40.8%, which is a very conservative level. In comparison, we were at 49% in December 2016 and over 52% if you include the Russian portfolio that has since been sold.

With a refinancing volume of approximately EUR 1.6 billion – which represents 60% of IMMOFINANZ's financial liabilities at the end of 2017 – we not only secured very attractive interest rates over the long-term, but also significantly improved our credit profile. This will clearly reduce our financing costs in the future. At the end of December these costs fell below 2%, excluding derivatives, for the first time. In year-on-year comparison, that represents an important reduction of nearly 0.7 percentage points and will make a key contribution to sustainably increasing our funds from operations (FFO).

IMMOFINANZ was confronted with a high volume of expensive, short-term bonds at the end of 2016. How did you solve this problem?

At the Group level, the volume of outstanding bonds with historically high interest rates was substantially

reduced through a multi-stage refinancing process and repayments. The outstanding nominal value of our bonds fell from EUR 628.5 million (31 December 2016) to roughly EUR 330 million (31 December 2017). Approximately EUR 32.8 million of this total is attributable to the convertible bond which expired in March 2018. Instead of three outstanding convertible and corporate bonds with annual interest costs of EUR 27.1 million, we now have only one convertible bond with a volume of EUR 297.2 million and a term ending in 2024. This bond has a coupon of 2%, which would drop to 1.5% as soon as we receive an investment grade rating. In other words, that represents interest costs of EUR 5.9 million or EUR 4.5 million per year. The future savings which were already realised in part during 2017 amount to more than EUR 21 million per year.

What about property financing?

Here we were able to arrange more advantageous conditions, among others by bundling properties in a brand or asset class into specific portfolios. Two of our major achievements in this respect during 2017 were the refinancing of the STOP SHOP retail parks in eight countries with a volume of over EUR 414 million and an office property portfolio in Warsaw with a volume of EUR 205 million. We also repaid financing with comparatively high interest rates in several countries, including EUR 103 million of bank financing in Romania and the Czech Republic shortly before the end of the year. Further optimisation steps are also planned for 2018.

In what areas were you able to achieve further savings?

We made significant progress in the personnel area and also with our so-called structural costs. Personnel

costs fell by 16%, or EUR 6.5 million, in comparison with the previous year. At the same time, we focused on reducing the Group's complexity and the related structural costs. This was reflected in a decrease of 512 in the number of consolidated companies to 370 in 2017, whereby the companies currently in liquidation have already been deducted. In short: we are streamlining not only the corporate structure, but also our processes. Our progress in digitalisation will also set the stage for further sustainable efficiency improvements. One good example of this is the acceleration and simplification of our business processes through cloud applications.

Dividends or share buybacks?

Both. Our distribution policy is based on a combination of dividend payments and share buybacks. In this way, we can respond to the different preferences of our investors. We will make a recommendation to the annual general meeting for an increased dividend of EUR 0.07 per share for the 2017 financial year, following the EUR 0.06 dividend per share paid in previous years. Our outlook for the 2018 financial year includes a further increase in the dividend to EUR 0.08 per share. We also launched another share buyback programme in the first quarter of 2018, which covers the repurchase of up to 15 million shares.

STEFAN SCHÖNAUER, CFO, ON COST SAVINGS, LIQUIDITY AND DIVIDENDS

Substantial progress was made in improving our cost effectiveness and making the entire organisation leaner and more efficient. Personnel expenses were cut by 16% to roughly EUR 33.7 million in 2017. In the financing area, we took key steps to optimise our capital and financing structures and reduced the volume of historically high-interest bonds by more than half to roughly EUR 300 million. That will lead to annual cost savings of nearly EUR 21 million.

A milestone for the continued development of IMMOFINANZ was set with the sale of our retail portfolio Moscow. The market environment in Russia remains difficult and has had a significant negative influence on the Group's overall asset and earnings position in recent years. We therefore sold these five Moscow shopping centers, as previously announced, in line with our corporate strategy. The transaction had a negative valuation effect of roughly EUR -161 million on the earnings from discontinued operations in 2017. We have, however, an added earnings potential in the form of an undisclosed reserve of up to EUR 145 million (converted) from future, revenue-based earn-outs and possible tax refunds. Another positive effect of the sale is the elimination of any further reduction in liquidity through equity contributions of up to roughly EUR 250 million for the retail portfolio in Russia. This step immediately released equity and also substantially reduced our financial liabilities and average financing costs.

The retail portfolio Moscow had the Ruble as its functional currency and, in accordance with international accounting standards, the closing of the transaction also led to the reclassification of accumulated historical currency translation differences totalling EUR -540.2 million to the income statement. This reclassification had no effect on cash and did not reduce Group equity or the EPRA NAV. The negative foreign currency differences result from our entry into the Russian market at a time when, based on the current EUR/RUB exchange rate, the Ruble was much stronger.

Our net profit for 2017, which amounted to EUR -537.1 million (2016*: EUR -421.8 million), includes the full effects of our exit from the Russian market and we can now turn our attention to the future.

A well-positioned, “new” IMMOFINANZ

The “new” IMMOFINANZ, in other words our company without Russia, shows sound operating development and solid results: the results of operations improved by 44.4% to EUR 107.6 million (2016*: EUR 74.5 million) and financial results turned clearly positive at EUR 88.8 million (2016*: EUR -107.6 million). Net profit from continuing operations rose significantly to EUR 181.0 million (2016*: EUR -147.4 million). That represents earnings per share of EUR 0.17 (2016*: EUR -0.15).

Following the successful conclusion of IMMOFINANZ’s multi-year reorganisation in 2017, our objective is to incorporate the expected improvement in performance indicators during the coming quarters as best as possible in potential future negotiations with CA Immo for the benefit of shareholders. We therefore decided in February 2018 to keep the detailed negotiations for a possible merger of CA Immo and IMMOFINANZ suspended for the time being and to evaluate other strategic options which also include the potential, profitable sale of our CA Immo investment. The possible merger of the two companies during the 2018 financial year is therefore no longer expected from the current point of view. We intend to concentrate on strengthening our operating development during the coming months in order to create added value for you, our shareholders.

We would like to thank you for the confidence you have shown with your investment in our company and look forward to continuing this course with our full commitment to make IMMOFINANZ a leading and highly attractive player on the European commercial property market.



OLIVER SCHUMY
30 March 2018

* unaudited





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**CLEARLY DEFINED
BRAND POLICY FOR
OUR TENANTS AND
INVESTORS**





3.5

CARRYING AMOUNT IN EUR BILLION

Austria is responsible for nearly 23% of our standing investment portfolio based on the carrying amount, followed by Poland and Romania.

153

STANDING INVESTMENTS

Standing investments represent 84.1% of the total property portfolio and are our most important earnings driver. These properties are located in seven core markets in the European Union.

1.9

RENTABLE SPACE IN MILLION SQM

This space is distributed primarily between our two core businesses – office (56%) and retail (44%) – with additional areas in our completed development projects.

94.2

OCCUPANCY RATE IN %

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

OUR COMPANY AT A GLANCE

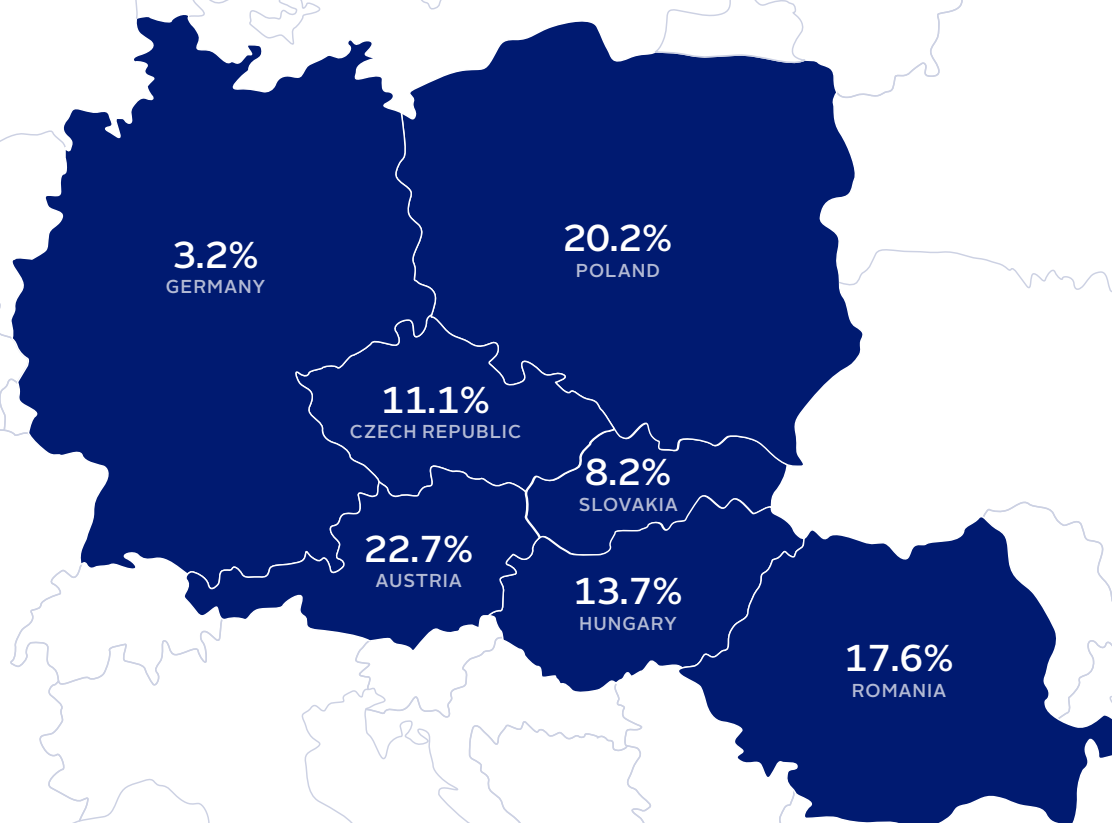
Our portfolio includes office and retail properties at the best locations in the most promising countries. In addition to the professional management of these properties, we focus on value-creating growth through our own development projects and acquisitions and on the further optimisation of the portfolio structure. Three brands form the foundation of our business activities: myhive for offices, STOP SHOP for retail parks and VIVO! for shopping centers – always based on the goal to strengthen our standing investments and sustainable cash flow.

Our property portfolio had a carrying amount of roughly EUR 4.2 billion and covered 239 properties as of 31 December 2017. Seven core markets represent the geographical focus of our business activities: Austria, Germany, Poland, Czech Republic, Slovakia, Romania and Hungary. Our local teams in each of these core markets are the guarantee for a strong service orientation and customer satisfaction.



KEY DATA ON THE STANDING INVESTMENT PORTFOLIO BY CORE MARKET AS OF 31 DECEMBER 2017

SHARE OF THE STANDING INVESTMENT PORTFOLIO
(BASED ON THE CARRYING AMOUNT OF EUR 3,527.2 MILLION)



AUSTRIA	22.7%
Number of properties	31
Carrying amount in MEUR	799.3
Rentable space in sqm	307,389
Occupancy rate in %	94.7%
Rental income Q4 2017 in MEUR ¹	11.2
Gross return in %	5.6%
Gross return in % (occupancy adjusted)	5.9%

HUNGARY	13.7%
Number of properties	25
Carrying amount in MEUR	481.8
Rentable space in sqm	299,562
Occupancy rate in %	93.8%
Rental income Q4 2017 in MEUR ¹	7.7
Gross return in %	6.4%
Gross return in % (occupancy adjusted)	6.8%

GERMANY	3.2%
Number of properties	2
Carrying amount in MEUR	114.0
Rentable space in sqm	37,720
Occupancy rate in %	96.1%
Rental income Q4 2017 in MEUR ¹	1.5
Gross return in %	5.3%
Gross return in % (occupancy adjusted)	5.5%

POLAND	20.2%
Number of properties	26
Carrying amount in MEUR	711.2
Rentable space in sqm	373,399
Occupancy rate in %	94.5%
Rental income Q4 2017 in MEUR ¹	11.0
Gross return in %	6.2%
Gross return in % (occupancy adjusted)	6.5%

CZECH REPUBLIC	11.1%
Number of properties	20
Carrying amount in MEUR	390.3
Rentable space in sqm	236,349
Occupancy rate in %	91.7%
Rental income Q4 2017 in MEUR ¹	6.0
Gross return in %	6.1%
Gross return in % (occupancy adjusted)	6.7%

Non-core countries	3.4%
Number of properties	11
Carrying amount in MEUR	118.3
Rentable space in sqm	81,889
Occupancy rate in %	98.1%
Rental income Q4 2017 in MEUR ¹	2.4
Gross return in %	8.1%
Gross return in % (occupancy adjusted)	8.3%

ROMANIA	17.6%
Number of properties	18
Carrying amount in MEUR	622.1
Rentable space in sqm	343,171
Occupancy rate in %	94.6%
Rental income Q4 2017 in MEUR ¹	12.0
Gross return in %	7.7%
Gross return in % (occupancy adjusted)	8.1%

SLOVAKIA	8.2%
Number of properties	20
Carrying amount in MEUR	290.1
Rentable space in sqm	185,699
Occupancy rate in %	93.9%
Rental income Q4 2017 in MEUR ¹	5.0
Gross return in %	6.9%
Gross return in % (occupancy adjusted)	7.4%

IMMOFINANZ	100%
Number of properties	153
Carrying amount in MEUR	3,527.2
Rentable space in sqm	1,865,178
Occupancy rate in %	94.2%
Rental income Q4 2017 in MEUR ¹	56.8
Gross return in %	6.4%
Gross return in % (occupancy adjusted)	6.8%

Additional information on the IMMOFINANZ properties can be found in the *portfolio report* beginning on page 47.

¹ Rental income based on the primary use of the property (rental income on the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible).

20

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. We currently have 20 myhive locations with 461,000 sqm of rentable space.

OUR BRANDS myhive

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



93.0

OCCUPANCY RATE IN %

Strong customer orientation and investments in the quality of our buildings led to a year-on-year increase of 2.4 percentage points in the occupancy rate of our myhive offices to 93%.



myhive



1,028

**CARRYING AMOUNT
IN EUR MILLION**

Our myhive offices represent roughly 47% of the carrying amount of our office standing investments. These properties have roughly 23,000 sqm of rentable space on average.



myhive

37

shops and restaurants
right on my office doorstep.

myhive-offices.com

Vienna . Warsaw . Budapest . Prague . Bucharest
A brand of IMMOFINANZ.

Our offices
make life easier –
not only during work,
but after as well.

450 steps

from my office

desk to my
favourite lake.

myhive-offices.com



myhive

Vienna . Warsaw . Budapest . Prague . Bucharest
A brand of IMMOFINANZ.

myhive – OFFICES FOR A COMFORTABLE FEELING AND GOOD NETWORKING

myhive LOCATIONS BY COUNTRY

POLAND 6
Rentable space in sqm approx. 132,000

CZECH REPUBLIC 1
Rentable space in sqm approx. 19,000

AUSTRIA 5
Rentable space in sqm approx. 131,000

HUNGARY 5
Rentable space in sqm approx. 114,000

ROMANIA 3
Rentable space in sqm approx. 65,000

BRAND ROLL-OUT

20 myhive buildings in the first phase

LOCATION DEVELOPMENT

Greenpoint 7, Budapest
Haller Gardens, Budapest
IRIDE Tower, Bucharest
Pankrac House, Prague
Park Postępu, Warsaw
Crown Point, Warsaw
Brama Zachodnia, Warsaw
Nimbus, Warsaw
Twin Towers, Vienna
Equator, Warsaw

S-Park, Bucharest
Átrium Park, Budapest
IO-1, Warsaw
Thirteen, Budapest
(Globe & Xenter)

METROFFICE,
Bucharest

Wienerberg,
Vienna
(WBS 3-5, CHS 6,
CHS 4, HFS 6)



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 460,000 sqm of rentable space

Additional information on the office properties is provided in the *portfolio report* beginning on page 47.

651

CARRYING AMOUNT IN EUR MILLION

Our VIVO! shopping centers make up nearly half the carrying amount of our standing investments in the retail sector and generated approx. 48% of rental income there.



VIVO!

OUR BRANDS 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 of international and local retailers. VIVO! makes shopping a special experience for the entire family. These shopping centers are normally single-storey and have a high recognition value.

10

STANDING INVESTMENTS

VIVO! was launched in 2014 as an IMMOFINANZ development project and subsequently rolled out to existing shopping centers. In 2017 a new VIVO! shopping center was opened in the Polish city of Krosno.



96.8

**OCCUPANCY RATE
IN %**

Our tenants value the high standardisation of VIVO! shopping centers. That improves cost efficiency and creates synergies – and everyone benefits. We increased the occupancy rate in these properties by 2.6 percentage points to 96.8% in 2017.

BETTER SHOPPING BETTER LIFE.



vivo-shopping.com

VIVO!

Our advertising slogan: Pure shopping with all your senses, in any season – VIVO! makes it all possible.

BETTER SHOPPING BETTER LIFE.



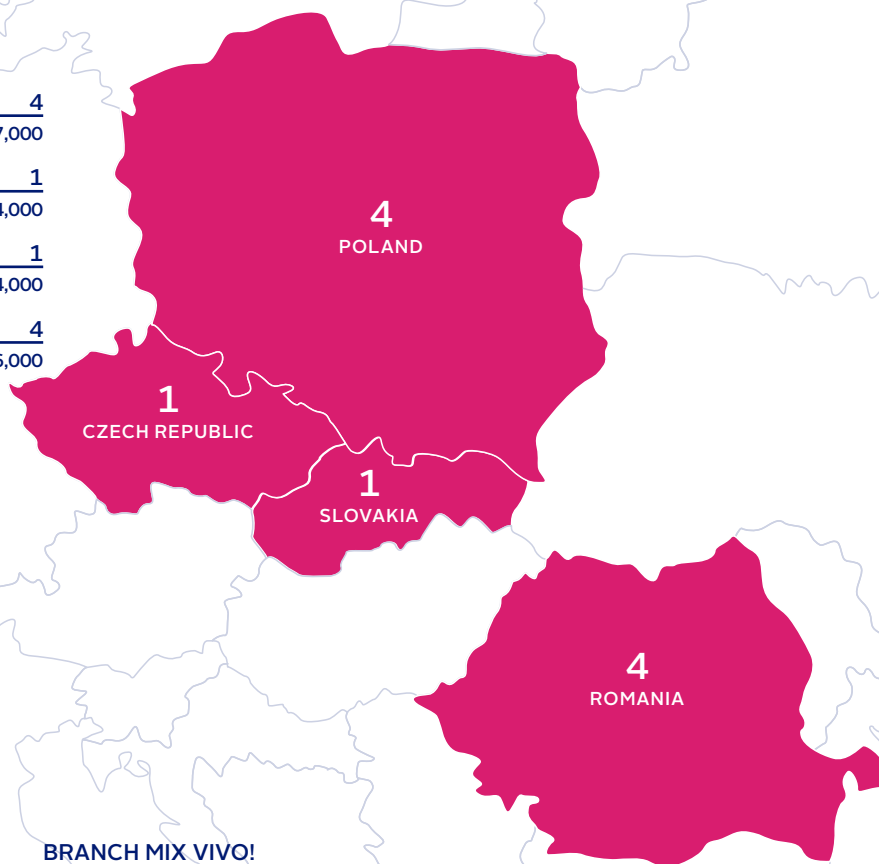
vivo-shopping.com

VIVO!

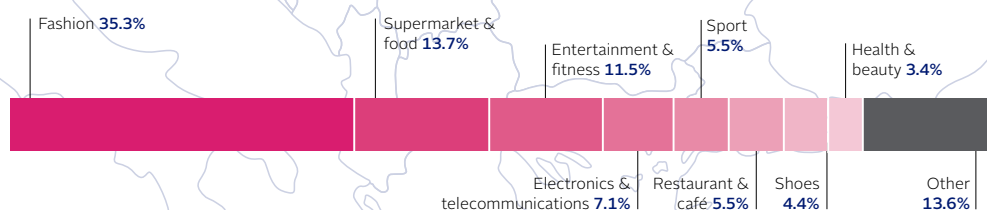
VIVO! RAISES SHOPPING TO A NEW LEVEL FOR MEDIUM-SIZED CITIES IN CENTRAL AND EASTERN EUROPE

VIVO! LOCATIONS BY COUNTRY

POLAND	4
Rentable space in sqm	approx. 107,000
CZECH REPUBLIC	1
Rentable space in sqm	approx. 24,000
SLOVAKIA	1
Rentable space in sqm	approx. 34,000
ROMANIA	4
Rentable space in sqm	approx. 146,000



BRANCH MIX VIVO! Only rented space



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 310,000 sqm of rentable space

Additional information on the VIVO! properties is provided in the *portfolio report* beginning on page 47.

70

STANDING INVESTMENTS

Our STOP SHOP portfolio is growing rapidly: in 2017 we finalised the acquisition of nine existing retail parks in Hungary, Romania and Slovakia and also opened a new location in the Serbian city of Lazarevac. Further STOP SHOPS are currently in preparation.



OUR BRANDS STOP SHOP

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

683

CARRYING AMOUNT IN EUR MILLION

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

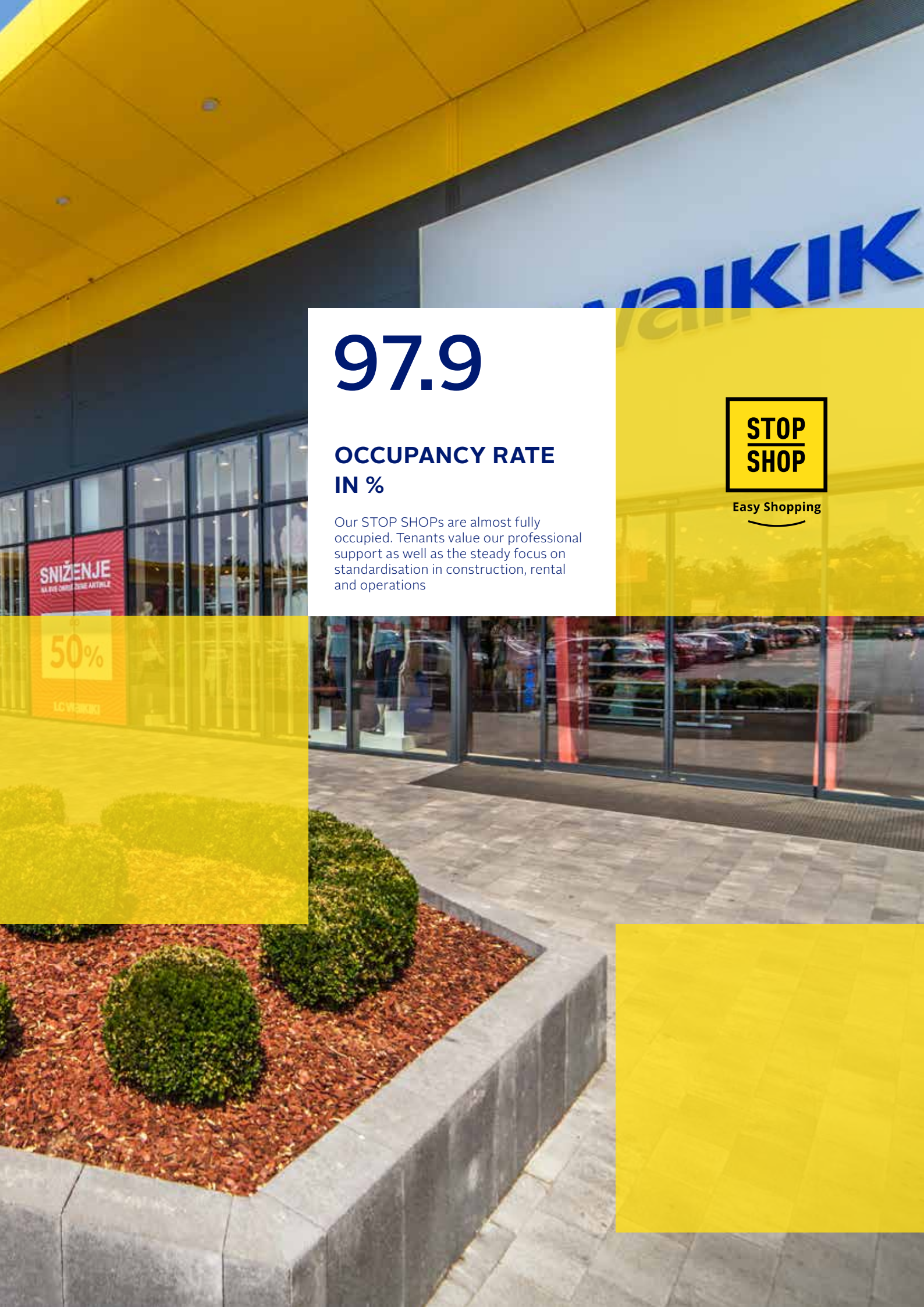
97.9

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**

Easy Shopping



A BRAND OF
IMMOFINANZ

Grazia Shopping Night.



stop-shop.com

**STOP
SHOP**

Easy Shopping



For every occasion
at every location –
our STOP SHOPS
guarantee easy
shopping for all
target groups.



LC WAIKIKI

The Easter Bunny is already on its way.



A BRAND OF
IMMOFINANZ

stop-shop.com

**STOP
SHOP**

Easy Shopping



LC WAIKIKI

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

STOP SHOP LOCATIONS BY COUNTRY

POLAND 7
Rentable space in sqm approx. 40,000

CZECH REPUBLIC 10
Rentable space in sqm approx. 67,000

SLOVAKIA 16
Rentable space in sqm approx. 112,000

AUSTRIA 12
Rentable space in sqm approx. 56,000

HUNGARY 14
Rentable space in sqm approx. 136,000

SLOVENIA 6
Rentable space in sqm approx. 30,000

ROMANIA 1
Rentable space in sqm approx. 6,000

SERBIA 4
Rentable space in sqm approx. 36,000



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

- > Approx. 8,000 to 15,000 sqm of rentable space at each location
- > Good traffic connections
- > 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 483,000 sqm of rentable space

Additional information on the STOP SHOP properties is provided in the *portfolio report* beginning on page 47.

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

Market developments were characterised by a steady upward trend in share prices during 2017. Optimistic economic forecasts and the continuation of low interest rates supported this positive sentiment and were responsible for historic highs in many market indexes.

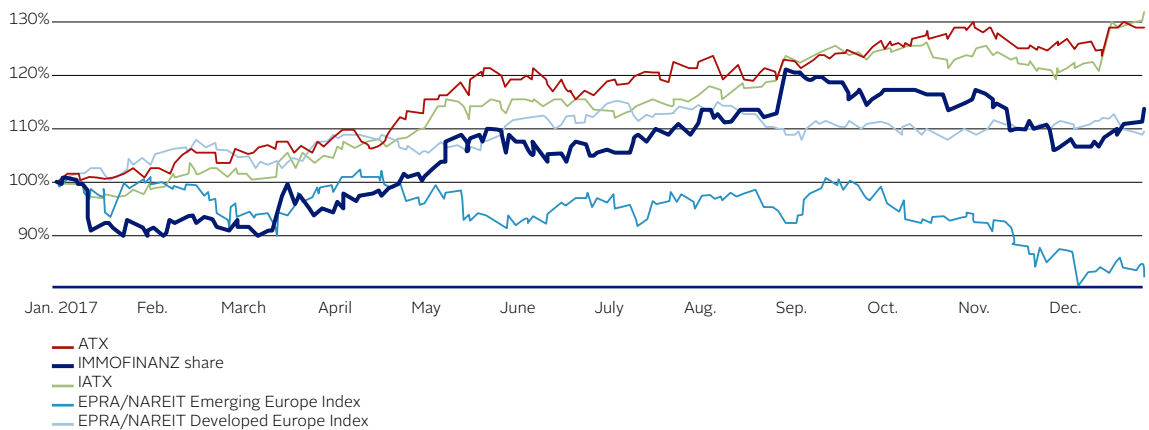
Vienna's leading ATX index ranked among the top global performers with an increase of 30.6%. The main drivers for this growth were the robust condition of the Austrian economy, continuing strong momentum in the CEE countries and the return of confidence in this region.

The IMMOFINANZ share started the 2017 financial year at EUR 1.85 and closed at EUR 2.15, for an increase of roughly 16%. Based on the annual low of EUR 1.70 on 31 January 2017, the increase equalled roughly 26.5%. The substantial decline in the share price during January was caused primarily by a technical market reaction to the dilution that followed the first incentivised conversion of the convertible bond 2018 and the issue of a new convertible bond with a term ending in 2024. These measures not only strengthened equity and the credit profile, but also significantly reduced financing costs. The following recovery led to an increase in the price of the IMMOFINANZ share to EUR 2.29 (closing price on 1 September 2017).

Approximately 1.47 billion (double counting) IMMOFINANZ shares were traded on the Vienna Stock Exchange in 2017. That represents an average daily turnover of approximately 5.93 million shares (double counting) and a plus of nearly 11% over 2016 (roughly 1.32 billion shares). The IMMOFINANZ share traded at EUR 2.11 on the editorial deadline for this report (29 March 2018).

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 January 2017



PERFORMANCE COMPARISON

1 January to 31 December 2017	in %
IMMOFINANZ share	15.9%
ATX	30.6%
Immobilien ATX	33.5%
EPRA/NAREIT Emerging Europe Index	-14.8%
EPRA/NAREIT Developed Europe Index	9.3%

INFORMATION ON THE IMMOFINANZ SHARE

		31 December 2017	31 December 2016	Change in %
Book value per share	in EUR	2.53	2.75	-8.2%
Share price at end of period	in EUR	2.15	1.85	16.0%
Share price high 2017 based on the closing rate	in EUR	2.29	2.17	5.5%
Share price low 2017 based on the closing rate	in EUR	1.70	1.84	-7.6%
Discount of share price to NAV per share	in %	24.8%	40.6%	n.a.
Total number of shares		1,116,173,778 ¹	975,955,651	14.4%
thereof treasury shares		0	9,999,973	≤ -100.0%
Market capitalisation on 31 December	in MEUR	2,399.8	1,808.4	32.7%
Free float	in %	approx. 78%	approx. 83% ²	n.a.
Net profit or loss from continuing operations per share	in EUR	0.17	-0.15	n.a.
Earnings per share	in EUR	-0.51	-0.43	-18.9%
EPRA Net Asset Value per share ³	in EUR	2.86	3.12	-8.3%
EPRA Triple Net Asset Value per share ³	in EUR	2.84	2.97	-4.2%

¹ As of 31 March 2018, i.e. after the end of the reporting period, the number of voting rights totalled 1,120,852,699. This change resulted from the capital increases of EUR 4,678,921.00 from conditional capital which were carried out by the company during the period from January to March 2018. They involved the issue of 4,678,921 shares to service the exchange rights of the holders of the 4.25% convertible bond 2018.

² Excl. treasury shares

³ See the calculation under *Earnings, Balance Sheet and Cash Flow Analysis* on page 72

KEY DATA ON THE SHARE

ISIN	AT0000809058
Segment	ATX, WIG
Reuters	IMFI VI
Bloomberg	IJA AV
Datastream	O: IMMO 866289
2017 financial year	1 January to 31 December

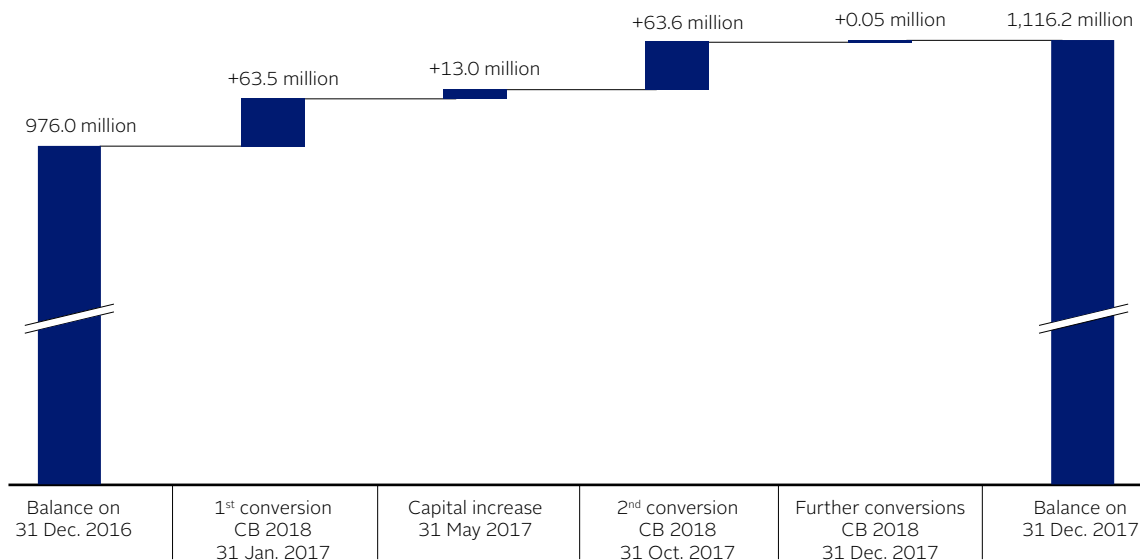
DEVELOPMENT OF SHARE CAPITAL AND THE NUMBER OF SHARES

The share capital of IMMOFINANZ AG totalled EUR 1,116.2 million as of 31 December 2017 (31 December 2016: EUR 976.0 million) and is divided into 1,116,173,778 bearer shares. The total number of shares rose by roughly 140.2 million, or approximately 14%, year-on-year (information on the development of the number of shares is also provided under *Information on Equity*, page 94, and in note 4.11 *Equity* of the consolidated financial statements). The increase resulted from two early incentivised conversions of the convertible bond 2018 and a capital increase from existing authorised capital in connection with the settlement to terminate the legal proceedings for the review of the exchange ratio applied to the merger of IMMOFINANZ and IMMOCAP in 2010. This settlement and the second incentivised conversion resulted in the distribution by IMMOFINANZ to investors of the approximately 10 million treasury shares held at the beginning of 2017 and the 20 million shares repurchased as part of the share buyback programme 1/2017. The company held no treasury shares as of 31 December 2017. The following table provides an overview of these measures:

Date	Total number of shares	Thereof treasury shares	Thereof from capital increase	Explanation
31 Dec. 2016	975,955,651	9,999,973	–	
31 Jan. 2017	1,039,488,118	9,999,973	63,532,467	First incentivised conversion of the convertible bond 2018: the outstanding nominal value fell from EUR 507.1 million to EUR 219.8 million and approx. 63.5 million shares were issued
22 May 2017	1,039,488,118	16,948,049	–	Record date for the AGM: repurchase of shares since March as part of the share buyback programme 1/2017
31 May 2017	1,052,525,375	–	13,037,257	Settlement of the legal proceedings to review the exchange ratio applied to the IMMOFINANZ/IMMOEAST merger: issue of 29,985,306 IMMOFINANZ shares to former IMMOEAST shareholders. Issue of all treasury shares currently held plus approx. 13 million shares from the capital increase
30 Sept. 2017	1,052,525,375	13,051,924	–	Share buyback programme 1/2017 terminated in September
31 Oct. 2017	1,116,120,545	–	63,595,170	Second incentivised conversion of the convertible bond 2018: the outstanding nominal value fell from EUR 254.4 million to EUR 32.8 million and approx. 63.6 million shares were issued for conversions/to service further conversions
31 Dec. 2017	1,116,173,778	–	53,233	Further conversions of the convertible bond 2018

Following the complete conversion/redemption of the convertible bond 2018 as of 8 March 2018, share capital totalled 1,120,852,699 shares at the end of that month.

DEVELOPMENT OF THE NUMBER OF SHARES



DISTRIBUTION POLICY

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

Sustainable dividend policy

The dividend for the abbreviated 2016 financial year (1 May 2016 to 31 December 2016) equalled EUR 0.06 per share. It was classified as a repayment of capital under Austrian law (§ 4 (12) of the Austrian Income Tax Act) and was therefore not subject to withholding tax for natural persons who are resident in Austria and who hold IMMOFINANZ shares as part of their private assets.* The ex-dividend date was 2 June and the dividend was paid on 7 June 2017.

Plans also call for the payment of a EUR 0.07 dividend per share for the 2017 financial year. The Executive Board will therefore recommend this distribution to the 25th annual general meeting on 11 May 2018. Based on the closing price on 31 December 2017, that represents a dividend return of 3.3%.

Share buyback programme

Within the context of the share buyback programme 1/2017, IMMOFINANZ repurchased 20 million shares between 22 March and 7 September 2017. These transactions had a total volume of approximately EUR 40.2 million, or EUR 2.012 per share. Information on the share buyback programme can be found under www.immofinanz.com/en/investor-relations/our-share/share-buyback-programmes. The repurchased shares were – as explained above – distributed to shareholders in connection with the settlement to terminate the legal proceedings over the review of the exchange ratio applied to the IMMOFINANZ/IMMOEAST merger and the second incentivised conversion of the convertible bond 2018 (further details are provided under *Financing* beginning on page 66). Consequently, IMMOFINANZ held no treasury shares as of 31 December 2017.

A further share buyback programme with a volume of up to 15 million shares was approved in March 2018. It will run to 31 December 2018 at the latest.

SHAREHOLDER STRUCTURE

IMMOFINANZ shares are widely held, primarily by Austrian private investors and long-term value-oriented institutional investors from Europe and the USA. After the deduction of reportable holdings (see below), free float equalled roughly 78% as of 31 December 2017.

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

LARGEST SINGLE SHAREHOLDERS

31 December 2017	Number of shares	Percentage (basis: share capital on the reporting date)	Last reporting date
Fries Group	69,781,813	7.15%	31 Dec. 2016
Erste Asset Management (together with subsidiaries) ¹	52,827,102	5.02%	20 June 2017
s Immo AG (via CEE Immobilien GmbH) ²	52,890,522	5.03%	15 Sep. 2017
CA Immobilien Anlagen (via PHI Finanzbeteiligungs und Investment GmbH)	54,805,566	4.91%	2 Nov. 2017

¹ On 21 March 2018, Erste Asset Management announced that Erste Asset Management together with its subsidiaries had fallen below a reportable threshold on 21 March 2018 and now holds an investment of 4.94%.

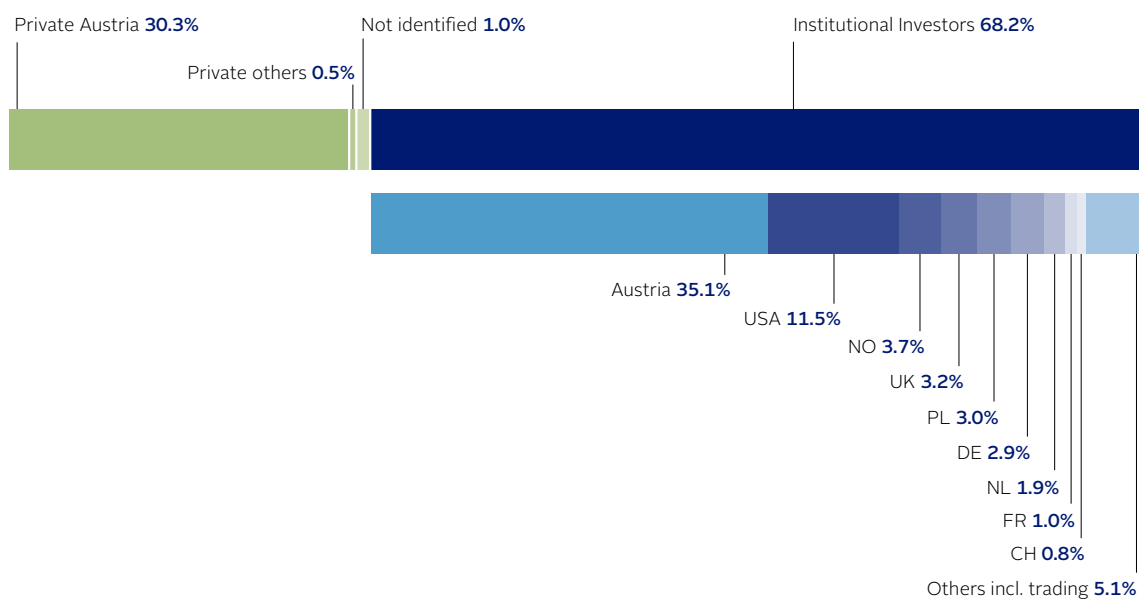
² On 28 February 2018, s Immo AG announced that CEE Immobilien GmbH had exceeded a reportable threshold on 27 February 2018 and now holds an investment of 11.82% (including shares and other financial instrument issued by IMMOFINANZ). The share purchase agreements are conditional on the approval/non-prohibition of the transactions by the responsible antitrust, resp. competition authorities.

There are no other reports of shareholdings 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 2018 and shows the following picture: 30.3% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold 68.2%, whereby most come from Austria (35.1%), the USA (11.5%) and Norway (3.7%). Polish investors hold 3.0% of the shares. The remaining 1.5% are not identified investors or represent holdings by foreign private investors.

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



Source: IPREO, February 2018

24TH ANNUAL GENERAL MEETING

The 24th annual general meeting of IMMOFINANZ AG was held in the Austria Center Vienna in Vienna on 1 June 2017 with nearly 600 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, a summary is provided in our company blog under <http://blog.immofinanz.com/en/2017/06/01/>. 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 consolidated corporate governance report, the consolidated financial statements including the group management report, the proposal for the appropriation of the balance sheet profit and the report of the supervisory board, each on the abbreviated 2016 financial year.
2. Resolution on the appropriation of the balance sheet profit stated in the financial statements for the abbreviated 2016 financial year.
3. Resolution on the approval of the actions of the members of the Executive Board for the abbreviated 2016 financial year.
4. Resolution on the approval of the actions of the members of the Supervisory Board for the abbreviated 2016 financial year.
5. Resolution on the remuneration of the Supervisory Board members for the abbreviated 2016 financial year.
6. Election of the auditor for the individual and consolidated financial statements for the 2017 financial year.
7. Resolution on authorisations of the Executive Board for the repurchase and sale of treasury shares.
8. Resolution on the amendment of the Articles of Association.
9. Resolution on the approval of a settlement with the former member of the Executive Board Karl Petrikovics according to § 84 (4) sentence 3 of the Austrian Stock Corporation Act.

THE IMMOFINANZ BONDS

IMMOFINANZ had two convertible bonds with a combined nominal value of EUR 330.0 million outstanding at the end of the 2017 financial year. Of this total, EUR 32.8 million are attributable to the convertible bond 2018 which was converted/redeemed in full during the first quarter of 2018. The convertible bond 2024 has a volume of EUR 297.2 million and a coupon of 2.0%. The conversion price equalled EUR 2.2937 as of 31 December 2017. Additional information is provided under *Financing* beginning on page 66.

INVESTOR RELATIONS ACTIVITIES

Our goal is to communicate an accurate picture of the Group and thereby ensure an appropriate valuation of IMMOFINANZ's securities. We therefore maintain a transparent, extensive and continuous dialogue with our shareholders, bondholders and potential investors. In 2017 we took part in roughly 25 investor conferences, roadshows and information events – among others in Berlin, Cape Town, Frankfurt, Helsinki, London, Munich, Paris, Prague, Stegersbach (Austria), Stockholm, Tallinn, New York, Vienna, Warsaw, Zurich and Zürs (Austria). Numerous personal meetings and telephone conferences were held with investors and analysts to communicate key facts and figures and discuss the positive development of IMMOFINANZ. Investors and analysts also took regular advantage of the opportunity to gain a first-hand view of the quality of our properties and brands through visits to our various core markets.

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

ANALYSTS' RECOMMENDATIONS

The following eight national and international houses publish regular evaluations and studies on IMMOFINANZ: Baader Bank, Erste Group, HSBC, Kepler Cheuvreux, Raiffeisen Centrobank, Société Générale, Wood & Company and Wiener Privatbank. These evaluations are updated regularly and can be reviewed on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/our-share/analyses. Barclays and Morgan Stanley terminated the coverage of numerous property shares, including IMMOFINANZ, in 2017 due to limited resources.

YOUR IR-KONTAKT

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

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Simone Korbelius

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Report of the Supervisory Board

DEAR SHAREHOLDERS,

IMMOFINANZ's concentrated efforts led to further substantial efficiency improvements in the portfolio, an increase in the quality of the standing investments and the strengthening of the balance sheet in 2017 – all of which create a solid foundation for further growth. Another milestone for the company's future development in line with the corporate strategy was set with the sale of the retail portfolio Moscow.

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

The Supervisory Board and Executive Board extensively discussed the company's economic position as well as major events and measures in six meetings during the 2017 financial year. All current members of the Supervisory Board attended more than 98% of the meetings. Outside the framework of these meetings, the Supervisory Board remained in regular contact with the Executive Board and took a number of decisions through circular resolutions.

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

The following subjects formed the focal points of discussions:

- The further reduction of risk through the settlement of problems from the past and the creation of legal certainty with the termination of the legal proceedings to review the exchange ratio applied to the merger of IMMOFINANZ and IMMOEAST in 2010 as well as the settlement reached with former Executive Board member Karl Petrikovics
- The sale of the retail portfolio Moscow in line with the corporate strategy
- An increase in the efficiency of the property portfolio and its financing
- Optimisation of the Group's financing and the effects of the early incentivised conversion offer to the holders of the convertible bond which was scheduled to mature 2018 and the issue of a new convertible bond with a term ending in 2024
- Evaluation, discussion and approval of the budget for the 2018 financial year

EFFICIENT WORK IN THREE COMMITTEES

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

The previous composition of the committees was retained by the Supervisory Board at its constituent meeting in June 2017. The responsibilities of the Audit Committee were expanded in August to include property valuation, and all Supervisory Board members have received training on this subject. Information on the composition and responsibilities of the committees is provided in the Corporate Governance Report beginning on page 35.

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

APPROVAL OF THE 2017 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 1 June 2017: the annual financial statements of IMMOFINANZ AG as of 31 December 2017 including the management report and the consolidated financial statements together with the group management report. All of these documents were awarded an unqualified opinion (page 222).

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 2017, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2017 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 2017 financial year will therefore include a proposal to distribute a dividend of seven 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 2017 financial year which calls for the appointment of Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, as the auditor for the 2018 financial year.

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

Vienna, 4 April 2018

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'M. Knap', is written over a light grey rectangular background.

Michael Knap
Chairman

Corporate Governance

expanded to include the consolidated Corporate Governance Report

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

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

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

IMMOFINANZ complied with all provisions of the code during the 2017 financial year. The implementation of the code and the correctness of our statements were evaluated by the auditor, Deloitte Audit Wirtschaftsprüfung GmbH, in connection with a review of the corporate governance report. The resulting report can be reviewed on our website (www.immofinanz.com). The most recent evaluation of our corporate governance report for 2017 did not raise any objections.

CORPORATE BODIES AND REMUNERATION

THE EXECUTIVE BOARD

Oliver Schumy, Chief Executive Officer

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

Oliver Schumy has been a member of the Executive Board of IMMOFINANZ since 1 March 2015 and has served as Chief Executive Officer since 1 May 2015. In this function he is responsible for project development, transactions, legal affairs and human resources as well as corporate communications and investor relations. Mr. Schumy also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a material IMMOFINANZ subsidiary. He has been a member of the Supervisory Board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) since 2 August 2016, in which IMMOFINANZ holds an investment of roughly 26%. Mr. Schumy resigned as vice-chairman of the BUWOG supervisory board as of 6 March 2017.

Stefan Schönauer

- > Member of the Executive Board since 11 March 2016
- > Appointed up to 11 March 2019 with an extension to 30 April 2021
- > 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 also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a material IMMOFINANZ subsidiary. He has been a member of the Supervisory Board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) since 2 August 2016, in which IMMOFINANZ holds an investment of roughly 26%.

Dietmar Reindl

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

Dietmar Reindl has been with IMMOFINANZ in leading functions since 2012 and was appointed to the Executive Board in May 2014. He is responsible for the management of all commercial properties and for marketing. Mr. Reindl also serves as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a material IMMOFINANZ subsidiary. He holds no positions on the supervisory boards of non-group companies.

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



THE SUPERVISORY BOARD

From left to right:
Werner Ertelthalner,
Christian Böhm,
Nick van Ommen,
Michael Knap,
Rudolf Fries,
Wolfgang Schischek,
Larissa Lielacher,
Horst Populorum

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 (Born in 1946)	Member
Horst Populorum (Born in 1973)	Member
Wolfgang Schischek (Born in 1944)	Member
Werner Ertelthalner (Born in 1987)	Member
Philipp Obermair (Born in 1979)	Member
Larissa Lielacher (Born in 1985)	Member since 23 May 2017

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 boards of: > W.P. Carey & Co. LLC, USA > Allianz Nederland Group N.V., Netherlands > Allianz Benelux SA, Belgium
2015	2019	Holds no other supervisory board positions
2015	2019	Member of the supervisory boards of: > Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling > Kostwein Holding GmbH, Klagenfurt
2016		Delegated by the IMMOFINANZ Works' Council
2014		Delegated by the IMMOFINANZ Works' Council
2017		Delegated by the IMMOFINANZ Works' Council

MEMBERS OF THE SUPERVISORY BOARD COMMITTEES

<u>Audit Committee</u>	<u>Strategy Committee</u>	<u>Personnel and Nominating Committee</u>
Michael Knap , Chairman	Michael Knap , Chairman	Michael Knap , Chairman
Rudolf Fries , Vice-Chairman	Nick J. M. van Ommen , Vice-Chairman	Rudolf Fries , Vice-Chairman
Christian Böhm , Financial expert	Wolfgang Schischek	Horst Populorum
Philipp Obermair	Christian Böhm	
Werner Ertelthalner	Werner Ertelthalner	
	Larissa Lielacher	

The Supervisory Board monitors the Executive Board and provides support for the management of the company, particularly on decisions of fundamental importance. In addition to its primary function as a monitoring and support body, the Supervisory Board constantly strives to further improve the efficiency of its work through self-evaluation. The Supervisory Board currently has six members who were elected by the annual general meeting and three members delegated by the Works' Council. Six Supervisory Board meetings were held during the 2017 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. Its responsibilities were expanded in 2017 to include property valuation, and all Supervisory Board members have received training on this subject. 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 held two meetings in 2017.

Strategy Committee

The Strategy Committee is responsible, above all, for the regular evaluation of the company's strategy and orientation as well as consultations with the Executive Board on the definition of this strategy. These responsibilities were fulfilled by the full Supervisory Board in 2017.

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 in 2017.

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 and 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 2017 FINANCIAL YEAR

in EUR	Oliver Schumy	Dietmar Reindl	Stefan Schönauer	Total
Fixed remuneration, gross	600,000.00	500,000.00	300,000.00	1,400,000.00
Compensation in kind	11,578.12	11,578.12	11,578.12	34,734.36
Total fixed remuneration	611,578.12	511,578.12	311,578.12	1,434,734.36
<i>Fixed remuneration as a % of total remuneration</i>	47.40%	58.53%	56.71%	52.87%
Total variable remuneration	600,000.00	300,000.00	200,000.00	1,100,000.00
<i>Variable remuneration as a % of total remuneration</i>	46.51%	34.33%	36.40%	40.54%
Contributions to pension fund ¹	60,000.00	50,000.00	30,000.00	140,000.00
Contributions to employee benefit fund	18,537.16	12,417.16	7,827.14	38,781.46
Total fund contributions	78,537.16	62,417.16	37,827.14	178,781.46
Total remuneration	1,290,115.28	873,995.28	549,405.26	2,713,515.82

¹ Defined contribution commitments

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

SUPERVISORY BOARD REMUNERATION

The remuneration of the Supervisory Board for the current financial year is approved by the annual general meeting in the following year and paid out after this approval is received. A recommendation will be made to the next annual general meeting calling for remuneration of EUR 260,939.38 for the Supervisory Board for the 2017 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 2017

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 2017

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

Name	Number of IMMOFINANZ shares
Oliver Schumy	362,000
Dietmar Reindl	25,150
Stefan Schönauer	50,000
Michael Knap	1,294 ¹
Rudolf Fries (incl. investment companies under the scope of influence and members of the Fries family)	69,781,813
Nick J. M. van Ommen	125,000 ¹
Horst Populorum (and related persons)	62,480
Wolfgang Schischek	201,500
Christian Böhm	10,000

¹ In connection with the settlement of the legal proceedings to review the exchange ratio applied to the merger with IMMOEAST AG (see section *Information on Equity*), IMMOFINANZ shares were distributed to former IMMOEAST shareholders. These shareholders include Michael Knap (44 IMMOFINANZ shares) and Nick van Ommen (317 IMMOFINANZ shares). Since neither of these Supervisory Board members exceeded the reporting threshold of EUR 5,000, Directors' Dealings reports were not filed.

WORKING PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

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

Independence and avoidance of conflicts of interest

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

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

Christian Böhm, a member of the Supervisory Board, serves on the management board of APK Pensionskasse AG. IMMOFINANZ makes pension fund contributions at ordinary market conditions to this firm for the company pensions of the Executive Board members. The contributions made in 2017 totalled EUR 140,000.

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

Criteria for the independence of the Supervisory Board

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

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

- > The Supervisory Board member did not serve as a member of the Executive Board or a key employee of IMMOFINANZ or one of its subsidiaries during the past five years.
- > The Supervisory Board member does not currently, or did not in the past year, maintain any business relations with IMMOFINANZ or one of its subsidiaries of a scope considered significant for the Supervisory Board member. The same applies to business relationships with companies in which the Supervisory Board member holds a considerable economic interest, but not for exercising functions on IMMOFINANZ's corporate bodies. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically qualify the member as not independent.
- > The Supervisory Board member did not act as an auditor of IMMOFINANZ or own an investment in the auditing company or work for the auditing company during the past three years.
- > The Supervisory Board member is not a member of the management board of another company in which a member of the Executive Board of IMMOFINANZ serves on the supervisory board.

- > The Supervisory Board member has not served on the Supervisory Board of IMMOFINANZ for more than 15 years. This does not apply to members who are shareholders with a direct investment in IMMOFINANZ or who represent the interests of such a shareholder.
- > The Supervisory Board member is not closely related (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) to a member of the Executive Board or to persons specified in one of the above points.

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

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

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

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

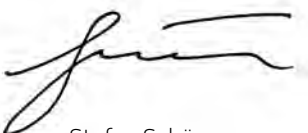
DIVERSITY CONCEPT

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

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

Vienna, 30 March 2018

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

GROUP MANAGEMENT REPORT

Economic Overview and Property Markets

The following section presents a selection of key economic indicators on the IMMOFINANZ core markets. Included here are statistics on GDP growth, the inflation rate and the unemployment rate based on the autumn forecast published by the European Commission in November 2017. This is followed by a summary of developments in the individual real estate market segments where IMMOFINANZ is active, which was drawn from market reports prepared by BNP Paribas, CBRE and EHL (data as of the end of Q3 or Q4 2017).



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

AUSTRIA

The Austrian economy recorded the strongest growth since 2007 with a plus of roughly 2.6% in 2017 and a GDP increase that outpaced the Eurozone average. This development was the result of continuing strong private consumption and robust export activity. Forecasts point to growth rates of 2.4% and 2.3%, respectively, in 2018 and 2019. Inflation exceeded 2% in 2017 due to the upward trend in oil prices (2016: 1.0%) and is expected to equal 1.6% and 1.9% in 2018 and 2019. Unemployment fell to 5.4% in 2017 (2016: 6.0%), with a further slight decline projected for the coming years.

The transaction volume on the commercial property market in Austria reached EUR 4.8 billion in 2017, which is 23% higher than the previous record set in 2015. Large-volume transactions of more than EUR 100 million were responsible for nearly 50% of this total. Office properties were the most popular asset class at EUR 3.45 billion, followed by retail and residential properties. The prime yield in the office sector fell to 4.45%.

OFFICE

Take-up totalled 192,000 sqm, compared with 329,000 sqm in 2016. In contrast, the production of new space rose from only 65,000 sqm in 2016 to 154,000 sqm and should increase substantially during the next two years. Vienna currently has approximately 11.04 million sqm of modern office space. At 4.9%, the vacancy rate remains low. Prime rents were stable at roughly EUR 26.0/sqm/month, but increased slightly to EUR 17.0/sqm/month in good office locations.

RETAIL

Revenues in the retail sector rose by roughly 3% (nominal) in 2017, with the attractiveness of the Austrian market confirmed by the entry of numerous new retailers. Online retailing is responsible for nearly 13% of retail revenues in this country. Prime rents for retail parks were constant at roughly EUR 14.0/sqm/month, while the prime yield declined slightly year-on-year from 5.5% to 5.0%.

GERMANY

The German economy followed the 1.9% increase in 2016 with even stronger growth of 2.2% in 2017. This positive development is expected to continue as a result of sound exports and the higher disposable income available to private households. Growth is projected to reach 2.1% and 2.0%, respectively, in 2018 and 2019. The inflation rate equalled 1.5% (2016: 0.7%), and estimates indicate a further slight rise to 1.7%. At 3.7% (2016: 4.4%), the unemployment rate is the lowest since reunification. A labour shortage in certain areas could lead to an increase in salaries and, in turn, to further growth in household incomes.

The volume of commercial property transactions rose by 7% year-on-year to approximately EUR 56.8 billion in 2017 and topped the record set in 2015. Office properties comprised nearly EUR 25 billion of this total, whereby investors were increasingly interested in locations outside the top five office markets. Strong demand combined with a limited supply created added pressure on prime yields, which have already reached 2.9% in Berlin. The transaction volume in Düsseldorf was roughly one-fourth higher than the previous year at EUR 3.2 billion.

OFFICE

The take-up in Düsseldorf was roughly 4% lower than the previous year at 341,000 sqm, whereby the total office space equalled 9.45 million sqm. The vacancy rate fell from 8.3% to 7.2%, while the prime yield declined from 3.9% at the end of 2016 to 3.45%. New construction is expected to reach 94,400 sqm in 2018, with most of this space already rented. In 2019 the volume of completions is expected to rise to 159,100 sqm. Prime rents increased slightly to EUR 27.0/sqm/month, and average rents in the metropolitan region equalled roughly EUR 15.3 sqm/month. The favourable economic environment is expected to support a continuation of this positive development next year.



POLAND

The Polish economy grew by a strong 4.2% in 2017 (2016: 3.1%). This sound development was driven, above all, by strong consumer demand, while investment activity – as in 2016 – remained rather weak. GDP growth is projected to equal 3.8% and 3.4%, respectively, in 2018 and 2019. The inflation rate rose sharply to 1.7% as the result of salary increases (2016: -0.2%) and is expected to climb further to 2.5% in 2018 and 3% in 2019. The recent decline in unemployment to 5% should continue due to government support and reach 4.0% in 2019.

The volume on the Polish real estate investment market amounted to more than EUR 5 billion in 2017 and generally reflects the record set in 2006. Of this total, 43% represent retail properties and slightly more than 30% office properties. More than half of all transactions were portfolio deals. The demand for office space is based, above all, on the expansion of international companies to Poland. Prominent examples include JP Morgan and Citi Service Center in Warsaw. Yields are trending slightly downward and reached 5.2% for office properties and 5.15% for retail properties.

OFFICE

Take-up on the Warsaw office market amounted to approx. 820,000 sqm in 2017, or 9% more than the previous year. At the end of December, the Warsaw market had 5.3 million sqm of office space in total. The production of new space was lower than in 2016 at 275,400 sqm, whereby a further 750,000 sqm are currently under construction and, for the most part, will be completed in 2019 and 2020. The vacancy rate fell slightly below 12%, but is somewhat higher at decentralised locations in Warsaw. Average contracted rents at decentralised locations equal roughly EUR 14.0/sqm/month.

RETAIL

Poland remains an attractive and stable market for international retailers. With 255 sqm of retail space per 1,000 residents, the country is still below the Western European level. Approximately 466,000 sqm of modern retail space were completed in 2017, mostly in shopping centers. The retail space in this country now totals roughly 13.8 million sqm, with 71% located in shopping centers. Rents are expected to remain stable. Legal restrictions on Sunday shopping should be offset by longer opening hours on other days. As an added note, Poland introduced additional taxes on commercial properties at the beginning of 2018.

ROMANIA

With economic growth of 5.7% in 2017 (2016: 4.6%), Romania ranked among the top CEE performers. The main drivers for this development were substantial salary increases in both the private and public sectors as well as tax relief and low inflation. Rising inflation is expected to weaken private purchasing power in the coming years, but investments – above all with EU financing – should increase. Forecasts indicate that Romania will remain above the EU average with growth of 4.4% and 4.1%, respectively, in 2018 and 2019. The inflation rate equalled 1.0% in 2017 (2016: -1.0%) and is projected to rise to 3% in the following years. Unemployment fell to the lowest point in 20 years at 5.3% in 2017 (2016: 5.9%) and is expected to remain roughly at this level.

The transaction volume climbed to roughly EUR 1 billion in 2017 (2016: EUR 714 million), with retail properties representing the largest component at 43%. Office properties comprised only 17% of the total and fell behind the logistic and hotel sectors. Non-nationals continue to dominate the Romanian investment market, with further strong activity by South African investors.

OFFICE

The total space on the Bucharest office market rose only slightly to 2.8 million sqm in 2017. However, completions of up to 900,000 sqm are expected from 2018 to 2020. The vacancy rate, which equalled 15% in 2014, has recently fallen to 9%. Tenant demand for new rentals has been sound in the Pipera region, which is an important location for IMMOFINANZ. Rental levels were stable in properties at good locations. Prime rents currently range up to EUR 18.5/sqm/month in the city center and from EUR 10.0 to approximately EUR 16.0 in the surrounding districts. The prime yield for office properties is constant at 7.5%.

RETAIL

The increase in purchasing power has also led to substantial revenue growth for the retail sector in Romania. Food retailers and discounters, in particular, have benefited from this development. Approximately 100,000 sqm of new retail space was completed in 2017, and a similar volume is expected in 2018. Rent levels are stable, whereby the limited supply in good locations can also lead to moderate price increases. The prime yield for retail properties outside Bucharest declined further by a slight amount to 7.25%.

SLOVAKIA

The Slovakian economy recorded further strong growth in year-on-year comparison with a plus of 3.3% in 2017. Private consumption and rising employment combined with low Eurozone interest rates provided support for this development. Forecasts point to an acceleration of GDP growth to 3.8% and 4.0%, respectively, in 2018 and 2019, in part due to an increase in public sector investments backed by EU subsidies. The inflation rate equalled 1.3% in 2017 and is expected to rise in the coming years. The unemployment rate fell from 9.7% in 2016 to 8.3% and should decline further due to the sound economic growth. The labour market could see a shortage, above all, of highly qualified workers.

At EUR 525 million, the investment market not only remained below the previous year (2016: EUR 853 million) but also failed to meet the expectations of market participants. The lack of prime assets was the main reason for this development.

OFFICE

The market for modern office properties in Bratislava covers roughly 1.7 million sqm. Approximately 43,000 sqm were completed in 2017, and a further 215,000 sqm are currently under construction. The vacancy rate declined slightly to 6.45%, and rental prices were stable. The prime yield for office properties was also slightly lower at 6.5%.

RETAIL

Slovakia remains an attractive location for international retailers because of its stable economic growth and strong purchasing power in Bratislava, even though the market is relatively saturated in comparison with other CEE countries. New construction remains at a low level and is concentrated in secondary cities. The prime yield for retail properties equalled 6.0%.

CZECH REPUBLIC

The Czech economy generated sound year-on-year growth with an increase from 2.6% in 2016 to 4% in 2017. Key drivers included the rising purchasing power of private households as well as higher investments and an export surplus. GDP growth is expected to level off near 3% in the coming years due to full employment and increasing imports. The inflation rate rose from 0.6% in 2016 to 2.4% after the Central Bank unpegged the Krone from the Euro, but should level off around 2% in 2018 and 2019. Unemployment fell to a historical low of 3.0% (2016: 4.0%) and is projected to stabilise roughly at this level. Accelerating wage costs and a labour shortage represent the greatest risks for the Czech economy.

With transactions totalling EUR 3.5 billion, the investment market missed the prior year record by only a slight margin in 2017. The main reason was the lack of available assets. Retail properties were responsible for 45% of the total volume, followed by office properties with 29%.

OFFICE

The office market in Prague had 3.3 million sqm of modern space at the end of 2017, and 333,000 sqm are currently under construction. The vacancy rate declined to 7.7%, but new completions are expected to increase this level over the coming years. Rents are stable to slightly higher, with prime rents equalling EUR 20.0/sqm/month. The prime yield declined to 4.75%.

RETAIL

The healthy economic environment was reflected in a sound increase of more than 5% in retail revenues during 2017. The volume of retail space totalled approximately 2.4 million sqm at the end of 2017, with 90,000 sqm of previously announced projects which should be completed in 2018 and 2019. The limited supply of space is expected to result in a slight rise in rents, whereby the prime rent for retail parks outside Prague currently equals EUR 11.0/sqm/month.

HUNGARY

Economic growth in Hungary rose from 2.2% in 2016 to 3.7% in 2017. This improvement resulted, above all, from a high pace of investment backed by EU subsidies as well as sound private consumption. GDP growth is also expected to exceed 3% in the next two years. Inflation rose sharply to 2.3% (2016: 0.4%), but should even out slightly below the Central Bank's target of 3.0% in 2018 and 2019. Unemployment fell to a new low of 4.2% (2016: 5.1%) and is projected to remain near this level due to the limited availability of labour.

Investments on the commercial property market amounted to EUR 1.8 billion and were only slightly lower than the prior year level of EUR 1.5 billion. Similar to Romania, there is a rising interest by South African investors in Hungarian properties.

OFFICE

Budapest had roughly 3.4 million sqm of modern office space at year-end 2017. At 7.5%, the vacancy rate was the lowest since the start of record-keeping. The production of new space is projected to equal roughly 270,000 sqm in 2018, which could lead to increased pressure on occupancy rates. The rental level increased slightly, and average rents currently range from EUR 12.8 to EUR 13.9/sqm/month.

RETAIL

The retail sector is supported by the current sound economic growth and private consumption. The production of new space is expected to be low in 2018. The prime yield in the retail sector has fallen to 5.85% due to the demand by investors, but remains stable in the retail park segment at 7.5%. Prime rents in the retail park segment currently equal roughly EUR 9.0/sqm/month.

myhive

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



Portfolio Report

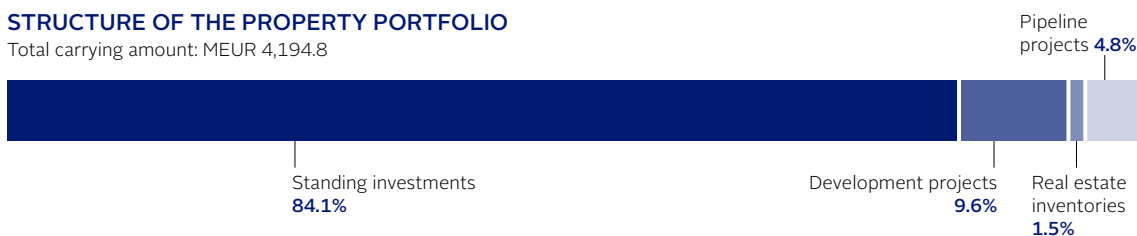
The property portfolio covered 239 properties* (31 December 2016: 244) with a combined value of EUR 4,194.8 million** as of 31 December 2017 (31 December 2016: EUR 4,003.5 million**) in the core markets of Austria, Germany, Czech Republic, Slovakia, Hungary, Romania and Poland. Standing investments represented the largest component at EUR 3,527.2 million or 84.1% of the carrying amount and approximately 1.9 million sqm of rentable space. These properties generate steady rental income. Active development projects comprised EUR 404.1 million or 9.6% of the carrying amount and real estate inventories EUR 61.2 million or 1.5%. Pipeline projects were responsible for EUR 202.3 million or 4.8% of the carrying amount and include future planned development projects and undeveloped land.

**Portfolio value of
EUR 4.2 billion**

The IMMOFINANZ portfolio is focused on clearly defined brands with a high degree of standardisation. In the retail sector, the brands include STOP SHOP for retail parks and VIVO! for shopping centers. myhive, an international office brand, was launched in autumn 2016 and rolled out to a number of office standing investments during the reporting year. Properties in these three brands were responsible for 67.0% of the carrying amount of the standing investment portfolio and 71.9% of rental income at the end of 2017. Additional information on the IMMOFINANZ brand world can be found on pages 12 to 27.

STRUCTURE OF THE PROPERTY PORTFOLIO

Total carrying amount: MEUR 4,194.8



* As in the past, the portfolio report does not include properties that are held for sale and fall under IFRS 5 (for details see note 4.8 in the consolidated financial statements, page 172).
** Incl. non-core countries, excl. IFRS 5



A geographical analysis shows the main focus of the property portfolio in Romania with 19.6%, followed by Austria with 19.5%, Poland with 18.2% and Hungary with 12.2%. The main focus of the standing investments is in Austria, followed by Poland and Romania. The non-core countries represent 3.2% of the carrying amount.

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	34	799.3	9.0	0.0	9.7	818.1	19.5%
Germany	12	114.0	293.6	55.9	0.0	463.4	11.0%
Czech Republic	21	390.3	0.0	0.0	1.0	391.3	9.3%
Hungary	31	481.8	0.0	0.0	31.2	513.0	12.2%
Poland	34	711.2	45.0	3.9	1.7	761.8	18.2%
Romania	67	622.1	48.6	1.2	150.8	822.8	19.6%
Slovakia	21	290.1	0.0	0.0	1.2	291.3	6.9%
Non-core countries ¹	19	118.3	7.9	0.2	6.7	133.1	3.2%
IMMOFINANZ	239	3,527.2	404.1	61.2	202.3	4,194.8	100.0%
		84.1%	9.6%	1.5%	4.8%	100.0%	

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1. In declining order based on the carrying amount: Serbia, Slovenia, Croatia, Bulgaria and Ukraine

Sale of the retail portfolio Moscow finalised on 6 December

SALE OF THE MOSCOW SHOPPING CENTERS

In line with the corporate strategy, the retail portfolio in Russia (Retail Moscow) was sold during 2017. This portfolio has been classified as a discontinued operation under IFRS 5 since 31 December 2016 and is therefore not included in the portfolio report. Details on the transaction are provided in note 2.4 to the *consolidated financial statements* on page 135.

SALE OF NON-STRATEGIC PROPERTIES

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

Property sales of EUR 279.9 billion

This strategy was consistently followed during the 2017 financial year with the sale of properties totalling EUR 279.9 million. Included here are smaller office buildings in Germany, Austria and the Czech Republic, non-strategic retail properties in Austria, Slovakia and Hungary and real estate inventories in Poland, the Czech Republic and Romania. In addition, all of the properties in Cologne were sold in two steps: in January, the *Friesenquartier*, a package of mixed use properties with an underground garage, and the undeveloped properties in the second construction section of the *Gerling Quartier*. The hotel in Cologne's *Gerling Quartier*, which is still in the project development phase, was sold through a forward purchase and is scheduled for completion by IMMOFINANZ during the first half of 2018. In July 2017 the six office buildings in the first construction section of the *Gerling Quartier*, a commercial property on *Hohenzollernring 62* and the remaining apartments in the first construction section of the *Gerling Quartier* were also sold. These transactions are expected to close in 2018.

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 closed in several steps during the first half of 2017.

INVESTMENTS

IMMOFINANZ invested a total of EUR 276.0 million in the property portfolio during 2017 (2016*: EUR 183.8 million).

* 12-month comparable financial year, unaudited

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 3,519.2 (excl. Other); in MEUR



The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 31 December 2017:

PROPERTY PORTFOLIO BY CATEGORY AND BRAND

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	82	2,165.4	373.8	25.5	59.8	2,624.5	62.6%
thereof myhive	20	1,028.3	0.0	0.0	0.0	1,028.3	24.5%
Retail	104	1,353.8	16.6	0.0	38.9	1,409.2	33.6%
thereof VIVO!/ Shopping Center	12	650.7	2.4	0.0	0.3	653.4	15.6%
thereof STOP SHOP/ Retail Park	82	682.5	14.2	0.0	6.7	703.4	16.8%
Other	53	8.1	13.7	35.7	103.6	161.1	3.8%
IMMOFINANZ	239	3,527.2	404.1	61.2	202.3	4,194.8	100.0%

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).

VIVO!
Krosno | PL |
approx. 21,000 sqm
rentable space





VIVO!
Krosno | PL |
approx. 21,000 sqm
rentable space



STANDING INVESTMENTS

With an 84.1% share of the total property portfolio, the standing investments are the major source of earnings for IMMOFINANZ. These properties are held to generate rental income. The most important objectives for their management include the continuous improvement of quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants.

Standing investments are the most important source of earnings in the property portfolio

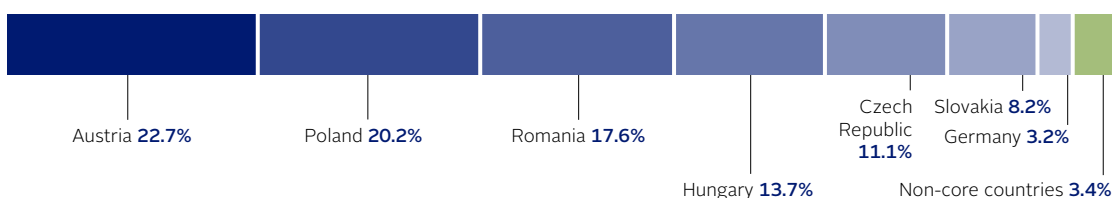
The 153 standing investments had a combined carrying amount of EUR 3,527.2 million as of 31 December 2017 (31 December 2016: 143 investments and EUR 3,309.1 million). Of this total, 61.4% were attributable to office properties and 38.4% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Austria (EUR 799.3 million), Poland (EUR 711.2 million) and Romania (EUR 622.1 million).

These properties have 1,865,178 sqm of rentable space (31 December 2016: 1,770,031 sqm). Based on annualised rental income* (rental income Q4 2017: EUR 56.8 million), the portfolio has a gross return of 6.4% (occupancy adjusted: 6.8%).

The occupancy rate improved substantially to 94.2% in 2017 (31 December 2016: 89.6%). IMMOFINANZ rented approximately 254,000 sqm of usable space during the reporting year (excl. Other Standing investments). The take-up in the standing investments amounted to roughly 230,000 sqm or 12% of the total rentable space in the standing investment portfolio. Of this total, approximately 106,000 sqm or 46% represented new rentals and 124,000 sqm contract extensions with existing tenants. Rentals over 24,000 sqm involved development projects. The average unexpired lease term (WAULT**) weighted by rental income equalled 4.3 years as 31 December 2017.

Occupancy rate increased to 94.2%

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 31 December 2017, 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" areas¹):

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
17%	12%	19%	15%	13%	4%	3%	16%	1%

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

* Rental income for the fourth quarter of 2017 was multiplied by four to develop an annualised amount.
** Average unexpired lease term weighted by rental income; excl. open-ended contracts

STANDING INVESTMENTS BY CORE MARKET

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
Austria	31	799.3	22.7%	307,389	291,223	94.7%
Germany	2	114.0	3.2%	37,720	36,256	96.1%
Czech Republic	20	390.3	11.1%	236,349	216,769	91.7%
Hungary	25	481.8	13.7%	299,562	281,108	93.8%
Poland	26	711.2	20.2%	373,399	352,808	94.5%
Romania	18	622.1	17.6%	343,171	324,756	94.6%
Slovakia	20	290.1	8.2%	185,699	174,402	93.9%
Non-core countries	11	118.3	3.4%	81,889	80,340	98.1%
IMMOFINANZ	153	3,527.2	100.0%	1,865,178	1,757,661	94.2%

Standing investments	Rental income Q4 2017 in MEUR ¹	Gross return in % (occupancy adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
Austria	11.2	5.6% (5.9%)	456.8	1.9%	2.7%	57.1%
Germany	1.5	5.3% (5.5%)	81.5	0.7%	1.2%	71.5%
Czech Republic	6.0	6.1% (6.7%)	107.9	1.6%	2.1%	27.6%
Hungary	7.7	6.4% (6.8%)	194.4	2.1%	2.3%	40.3%
Poland	11.0	6.2% (6.5%)	436.8	1.8%	2.4%	61.4%
Romania	12.0	7.7% (8.1%)	116.5	3.4%	3.7%	18.7%
Slovakia	5.0	6.9% (7.4%)	155.1	2.1%	2.3%	53.4%
Non-core countries	2.4	8.1% (8.3%)	65.0	3.5%	3.5%	54.9%
IMMOFINANZ	56.8	6.4% (6.8%)	1,613.9	2.0%	2.5%	45.8%

Development projects and pipeline projects	1.4		253.8	1.8%	1.9%	
Rental income from sold properties	2.2		0.0	0.0%	0.0%	
Group financing	0.0		563.6	2.1%	2.1%	
IMMOFINANZ	60.4		2,431.3	2.0%	2.3%	
Market value property portfolio						4,194.8
Market value BUWOG shares (0.7 million shares) ³						19.8
EPRA NAV CA Immo shares (25.7 million shares) ⁴						768.1
Cash and cash			-479.3			
Properties/liabilities held for sale (asset & share deals)			188.4			263.3
IMMOFINANZ			2,140.3			40.8%

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

³ Approx. 0.7 million BUWOG shares multiplied by the closing price of EUR 28.75 on the Vienna Stock Exchange on 31 December 2017

⁴ 25.7 million shares of CA Immobilien Anlagen AG at the EPRA NAV of EUR 29.90 as of 31 December 2017

SUBSTANTIAL IMPROVEMENT IN LIKE-FOR-LIKE RENTAL INCOME

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with the fourth quarter of 2016*) shows an increase of EUR 2.1 million or 4.5% in rental income to EUR 50.0 million in the fourth quarter of 2017. This improvement was supported primarily by higher occupancy rates in the individual markets.

* comparable financial year, unaudited

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q4 2017 in MEUR	Rental income Q4 2016 ² in MEUR	Change in rental income Q4 2017 vs. Q4 2016 ² in MEUR
Austria	30	781.9	25.2%	11.2	10.8	0.4
Germany	1	40.6	1.3%	0.5	0.5	0.0
Czech Republic	20	390.3	12.6%	6.0	5.4	0.6
Hungary	23	460.6	14.8%	7.2	6.6	0.5
Poland	20	588.8	19.0%	8.7	8.6	0.2
Romania	15	562.8	18.1%	11.1	10.8	0.3
Slovakia	12	181.6	5.9%	3.4	3.3	0.1
Non-core countries	9	97.5	3.1%	1.9	1.8	0.1
IMMOFINANZ	130	3,104.1	100.0%	50.0	47.9	2.1
Rental income from properties sold/acquired in 2017 and development projects				10.4		
IMMOFINANZ				60.4		

STANDING INVESTMENTS LIKE-FOR-LIKE BY BRAND

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q4 2017 in MEUR	Rental income Q4 2016 ² in MEUR	Change in rental income Q4 2017 vs. Q4 2016 ² in MEUR
Office	53	1,890.0	60.9%	26.2	25.1	1.2
thereof myhive	18	975.0	31.4%	13.9	13.1	0.8
Retail	72	1,206.1	38.9%	23.6	22.7	0.9
thereof VIVO!/ Shopping Center	9	612.9	19.7%	11.9	11.7	0.2
thereof STOP SHOP/ Retail Park	59	572.7	18.4%	11.2	10.5	0.7
Other	5	8.1	0.3%	0.1	0.1	0.0
IMMOFINANZ	130	3,104.1	100.0%	50.0	47.9	2.1

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 quarters. In other words, the calculation excludes new acquisitions, completions and sales.
2 The data for the comparative period were not audited.

OFFICE STANDING INVESTMENTS

The carrying amount of the 64 office standing investments totalled EUR 2,165.4 million as of 31 December 2017 (31 December 2016: 64 investments and EUR 2,102.6 million). They represented 61.4% of the standing investment portfolios and 52.8% of the rental income in the fourth quarter of 2017. A regional analysis shows the focal points of these properties in the core markets of Austria (EUR 681.6 million), Poland (EUR 447.0 million) and Romania (EUR 308.5 million).

The office standing investments have 1,046,828 sqm (31 December 2016: 1,031,414 sqm) of rentable space. Based on annualised rental income (rental income Q4 2017: EUR 30.0 million), these properties generated a gross return of 5.5% (occupancy adjusted: 6.0%). The office properties in the myhive brand represented a carrying amount of EUR 1,028.3 million as of 31 December 2017. They generated EUR 14.6 million of rental income in the fourth quarter of 2017, respectively EUR 58.5 million on an annualised basis, and had a gross return of 5.7% (occupancy adjusted: 6.1%).

The occupancy rate in the office portfolio rose by 4.6 percentage points to 91.9% in 2017 (31 December 2016: 87.3%). In the myhive office buildings, the occupancy rate equalled 93.0%. The take-up in the office properties totalled approximately 199,000 sqm. Nearly 182,000 sqm of this take-up was located in standing investments and represented more than 17% of the total space in the office properties. The standing investment take-up covered 45% of new rentals or contract supplements and 55% of contract extensions with existing tenants. The largest individual new rentals over 2,000 sqm each were concluded in Bucharest at the *Baneasa Airport Tower* with a major national bank and in Warsaw at the *EMPARK* with a company in the food and beverage industry. The take-up in development projects amounted to roughly 17,000 sqm.

Occupancy rate in the office portfolio rises to 91.9%

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 17% 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, 36% have a term of five years or longer. The WAULT* equalled 4.5 years as of 31 December 2017.

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" areas¹):

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
17%	11%	19%	15%	14%	3%	2%	17%	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 Towers* and *City Tower Vienna* (Vienna), *BB Centrum Gamma* (Prague), *myhive S-Park* (Bucharest), *myhive Átrium Park* (Budapest), *myhive Park Poștepu* (Warsaw), *Cluster Produktionstechnik* (Aachen), *myhive Haller Gardens* (Budapest) and *IRIDE Business Park* (Budapest).

KEY DATA ON THE OFFICE STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	64	2,165.4	100.0%	1,046,828	962,408	91.9%
thereof myhive	20	1,028.3	47.5%	460,786	428,538	93.0%

Standing investments	Rental income Q4 2017 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	30.0	5.5% (6.0%)	1,000.6	1.9%	2.6%	46.2%
thereof myhive	14.6	5.7% (6.1%)	493.3	2.0%	2.7%	48.0%

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

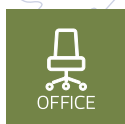
¹ Rental income based on the primary use of the property (rental income reported in the income statement is based on the actual use of the property; marginal differences to the income statement are therefore possible)

² Financing costs based on nominal outstanding liability

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

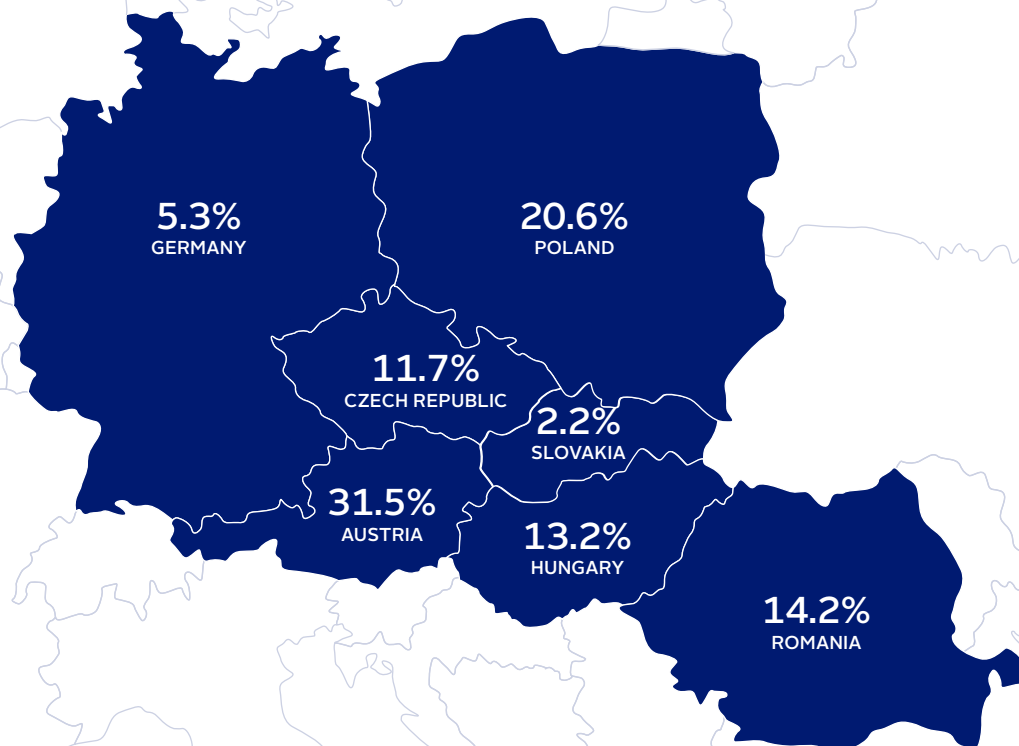


myhive METROFFICE
Bucharest | RO |
21,000 sqm
rentable space



THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,165.4)



AUSTRIA	31.5%
Number of properties	16
Carrying amount in MEUR	681.6
Rentable space in sqm	247,119
Occupancy rate in %	94.0%
Rental income Q4 2017 in MEUR ¹	9.0
Gross return in %	5.3%
Gross return in % (occupancy adjusted)	5.6%

POLAND	20.6%
Number of properties	15
Carrying amount in MEUR	447.0
Rentable space in sqm	226,687
Occupancy rate in %	92.4%
Rental income Q4 2017 in MEUR ¹	6.5
Gross return in %	5.8%
Gross return in % (occupancy adjusted)	6.3%

ROMANIA	14.2%
Number of properties	9
Carrying amount in MEUR	308.5
Rentable space in sqm	189,939
Occupancy rate in %	91.4%
Rental income Q4 2017 in MEUR ¹	4.8
Gross return in %	6.3%
Gross return in % (occupancy adjusted)	6.8%

HUNGARY	13.2%
Number of properties	11
Carrying amount in MEUR	286.9
Rentable space in sqm	163,309
Occupancy rate in %	91.1%
Rental income Q4 2017 in MEUR ¹	3.9
Gross return in %	5.5%
Gross return in % (occupancy adjusted)	6.0%

CZECH REPUBLIC	11.7%
Number of properties	8
Carrying amount in MEUR	252.6
Rentable space in sqm	130,583
Occupancy rate in %	87.8%
Rental income Q4 2017 in MEUR ¹	3.3
Gross return in %	5.2%
Gross return in % (occupancy adjusted)	5.9%

GERMANY	5.3%
Number of properties	2
Carrying amount in MEUR	114.0
Rentable space in sqm	37,720
Occupancy rate in %	96.1%
Rental income Q4 2017 in MEUR ¹	1.5
Gross return in %	5.3%
Gross return in % (occupancy adjusted)	5.5%

SLOVAKIA	2.2%
Number of properties	2
Carrying amount in MEUR	46.6
Rentable space in sqm	35,584
Occupancy rate in %	88.3%
Rental income Q4 2017 in MEUR ¹	0.5
Gross return in %	4.4%
Gross return in % (occupancy adjusted)	4.9%

NON-CORE COUNTRIES ²	1.3%
Number of properties	1
Carrying amount in MEUR	28.2
Rentable space in sqm	15,887
Occupancy rate in %	99.7%
Rental income Q4 2017 in MEUR ¹	0.4
Gross return in %	5.7%
Gross return in % (occupancy adjusted)	5.7%

IMMOFINANZ	100.0%
Number of properties	64
Carrying amount in MEUR	2,165.4
Rentable space in sqm	1,046,828
Occupancy rate in %	91.9%
Rental income Q4 2017 in MEUR ¹	30.0
Gross return in %	5.5%
Gross return in % (occupancy adjusted)	6.0%

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 Non-core countries: Croatia

RETAIL STANDING INVESTMENTS

The carrying amount of the 84 standing investments in the retail sector totalled EUR 1,353.8 million as of 31 December 2017 (31 December 2016: 73 investments and EUR 1,202.4 million). These properties represented 38.4% of the standing investment portfolio and generated 47.0% of rental income in the fourth quarter of 2017. The largest regional markets are Romania with EUR 312.4 million, Poland with EUR 264.3 million and Slovakia with EUR 243.5 million. The STOP SHOP retail parks had a carrying amount of EUR 682.5 million and generated rental income of EUR 13.5 million in the fourth quarter of 2017; the VIVO! shopping centers had a carrying amount of EUR 650.7 million and generated rental income of EUR 12.7 million.

The retail standing investments have 818,350 sqm of rentable space (31 December 2016: 738,019 sqm). Based on annualised rental income (rental income Q4 2017: EUR 26.7 million), the retail portfolio had a gross return of 7.9% (occupancy adjusted: 8.1%)

34% of the retail rental contracts have a term of five years or longer

The occupancy rate in the retail properties rose by more than four percentage points to 97.2% as of 31 December 2017 (31 December 2016: 93.0%). In the STOP SHOPS and VIVO!s, the occupancy rate equalled 97.9% and 96.8% respectively. The take-up in the retail properties amounted to roughly 55,000 sqm in 2017, whereby nearly 48,000 sqm were related to standing investments and corresponded to almost 6% of the total space in the retail standing investments. Approximately 50% of the take-up involved new rentals and contract supplements, while the remaining 50% was attributable to contract extensions by existing tenants. Major new rentals over roughly 2,300 sqm each included, for example, the *STOP SHOP Vršac* in Serbia and *Na Příkopě* in Prague.

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 & telecommunications, health & beauty, sport, furniture & household and entertainment & fitness. Of the total rental contracts, 34% have a term of five years or longer. The WAULT* equalled nearly four years as of 31 December 2017.

CONTRACT EXPIRATION RETAIL SECTOR

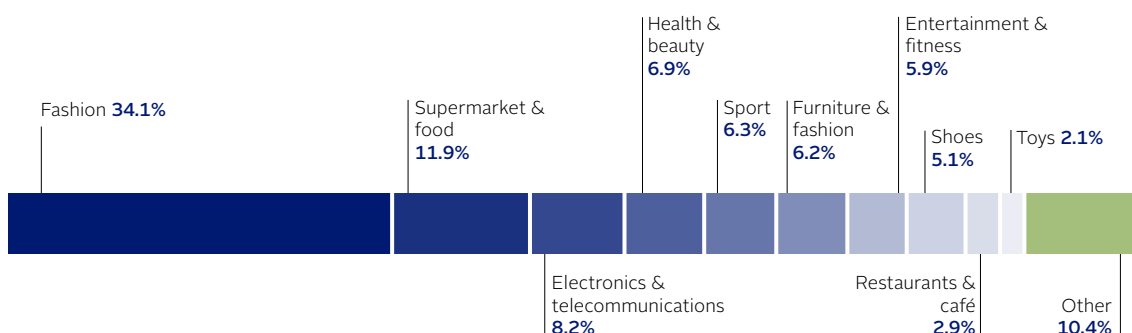
Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas (GLA¹):

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
17%	14%	19%	14%	10%	5%	4%	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.

BRANCH MIX – RETAIL

Only rented space in standing investments as of 31 December 2017



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

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

KEY DATA ON THE RETAIL STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	84	1,353.8	100.0%	818,350	795,253	97.2%
thereof VIVO!/Shopping Center	10	650.7	48.1%	310,250	300,254	96.8%
thereof STOP SHOP/Retail Park	70	682.5	50.4%	483,606	473,563	97.9%
Standing investments	Rental income Q4 2017 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	26.7	7.9% (8.1%)	609.8	2.1%	2.3%	45.0%
thereof VIVO!/Shopping Center	12.7	7.8% (8.1%)	203.3	2.0%	2.4%	31.2%
thereof STOP SHOP/Retail Park	13.5	7.9% (8.1%)	406.5	2.2%	2.3%	59.6%

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



STOP SHOP
Dolný Kubín | SLO |
approx. 6,000 sqm
rentable space

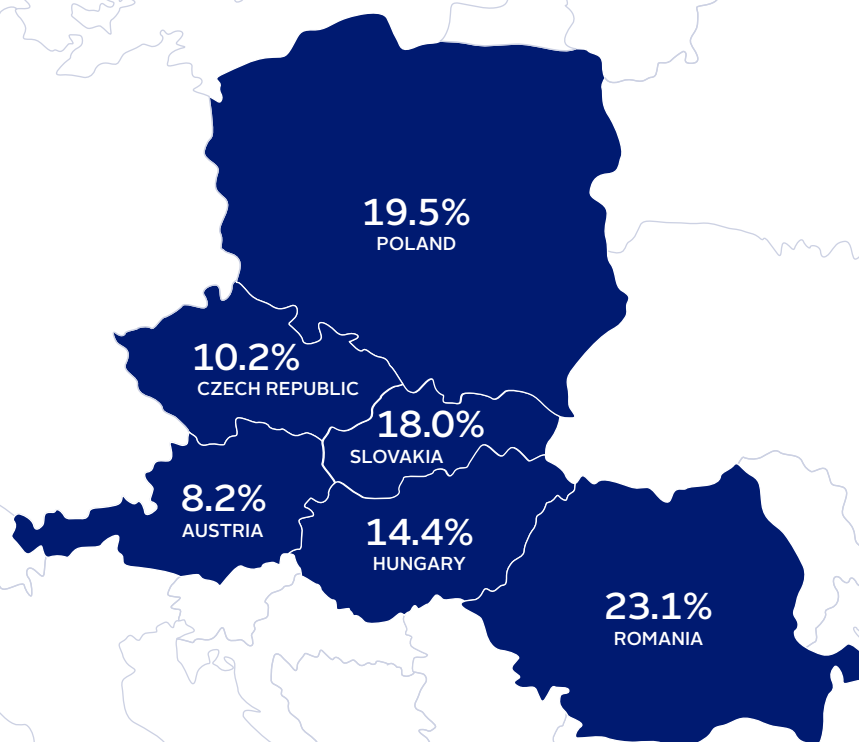


Tarasy Zamkowe
Lublin | PL |
approx. 39,000 sqm
rentable space



THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 1,353.8)



ROMANIA	23.1%
Number of properties	6
Carrying amount in MEUR	312.4
Rentable space in sqm	153,232
Occupancy rate in %	98.6%
Rental income Q4 2017 in MEUR ¹	7.1
Gross return in %	9.2%
Gross return in % (occupancy adjusted)	9.3%

POLAND	19.5%
Number of properties	11
Carrying amount in MEUR	264.3
Rentable space in sqm	146,712
Occupancy rate in %	97.7%
Rental income Q4 2017 in MEUR ¹	4.5
Gross return in %	6.8%
Gross return in % (occupancy adjusted)	7.0%

SLOVAKIA	18.0%
Number of properties	18
Carrying amount in MEUR	243.5
Rentable space in sqm	150,115
Occupancy rate in %	95.2%
Rental income Q4 2017 in MEUR ¹	4.5
Gross return in %	7.4%
Gross return in % (occupancy adjusted)	7.8%

HUNGARY	14.4%
Number of properties	14
Carrying amount in MEUR	194.9
Rentable space in sqm	136,253
Occupancy rate in %	97.1%
Rental income Q4 2017 in MEUR ¹	3.8
Gross return in %	7.7%
Gross return in % (occupancy adjusted)	8.0%

CZECH REPUBLIC	10.2%
Number of properties	12
Carrying amount in MEUR	137.7
Rentable space in sqm	105,766
Occupancy rate in %	96.6%
Rental income Q4 2017 in MEUR ¹	2.7
Gross return in %	7.8%
Gross return in % (occupancy adjusted)	8.1%

AUSTRIA	8.2%
Number of properties	13
Carrying amount in MEUR	110.8
Rentable space in sqm	60,271
Occupancy rate in %	97.8%
Rental income Q4 2017 in MEUR ¹	2.1
Gross return in %	7.5%
Gross return in % (occupancy adjusted)	7.6%

NON-CORE COUNTRIES ²	6.7%
Number of properties	10
Carrying amount in MEUR	90.1
Rentable space in sqm	66,002
Occupancy rate in %	97.7%
Rental income Q4 2017 in MEUR ¹	2.0
Gross return in %	8.9%
Gross return in % (occupancy adjusted)	9.1%

IMMOFINANZ	100.0%
Number of properties	84
Carrying amount in MEUR	1,353.8
Rentable space in sqm	818,350
Occupancy rate in %	97.2%
Rental income Q4 2017 in MEUR ¹	26.7
Gross return in %	7.9%
Gross return in % (occupancy adjusted)	8.1%

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 Non-core countries: Slovenia and Serbia

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.

Active development projects with a carrying amount of EUR 312.9 million

The development projects had a carrying amount of EUR 404.1 million as of 31 December 2017, which represented 9.6% of the total property portfolio. Included in this amount are EUR 312.9 million of active development projects and EUR 91.2 million of projects in the preparation or concept phase which are expected to be reclassified as active projects in the coming quarters but for which outstanding construction costs are not yet available.

The expected fair value of the active projects on completion amounts to EUR 451.7 million. At EUR 382.2 million, the core market Germany represents the focus of these activities based on the expected fair value after completion. The active development projects also include the expansion and refurbishment of existing properties which will be reclassified to the standing investment portfolio after completion. These types of projects were ongoing in two buildings as of 31 December 2017: the conversion of an office building in the *Business Park Vienna* into a hotel and office property and the expansion of the *VIVO! Stalowa Wola* shopping center.

The development projects in preparation include the extensive modernisation of standing investments, e.g. three office buildings in Bucharest, two sites for retail development projects in Romania and Poland and three standing investments and one site in the *EMPARK* office complex in Warsaw.

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

GERMANY

Düsseldorf

Development projects focused on Germany

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. The first section is scheduled for completion in the third quarter of 2018, and the second section will create areas for further expansion (over 20,000 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 the third quarter of 2018.

Both of these office projects are single tenant properties and are therefore not carried under the myhive brand.

POLAND

The expansion of the *VIVO! Stalowa Wola* shopping center is currently in progress. This property has roughly 22,500 sqm and is almost fully rented. The extension will cover 2,800 sqm, whereby the new space has already been rented and is partially completed. IMMOFINANZ is also continuing the expansion of its STOP SHOP portfolio in Poland; seven retail parks are currently in operation and further locations are under evaluation or in preparation.

SERBIA

Two new STOP SHOPS in Serbia planned for 2018

Three STOP SHOP locations are under development in Serbia: the new retail parks in Požarevac, Vršac and Sremska Mitrovica will have 25,000 sqm of rentable space in total and are currently in various phases of realisation. They are scheduled to open in April 2018 and 2019.

DEVELOPMENT PROJECTS BY CORE MARKET

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Austria	1	9.0	2.9%	26.5	10,191	35.6	2.1	6.0%
Germany	3	293.6	93.8%	67.3	63,870	382.2	16.8	4.7%
Poland	1	2.4	0.8%	3.7	6,357	6.4	0.5	8.3%
Non-core countries	3	7.9	2.5%	17.3	22,468	27.6	2.5	10.1%
Active projects	8	312.9	100.0%	114.9	102,886	451.7	22.0	5.2%
Projects in preparation	9	91.2						
IMMOFINANZ	17	404.1						

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. The current carrying amount includes previously realised valuation gains.

ACTIVE DEVELOPMENT PROJECTS BY BRAND

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Active projects	8	312.9	100.0%	114.9	102,886	451.7	22.0	5.2%
thereof VIVO!/ Shopping Center	1	2.4	0.8%	3.7	6,357	6.4	0.5	8.3%
thereof STOP SHOP/ Retail Park	3	7.9	2.5%	17.3	22,468	27.6	2.5	10.1%

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. The current carrying amount includes previously realised valuation gains.

REAL ESTATE INVENTORIES

Real estate inventories are apartments that are intended for sale after completion or have already been sold (i.e. in Germany) as well as underground garages and the hotel in Cologne's *Gerling Quartier* which is in the project development phase. The hotel was sold as a forward purchase, but will be completed by IMMOFINANZ and is expected to be transferred in the first half of 2018. As of 31 December 2017, real estate inventories were 34.3% lower than on 31 December 2016 (EUR 93.1 million) as the result of sales.

Real estate inventories	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Expected fair value after completion in MEUR
Germany	7	55.9	91.2%	26.4	82.2
Poland	1	3.9	6.4%	0.0	3.9
Romania	7	1.2	2.0%	0.0	1.2
Non-core countries	1	0.2	0.3%	0.0	0.2
IMMOFINANZ	16	61.2	100.0%	26.4	87.6

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

PIPELINE PROJECTS

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

Pipeline projects with a carrying amount of EUR 202.3 million

The pipeline projects had a carrying amount of EUR 202.3 million as of 31 December 2017 (31 December 2016: EUR 222.2 million). They are evaluated quarterly for possible transfer to an active development status. IMMOFINANZ intends to reduce the share of pipeline projects in the property portfolio through selected sales.

PIPELINE PROJECTS BY CORE MARKET

Pipeline projects	Number of properties	Carrying amount in MEUR	Carrying amount in %
Austria	2	9.7	4.8%
Czech Republic	1	1.0	0.5%
Hungary	6	31.2	15.4%
Poland	1	1.7	0.8%
Romania	38	150.8	74.6%
Slovakia	1	1.2	0.6%
Non-core countries	4	6.7	3.3%
IMMOFINANZ	53	202.3	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 totalled EUR 265.1 million as of 31 December 2017 and are not included in this portfolio report (31 December 2016: EUR 1,602.4 million). Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in note 4.8 to the consolidated financial statements on page 172.



JINDŘIŠSKÁ 16
Prague | CZ |
approx. 7,000 sqm
rentable space

Property Valuation

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

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

As of 31 December 2017, CBRE appraised the CEE portfolio (EUR 2.8 billion or 67.8% of the property portfolio) and BNP Paribas Real Estate Consult (BNPP REC) appraised the properties in Austria and Germany (EUR 1.2 billion or 29.2%). Internal appraisals covered 2.9% or EUR 123.7 million.

A new tender for property appraisal is normally held every three years, whereby a flat fee for the half-year and annual valuation is established for each property. This flat fee is independent of the property's size and fair value. The initial valuation of a property represents a special case and can result in different fees that are based on size.

DEVELOPMENT OF PROPERTY VALUATION IN 2017

**Positive
revaluation effect
of EUR 28.5 million**

Revaluation results (from continuing operations) totalled EUR 28.5 million in 2017 (2016*: EUR -85.8 million) and included EUR 22.0 million (2016*: EUR -90.5 million) of foreign exchange-adjusted revaluations. Positive effects were provided, among others, by an increase in the value of the *FLOAT* and *trivago campus* development projects in Germany as well as the *Cluster Produktionstechnik* (also in Germany) and the *VIVO! Krosno* (Poland) which have since been completed. These positive effects were contrasted, among others, by a decline in the value of individual office properties in Vienna and Bucharest due to increased expenses for refurbishment and modernisation.

Foreign exchange-based revaluations amounted to EUR 6.5 million (2016*: EUR 4.7 million) and involved non-core countries whose functional currency is not the Euro.

* 12-month comparable prior year period, unaudited



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

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

A like-for-like analysis – i.e. after an adjustment for new acquisitions, completions and sales to improve comparability – shows a positive foreign exchange-adjusted revaluation effect of EUR 17.6 million for the 2017 financial year. Higher occupancy rates and/or an improvement in the market environment were responsible for valuation increases in Hungary, the Czech Republic and Slovakia. Slight valuation reductions in Poland, Austria and Romania resulted, in part, from increased expenses for refurbishment and modernisation and from the relocation of individual office tenants (e.g. from a fully rented office building in Poland). Re-letting is currently in progress.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects FY 2017 in MEUR
Austria	30	781.9	25.2%	-3.6
Germany	1	40.6	1.3%	0.4
Czech Republic	20	390.3	12.6%	8.5
Hungary	23	460.6	14.8%	21.1
Poland	20	588.8	19.0%	-9.8
Romania	15	562.8	18.1%	-1.5
Slovakia	12	181.6	5.9%	1.9
Non-core countries	9	97.5	3.1%	0.6
IMMOFINANZ	130	3,104.1	100.0%	17.6

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects FY 2017 in MEUR
Office	53	1,890.0	60.9%	3.2
Retail	72	1,206.1	38.9%	14.1
Other	5	8.1	0.3%	0.4
IMMOFINANZ	130	3,104.1	100.0%	17.6

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.



Financing

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

Financing with a total volume of EUR 1.6 billion was refinanced in 2017. That represents approximately 60.0% of the total financial liabilities from the Group's continuing operations as of 31 December 2017 and involves extensions as well as new financing.

In the area of property financing, the strategic combination of individual properties in a particular brand or asset class into specific portfolios led to the realisation of more attractive conditions. Specific examples include the refinancing of STOP SHOP retail parks in eight countries through several portfolio financing transactions with a volume of over EUR 414.1 million and the refinancing of an office property portfolio in Warsaw with a volume of EUR 205.0 million.

Improvement of term structure and financing costs

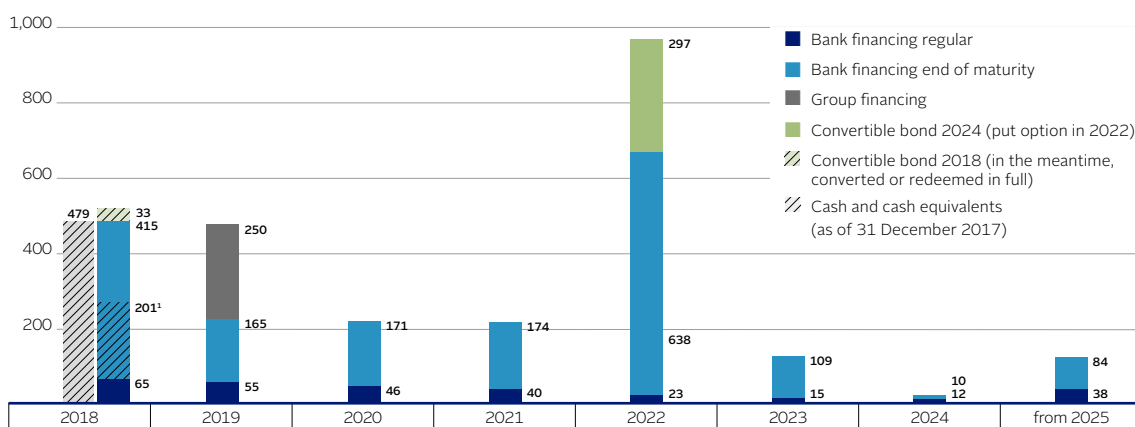
At the Group level, the volume of outstanding bonds with historically high interest rates was substantially reduced through multi-stage refinancing and redemptions. These transactions reduced the total outstanding nominal volume of the bonds to approximately EUR 330.0 million (31 December 2016: EUR 628.5 million), whereby roughly EUR 32.8 million are attributable to the convertible bond 2018 which expired in March 2018. The only bond currently outstanding is the convertible bond issued in January 2017, which has a volume of EUR 297.2 million, a term ending in 2024 and a coupon of 2.0%*.

Cash and cash equivalents, including cash held for sale (IFRS 5), totalled EUR 479.3 million as of 31 December 2017, and financial liabilities amounted to EUR 2.6 billion (31 December 2016: EUR 2.8 billion). Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.1 billion (31 December 2016: EUR 2.6 billion).

IMPROVEMENT IN TERM STRUCTURE

The weighted average remaining term of the financial liabilities equals 3.5 years. The following graph shows the term structure by year for IMMOFINANZ as of 31 December 2017. The liabilities scheduled to expire during the 2018 financial year totalled EUR 447.6 million as of 31 December 2017 (31 December 2016: EUR 676.9 million). This amount includes EUR 201.4 million of financing for properties which have already been sold and will be repaid from the respective sale proceeds in 2018. A further EUR 32.8 million are attributable to the convertible bond 2018, which was "in the money" as of 31 December 2017 and was redeemed/converted in full at the beginning of March 2018. The weighted average remaining term of the property financing equals 4.0 years.

TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEARS AS OF 31 DECEMBER 2017



¹ EUR 201.4 million are attributable to financing for properties which have been sold; this financing will be repaid from the sale proceeds in 2018.

* Coupon reduction of 50 basis points on receipt of an investment grade rating

ROBUST BALANCE SHEET STRUCTURE

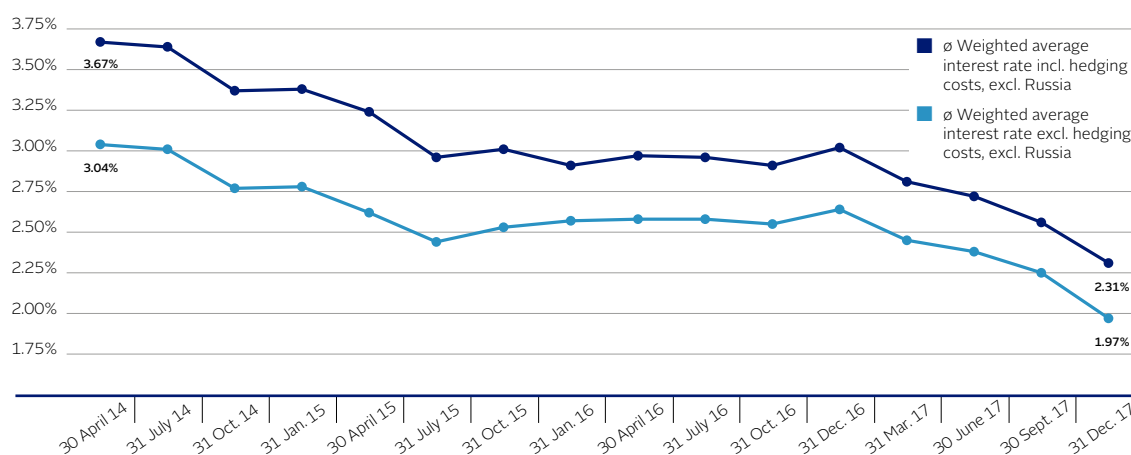
IMMOFINANZ has a robust balance sheet structure with an equity ratio of 46.3% (31 December 2016: 37.8%) and a net loan-to-value ratio (net LTV) of 40.8% (31 December 2016: 49.0%).

Substantial reduction in net loan-to-value ratio

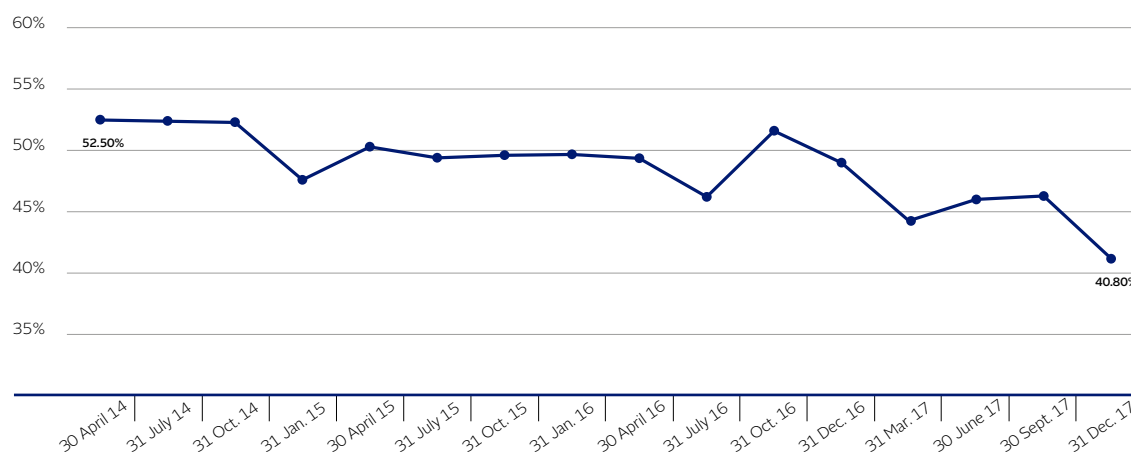
The net LTV shows the carrying amount of financing less cash and cash equivalents in relation to the total carrying amount of the properties, the market value of the investment in BUWOG shares and the EPRA net asset value (EPRA NAV) of the investment in CA Immobilien Anlagen AG (CA Immo).

DEVELOPMENT OF AVERAGE FINANCING COSTS

Reduction in interest costs



DEVELOPMENT OF NET LTV



CALCULATION OF NET LTV AS OF 31 DECEMBER 2017

Amounts in TEUR	
Carrying amount of financing	2,619,634.3
- Cash and cash equivalents	-479,266.5
Net carrying amount of financing	2,140,367.8
Carrying amount of property & market value of BUWOG shares plus EPRA NAV of CA Immo shares ¹	5,246,092.8
Net LTV	40.80%

¹ Market value of the BUWOG shares: approx. 0.7 million shares à EUR 28,75 (closing price on the Vienna Stock Exchange as of 29 December 2017). CA Immo shares at the EPRA NAV as of 31 December 2017: 25.7 million shares à EUR 29,90.

REDUCTION OF FINANCING COSTS

Financing costs declined to EUR 94.9 million in 2017 (2016*: EUR 110.0 million). The average financing costs for IMMOFINANZ equalled 2.31% per year as of 31 December 2017 (31 December 2016: 3.02% per year) including the derivatives used for interest rate hedging and 1.97% per year (31 December 2016: 2.64% per year) excluding the derivatives used for interest rate hedging.

The average financing costs for the standing investments amount to 2.00% per year excluding derivatives and 2.51% per year including derivatives.

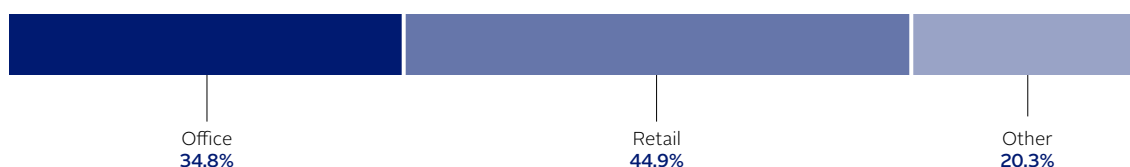
UNENCUMBERED PROPERTY

In addition to properties which carry external financing and are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 846.1 million, or 19,0%, of the total property carrying amount was not externally financed and therefore unencumbered as of 31 December 2017 (31 December 2016: EUR 755.2 million or 13.9%). The unencumbered standing investments have a combined carrying amount of EUR 566.7 million or 16.1% (31 December 2016: EUR 312.2 million or 9.44%).

19,0% of property carrying amount unencumbered

UNENCUMBERED PROPERTY BY ASSET CLASS

Unencumbered property in total: MEUR 846.1



COMPOSITION OF FINANCIAL LIABILITIES

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from convertible bonds. The composition of these liabilities as of 31 December 2017 is as follows:

	Outstanding liability in TEUR as of 31 Dec. 2017	Weighted average interest rate excl. derivatives ¹	Share of fixed interest in % ¹	Share of floating interest in % ¹	Fixed interest rate in % ¹	Floating interest rate in % ¹
Convertible bonds in EUR	313,216.6	2.22%	100.00%	0.00%	2.22%	n.a.
Bank liabilities in EUR	2,306,417.7	1.93%	7.07%	92.93%	1.25%	1.99%
IMMOFINANZ	2,619,634.3	1.97%	18.69%	81.31%	1.90%	1.99%

¹ Calculation basis: actual remaining debt (nominal amount)

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 2,619.6 million as of 31 December 2017. As of that date, all of the financing was denominated in Euros.

BANK LIABILITIES

SUCCESSFUL LOAN FINANCING

The total volume of refinancing, long-term extensions and new financing from bank liabilities amounted to EUR 1,316.6 million in 2017.

Major transactions included the refinancing of STOP SHOP properties in the retail asset class.

Portfolio STOP SHOP	Financing volume in MEUR
Several countries (AT, PL, SRB, SLO, RO)	142.9
Hungary	110.0
Slovakia	96.9
Czech Republic	64.3
Total	414.1

This premature refinancing lowered financing costs and further optimised the term structure.

* 12-month comparable financial year, unaudited

Total volume of loan refinancing: EUR 1.3 billion

Refinancing of EUR 592.5 million was arranged for properties in the office asset class during 2017. Key transactions included the arrangement of portfolio financing for the myhive office properties in Warsaw at a total volume of EUR 205.0 million and a further one-year extension of the *Gerling Quartier* financing to 2018 when plans call for repayment from the sale proceeds. The remaining financing volume represents standing investment financing for the *IRIDE Business Park* in Bucharest, Romania.

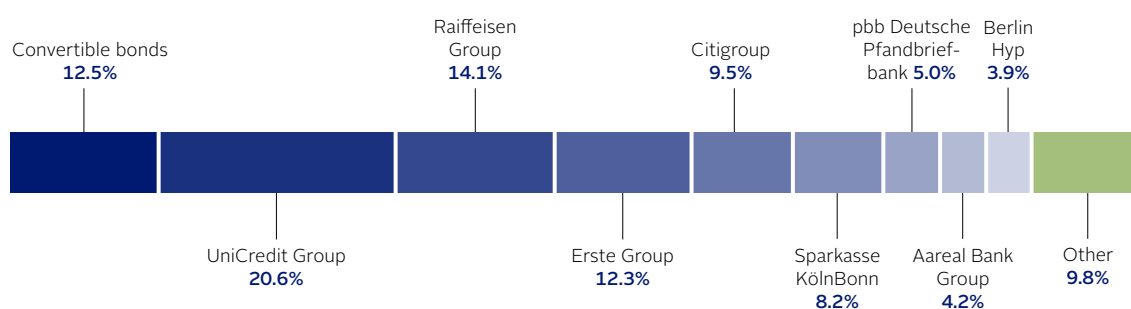
A total of EUR 192.3 million was drawn from previously committed credit lines for development projects in Germany. Attractive standing investment financing at an interest rate of less than 1.00% per year and a term of five years was arranged for the *Cluster Produktionstechnik*.

Diversification of lenders

At the corporate level, Group financing of EUR 210.0 million that was scheduled to expire in 2018 was refinanced in 2017 before the end of the term and increased to EUR 250.0 million. The loan was originally concluded to finance the purchase price of approximately EUR 604 million for roughly 26% of the CA Immo shares. The lower interest rate connected with this refinancing sustainably improved the term structure and will also reduce future interest costs.

Attractive refinancing of Group financing

FINANCING BANKING GROUPS AS OF 31 DECEMBER 2017



DERIVATES

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted to EUR 1,182.7 million as of 31 December 2017 (31 December 2016: EUR 1,178.8 million). In total, 63.50% der of financial liabilities are hedged against interest rate risk; 44.81% via interest rate derivatives, while a further 18.69% represent financial liabilities with fixed interest rates.

63.50% of financial liabilities hedged against interest rate risk

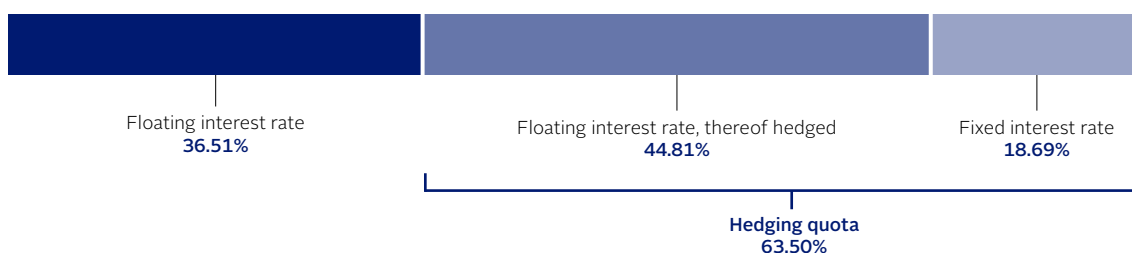
Derivates ¹	Floating leg	Market value incl. interest & CVA/DVA as of 31 December 2017 in TEUR	Notional amount in TEUR	Average hedged interest rate
Interest rate swap	3-M-EURIBOR	-6,418.3	963,714.6	0.35%
Interest rate swap	6-M-EURIBOR	-2,275.6	219,000.0	0.96%
IMMOFINANZ AG		-8,693.9	1,182,714.6	

¹ Including IFRS 5

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

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

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 31 DECEMBER 2017



BONDS

Bonds with a total nominal value of EUR 628.5 million reduced to EUR 330.0 million

The outstanding nominal value of the bonds totalled EUR 330.0 million as of 31 December 2017 (31 December 2016: EUR 628.5 million). The corporate bond 2017 with a volume of EUR 100.0 million was redeemed at the beginning of the third quarter of 2017. The convertible bond 2017, which had a remaining outstanding volume of EUR 21.4 million, was redeemed in the fourth quarter of 2017. Including the redemption and previous conversions of the convertible bond 2018, the total outstanding nominal value of the bonds declined to EUR 297.2 million as of 8 March 2018 (maturity date for the convertible bond 2018).

The development is as follows:

	ISIN	Maturity	Interest rate in %	Nominal value as of 31 Dec. 2016 in TEUR	Repurchases/redemptions/conversions/new issues 2017 in TEUR	Nominal value as of 31 Dec. 2017 in TEUR
Convertible bond 2007–2017	XS0332046043	19 Nov. 2017	3.75% ¹	21,400.0	-21,400.0	0.0
Convertible bond 2011–2018	XS0592528870	8 Mar. 2018	4.25%	507,094.2	-474,274.4	32,819.7 ⁴
Convertible bond 2017–2024	XS1551932046	24 Jan. 2022 ²	2.00% ³	0.0	297,200.0	297,200.0
Corporate bond 2012–2017	AT0000A0VDP8	3 Jul. 2017	5.25%	100,000.0	-100,000.0	0.0
IMMOFINANZ				628,494.2	-298,474.5	330,019.7⁴

¹ Held to maturity (coupon 1.25%)

² Maturity at put option; term ends in 2024

³ Coupon reduction of 0.50 basis points upon receipt of investment grade rating

⁴ The settlement or conversion as of 8 March 2018 will reduce the outstanding nominal amount of the convertible bonds to EUR 297.2 million.

Convertible bond 2024

IMMOFINANZ issued a seven-year convertible bond (ISIN XS1551932046) with a coupon of 2.0% and a volume of EUR 297.2 million in January 2017. 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 convertible bond 2024 includes a put option for bondholders after five years (i.e. on 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.

Any dividend payments by IMMOFINANZ will result in an adjustment of the conversion rights into IMMOFINANZ shares in accordance with the terms of the convertible bond. The conversion price for the convertible bond 2024 (nominal value: EUR 100,000.0) equalled EUR 2.2937 as of 31 December 2017 (original conversion price on the issue date: EUR 2.3933), and the convertible bond 2024 currently entitles the bondholders to conversion into 129.6 million IMMOFINANZ shares.

Convertible bond 2018

IMMOFINANZ carried out two incentivised conversions in 2017, which reduced the outstanding nominal volume of the 4.25% convertible bond 2018 (ISIN XS0592528870) from EUR 507.1 million to approximately EUR 32.8 million and strengthened equity by EUR 239.4 million.

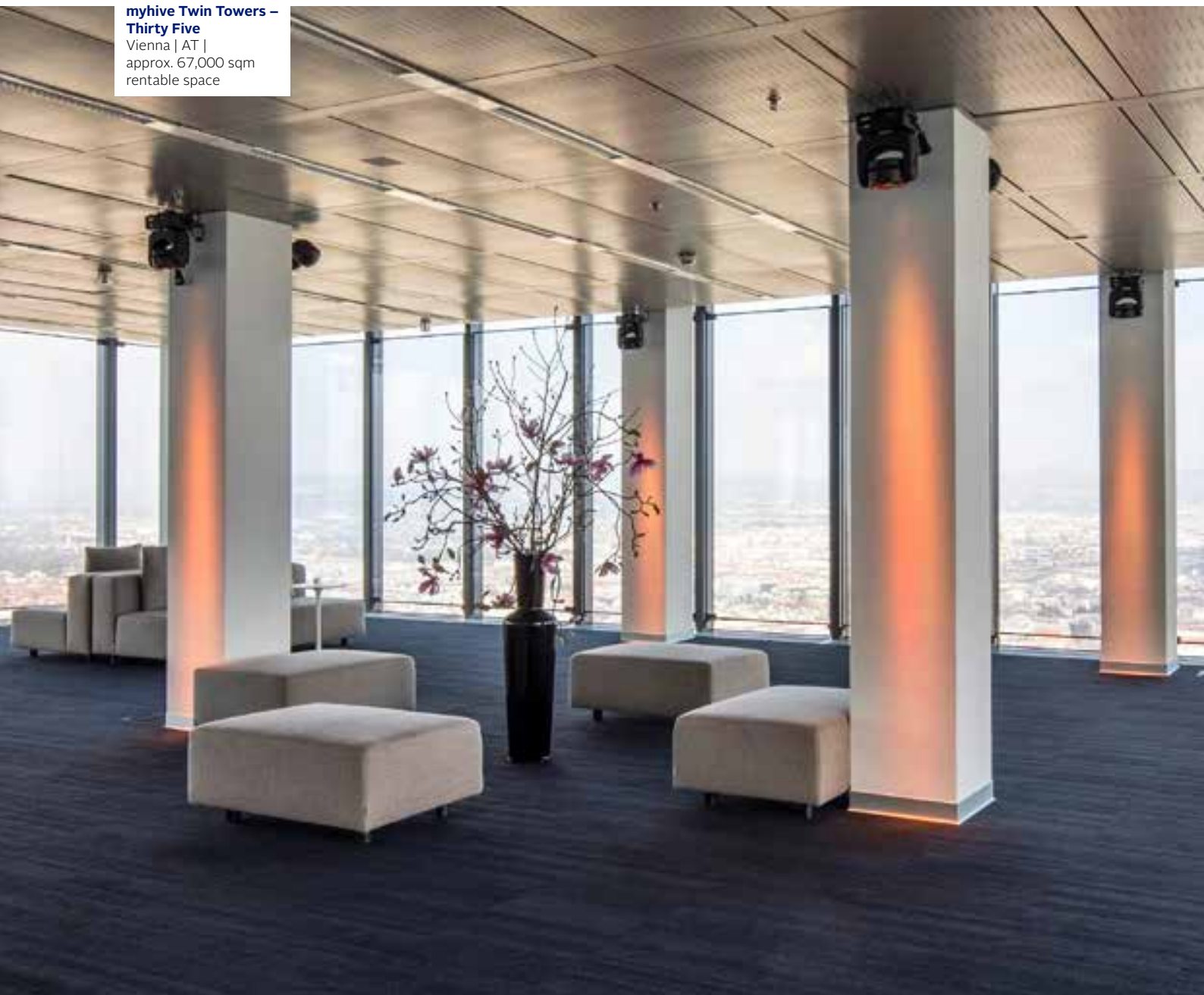
In January 2017 IMMOFINANZ issued an invitation to the bondholders for the incentivised conversion into the underlying IMMOFINANZ and BUWOG shares plus a conversion premium. In place of BUWOG shares the bondholder were given the option of receiving a cash settlement. A total of EUR 219.8 million, or 43.4%, of

all outstanding convertible bonds 2018 were converted prematurely on the basis of this offer. It reduced the outstanding nominal value of the convertible bond 2018 to EUR 287.3 million.

In September 2017 IMMOFINANZ issued a further invitation to the holders of the convertible bond 2018 for an incentivised conversion into the underlying IMMOFINANZ and BUWOG shares plus a conversion premium. This offer was accepted by 88.6% (EUR 254.4 million) of the bondholders. It reduced the outstanding nominal value of the convertible bond 2018 to approximately EUR 32.8 million. IMMOFINANZ used its holding of roughly 13.1 million treasury shares and created a further 63.6 million new shares from conditional capital to service the conversion rights.

The convertible bond with an outstanding nominal value of EUR 32.8 million was “in the money” as of 31 December 2017. Bondholders were entitled to exercise the conversion right into IMMOFINANZ and BUWOG shares up to 26 February 2018, whereby one certificate from the convertible bond 2018 (nominal value: EUR 4.12) could be converted into 1.2410 IMMOFINANZ shares and 0.0671 BUWOG shares. The conversion right was exercised by 47.3% of the nominal value, and the remaining nominal value of EUR 17.3 million was redeemed on the maturity date – 8 March 2018 – from available internal funds.

**myhive Twin Towers –
Thirty Five**
Vienna | AT |
approx. 67,000 sqm
rentable space



Earnings, Balance Sheet and Cash Flow Analysis

General information:

> Due to the harmonisation of the financial year with the calendar year as of 31 December 2016, the comparative data is based on the respective 12-month period in the 2016 calendar year (2016*). This information represents unaudited pro-forma data. A comparison with the eight-month period in 2016A 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 102.

INCOME STATEMENT

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

CONSOLIDATED INCOME STATEMENT

All amounts in TEUR	2017	2016 ¹	2016A
Rental income	234,494	233,366	156,696
Results of asset management	150,845	133,070	91,009
Results of property sales	25,985	-18,912	-2,811
Results of property development	-28,802	-6,505	-18,120
Other operating income	8,700	18,964	12,951
Other operating expenses	-49,165	-52,103	-32,093
Results of operations	107,563	74,514	50,936
Other revaluation results	4,066	-135,792	-13,196
Operating profit (EBIT)	111,629	-61,278	37,740
Financial results	88,777	-107,572	-45,209
Earnings before tax (EBT)	200,406	-168,850	-7,469
Net profit for the period from continuing operations	181,013	-147,427	26,858
Net profit or loss from discontinued operations	-718,097	-274,359	-208,818
Net profit or loss	-537,084	-421,786	-181,960

1 12-month comparable financial year, unaudited

Net profit from continuing operations (i.e. excluding Russia) returned to the profit zone with a significant improvement to EUR 181.0 million in 2017 (2016*: EUR -147.4 million). Rental income was slightly higher at EUR 234.5 million (2016*: EUR 233.4 million) despite the continuing sale of properties which do not fit in with the corporate strategy. The results of Asset Management rose by 13.4% to EUR 150.8 million. The results of property sales were substantially higher than the previous year at EUR 26.0 million (2016*: EUR -18.9 million*), while the results of property development amounted to EUR -28.8 million (2016*: EUR -6.5 million). In total, the results of operations increased by 44.4% to EUR 107.6 million (2016*: EUR 74.5 million).

Financial results turned substantially positive at EUR 88.8 million (2016*: EUR -107.6 million), above all due to positive valuation effects from the investments in CA Immo and BUWOG and a reduction in financing costs. Net profit from continuing operations improved significantly to EUR 181.0 million in 2017 (2016*: EUR -147.4 million) and represents earnings per share of EUR 0.17 (2016*: EUR -0.15).

The results of discontinued operations (Russia) were clearly negative, as expected, at EUR -718.1 million (2016*: EUR -274.4 million). They include – as reported in connection with Q3 data – the reclassification of accumulated historical currency translation differences of EUR -540.2 million to the income statement. This reclassification has no effect on cash and does not lead to a reduction in the Group's equity or the EPRA NAV. The results from the deconsolidation of the retail portfolio Moscow amounted to EUR -524.2 million. Group net profit for the 2017 financial year (including the results of discontinued operations) totalled EUR -537.1 million (2016*: EUR -421.8 million).

* 12-month comparable financial year, unaudited

Following is a detailed analysis of the income statement:

RESULTS OF ASSET MANAGEMENT

The results of asset management include rental income, other revenues, operating income and operating costs as well as the expenses directly attributable to investment property. Rental income rose slightly to EUR 234.5 million, compared with EUR 233.4 million in the unaudited 12-month period of 2016*. The decline in revenues resulting from the sale of non-strategic properties was offset by completions and new rentals. Rental income rose by 2.5% to EUR 113.3 million in the office sector and by 1.0% to EUR 103.5 million in the retail sector.

Revenues totalled EUR 324.4 million in 2017 (2016*: EUR 323.1 million). The results of asset management improved by a sound 13.4% to EUR 150.8 million (2016*: EUR 133.1 million). Property expenses were 14.9% lower than the previous year at EUR -95.0 million (2016*: EUR -111.5 million). This decline is attributable, above all, to a reduction in maintenance costs (EUR -28.9 million versus EUR -38.9 million), operating costs charged to building owners (EUR -13.0 million versus EUR -18.1 million*) and vacancy costs (EUR -12.1 million versus EUR -13.2 million).

RESULTS OF PROPERTY SALES

The results of property sales turned clearly positive at EUR 26.0 million (2016*: EUR -18.9 million), in particular based on a contribution of EUR 32.9 million (2016*: EUR 5.8 million) from deconsolidations. This contribution resulted almost entirely from the non-cash reclassification of accumulated historical currency translation differences to the income statement following the sale of a Ukrainian land-owning company. The revaluation of properties sold and held for sale (adjusted for and resulted from foreign exchange effects) amounted to EUR -4.8 million (2016*: EUR -10.5 million) and is a consequence, among others, of the portfolio optimisation in the Austrian retail sector.

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 2017 or currently in progress. In spite of substantial positive valuation effects from the development projects in Germany (EUR 35.2 million) – above all *trivago*, *FLOAT* and the *Cluster Produktionstechnik* which was completed during the reporting year – the results of property development were negative at EUR -28.8 million (2016*: EUR -6.5 million). As reported in the second quarter of 2017, this loss was caused primarily by added costs for real estate inventories in the *Gerling Quartier* and by outstanding obligations related to the transfer, repair of deficiencies and completion of the Cologne properties. The *Gerling Quartier* has already been sold, and the transaction is expected to close in 2018.

RESULTS OF OPERATIONS

The results of operations rose significantly from EUR 74.5 million* in the comparable prior year period to EUR 107.6 million in 2017. Other operating expenses were reduced by 5.6% to EUR -49.2 million (2016*: EUR -52.1 million), among others due to a decline in legal, audit and consulting expenses.

REVALUATION, FINANCIAL RESULTS AND EBT

The foreign exchange-adjusted revaluation of investment property totalled EUR 6.5 million (2016*: EUR -109.8 million). Financial results turned clearly positive at EUR 88.8 million (2016*: EUR -107.6 million). The refinancing carried out in 2017 reduced financing costs by 13.8% to EUR -94.9 million (2016*: EUR -110.0 million). Key measures included the interest savings from the incentivised conversion of 43.4% of the convertible bond 2018 at the beginning of the year (coupon: 4.25%) and the issue of the new convertible bond 2024 (coupon: 2.0%) as well as refinancing at the property level. The 5.25%, EUR 100 million corporate bond was also redeemed during the past year.

Financial results include foreign exchange effects of EUR -8.4 million (2016*: EUR 0.6 million), which resulted primarily from subsidiaries whose functional currency is not the Euro. Other financial results of EUR -12.1 million (2016*: EUR 13.1 million) are attributable chiefly to the valuation of derivatives at EUR 8.2 million and to the earnings effect from the incentivised conversions of the convertible bond 2018 at EUR -37.7 million. Positive contributions to earnings were made by a revaluation of EUR 11.3 million to the remaining BUWOG shares and a revaluation of EUR 2.9 million to shares in real estate funds.

* 12-month comparable financial year, unaudited

The share of profit/loss from equity-accounted investments rose substantially to EUR 200.0 million (2016*: EUR -19.8 million) and comprises the following: EUR 61.5 million from the proportional share of earnings from CA Immo and EUR 91.9 million from an increase in the value of the CA Immo shares as well as a profit of EUR 18.1 million on the sale of 4.5 million BUWOG shares and EUR 25.8 million from the market-based valuation of the remaining BUWOG shares following the termination of equity accounting. The book price of the CA Immo share equalled EUR 26.55 as of 31 December 2017 (31 December 2016: EUR 21.02). All of the remaining BUWOG shares were tendered to the German Vonovia after the end of the reporting year in connection with the takeover offer.

Earnings before tax (EBT) improved significantly to EUR 200.4 million (2016*: EUR -168.9 million). Income tax expense totalled EUR -19.4 million for the 2017 financial year (2016*: EUR 21.4 million).

RESULTS OF DISCONTINUED OPERATIONS (RUSSIA)

The results of discontinued operations totalled EUR -718.1 million (2016*: EUR -274.4 million) and resulted primarily from the reclassification of accumulated historical currency translation differences of EUR -540.2 million to the income statement. These differences were recorded directly in equity through other comprehensive income (OCI) in previous years in accordance with IAS 21. The reclassification has no effect on cash and does not lead to a reduction in the Group's equity or the EPRA NAV. The negative currency translation differences resulted from IMMOFINANZ's entry into the Russian market at a time, based on the current EUR/RUB exchange rate, when the Ruble was much stronger. Also included here is a negative valuation effect of EUR -160.6 million which resulted from the sale of the retail portfolio Moscow to the FORT Group.

The purchase agreement with the FORT Group was signed on 13 November 2017, and the transaction closed on 6 December 2017. As previously announced, the purchase price of up to RUB 15.0 billion for the net assets includes three components: a cash purchase price of RUB 5.0 billion (converted: approximately EUR 72.0 million) which has already been paid, a guaranteed payment in January 2022 of RUB 1.0 billion (converted at a fixed EUR/RUB exchange rate of 68.9655: EUR 14.5 million with a present value of EUR 9.4 million on the closing date) and an earn-out of up to RUB 9.0 billion which is based on revenues in 2012 but is payable in 2022 and has not yet been recognised by IMMOFINANZ. IMMOFINANZ can also participate with up to RUB 0.8 billion in the possible realisation of contingent receivables from tax refund proceedings which are currently in progress. Details on the transaction are provided in section 2.4 to the *consolidated financial statements*.

NET PROFIT

The net profit from continuing operations improved substantially to EUR 181.0 million (2016*: EUR -147.4 million) and represents earnings per share of EUR 0.17 (2016*: EUR -0.15). Total net profit (including the results of discontinued operations) amounted to EUR -537.1 million (2016*: EUR -421.8 million) and represents earnings per share of EUR -0.51 (2016*: EUR -0.43).

BALANCE SHEET

The condensed balance sheet is shown below:

CONSOLIDATED BALANCE SHEET

All amounts in TEUR	31 December 2017	in %	31 December 2016	in %
Investment property	3,729,519		3,531,379	
Property under construction	404,064	73.6%	379,036	80.0%
Real estate inventories	61,221		93,100	
Assets held for sale	265,148		1,602,428	
Other tangible assets	1,719	0.0%	2,243	0.0%
Intangible assets	25,056	0.4%	25,955	0.4%
Equity-accounted investments	685,984	11.3%	739,254	10.6%
Trade and other receivables	365,137	6.0%	414,190	5.9%
Other financial assets	32,015	0.5%	10,493	0.1%
Deferred tax assets	5,291	0.1%	4,385	0.1%
Income tax receivables	9,621	0.2%	11,626	0.2%
Cash and cash equivalents	477,889	7.9%	189,287	2.7%
Assets	6,062,664	100.0%	7,003,376	100.0%
Equity	2,808,043	46.3%	2,650,616	37.8%
Liabilities from convertible bonds	313,217	5.2%	530,265	7.6%
Financial liabilities	2,306,418	38.0%	2,114,794	30.2%
Trade and other payables	242,656	4.0%	270,168	3.9%
Income tax liabilities	5,704	0.1%	12,973	0.2%
Provisions	58,853	1.0%	50,773	0.7%
Deferred tax liabilities	325,112	5.4%	312,414	4.5%
Financial liabilities held for sale	2,661	0.0%	1,061,373	15.2%
Equity and Liabilities	6,062,664	100.0%	7,003,376	100.0%

Assets totalled EUR 6.1 billion as of 31 December 2017 (31 December 2016: EUR 7.0 billion) and comprise non-current assets of EUR 5.0 billion and current assets of EUR 1.1 billion.

The value of the property portfolio amounted to EUR 4.5 billion and represented 73.6% of total assets as of 31 December 2017. 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 additions to investment property include, above all, the acquisition of nine retail parks in Slovakia, Hungary and Romania. The additions to property under construction are related, above all, to the *trivago Campus*, *FLOAT* and *Cluster Produktionstechnik* development projects in Germany and to the *VIVO! Krosno* in Poland.

The investments accounted for at equity declined from EUR 739.3 million to EUR 686.0 million. This reduction resulted from the sale of approximately 4.5 million BUWOG shares and from the recognition and measurement of the remaining BUWOG shares under other financial assets. For the investment in the CA Immo Group, proportional results of EUR 61.5 million were recorded together with an increase in value of EUR 91.9 million.

Cash and cash equivalents rose from EUR 189.3 million as of 31 December 2016 to EUR 477.9 million as of 31 December 2017 (excluding cash and cash equivalents held for sale). This increase reflected, among others, the multi-stage refinancing transaction in January which included the sale of BUWOG shares as well as the issue of a new convertible bond with a term ending in 2024 (details are provided under *Financing* on page 66). Other contributing factors were the refinancing of properties and the sale of properties which do not fit in with the corporate strategy.

Equity totalled EUR 2.8 billion as of 31 December 2017 (31 December 2016: EUR 2.7 billion) and was increased, among others, by the issue of new shares for the conversion of the convertible bonds 2018 and 2017. Equity was reduced, among others, by the dividend payment, the share buyback and the negative net profit recorded for the reporting year.

Liabilities totalled EUR 3.3 billion as of 31 December 2017 (31 December 2016: EUR 4.4 billion). The non-current component equalled EUR 2.5 billion and the current component EUR 0.8 billion. This decline resulted primarily from the sale of non-strategic properties – and here, above all, from the sale of the retail portfolio Moscow.

The equity ratio equalled 46.3% as of 31 December 2017 (31 December 2016: 37.8%).

CASH FLOW STATEMENT

The condensed cash flow statement is presented below:

CONSOLIDATED CASH FLOW STATEMENT

All amounts in TEUR	2017	2016 ¹	2016A
Gross cash flow after tax	110,868	77,550	63,093
Cash flow from operating activities	84,821	78,338	98,347
Cash flow from investing activities	196,158	334,906	-120,234
Cash flow from financing activities	-6,466	-504,112	-154,723

1 12-month comparable financial year, unaudited

Gross cash flow after tax amounted to EUR 110.9 million for the reporting year (2016*: EUR 77.6 million. Cash flow from operating activities increased from EUR 78.3 million to EUR 84.8 million.

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

AMOUNTS IN TEUR	2017	2016 ¹	Change absolute	Change in %
Gross cash flow before tax from continuing operations	99,540	71,485	28,055	39.2%
Dividends received from equity-accounted investments	1,666	9,151	-7,485	-81.8%
Interest and dividends received from financial instruments	2,099	4,623	-2,524	-54.6%
Interest paid	-69,177	-77,071	7,894	10.2%
Derivatives ²	-10,404	-11,328	924	8.2%
Adjustments for costs from property transactions and development projects included in gross cash flow	18,213	43,773	-25,560	-58.4%
Economic interest in FFO I of the CA Immo Group ³	29,431	12,611	16,820	≥ +100.0%
FFO 1 before tax (sustainable FFO from asset management)	71,368	53,244	18,124	34.0%
Results of property sales ⁴	25,985	-18,912	44,897	n.a.
FFO 2 (incl. results of property sales) before tax	97,353	34,332	63,021	≥ +100.0%
Cash taxes	-25,096	-39,359	14,263	36.2%
FFO 2 after tax	72,257	-5,027	77,284	n.a.
Number of shares (as per EPS calculation)	1,051,837,608	995,797,451	56,040,156	5.6%
FFO 2 per share (after tax)	0.07	-0.01	0.08	n.a.

In order to present the sustainable FFO from the standing investments, the results of property sales and property development were deducted.

1 12-month comparable financial year, unaudited

2 Excluding non-recurring effects from premature termination following the sale or refinancing of properties

3 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 – similar to the recognition of the net profit or loss from equity-accounted investments.

4 The results from property sales represent the comparable income statement position and include non-cash components and foreign exchange effects.

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.

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 calculation of EPRA NAV and EPRA NNNAV as of 31 December 2017 includes diluting effects which could result from potential conversions of the IMMOFINANZ convertible bond 2018. These effects were included for the first time as of 30 June 2017 because the convertible bond 2018 was "in the money" as of 30 June and 31 December and rational investors would therefore be expected to convert their bonds.

The number of shares underlying the calculation of the EPRA NAV per share and EPRA NNNAV per share rose by 16.6% to 1,126,066,583 as of 31 December 2017.

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

EPRA NET ASSET VALUE (NAV)

	31 December 2017		31 December 2016	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	2,821,521		2,660,300	
Diluting effects of convertible bonds 2018	19,121		0	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	2,840,642		2,660,300	
Undisclosed reserves in the investment in the CA Immo Group	123,993			
Undisclosed reserves in real estate inventories	74		336	
Fair value of derivative financial instruments	7,375		30,455	
Deferred taxes on investment property	274,977		421,067	
Deferred taxes on real estate inventories and derivative financial instruments	-1,643		-7,032	
Goodwill excl. deferred taxes	-24,848		-90,935	
Number of shares excl. treasury shares (in 1,000)		1,116,174		965,956
Potential shares (in 1,000)		9,893		
EPRA NAV	3,220,570	2.86	3,014,190	3.12
Fair value of derivative financial instruments	-7,375		-30,455	
Effect of fair value measurement of financial liabilities	5,737		-38,757	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	197		16,476	
Deferred taxes on investment property	-17,495		-93,596	
EPRA NNNAV	3,201,634	2.84	2,867,859	2.97

The EPRA net asset value rose by 6.8% to EUR 3.2 billion. The EPRA NAV per share declined to EUR 2.86 (31 December 2016: EUR 3.12), whereby the change resulted primarily from the higher number of underlying shares and the negative valuation effect from the sale of the retail portfolio Moscow. The EPRA triple net asset value rose by 11.6% to EUR 3.2 billion, and the triple NAV per share equalled EUR 2.84 as of 31 December 2017 (31 December 2016: EUR 2.97).

EPRA EARNINGS PER SHARE

The calculation of EPRA earnings per share as of 31 December 2017 and 31 December 2016 was based on the weighted average number of shares outstanding and included the new shares issued for the IMMOEAST settlement. In accordance with IAS 33, the settlement led to the retroactive adjustment of earnings per share for the unaudited 12-month period in 2016. The weighted average number of shares was multiplied by a factor of 1.029 in each case. This factor reflects the ratio of the number of shares outstanding after (1,052,525,375 shares) and before (1,022,540,069 shares) the payment of the settlement.

All amounts in TEUR	2017	2016 ¹
Weighted average number of shares (in 1,000)	1,051,838	995,797
Net profit or loss from continuing operations excl. non-controlling interests	183,484	-151,426
Revaluation of investment properties and development properties	-33,329	75,327
Results of property sales	-25,983	18,911
Goodwill impairment, negative differences and earn-out effects on income	867	25,909
Changes in fair value of financial instruments	-24,305	-14,580
Acquisition costs on share deals	0	197
Taxes in respect of EPRA adjustments	7,755	-12,303
EPRA adjustment in respect of joint ventures and non-controlling interests	3,482	3,469
EPRA earnings	111,971	-54,496
EPRA earnings per share	0.11	-0.05
Company specific adjustments		
Increase in provision for legal proceedings related to lawsuits by investors	0	-72
Result from termination of equity accounting of BUWOG AG	-25,841	0
Result from incentivised conversion of the convertible bond 2018	37,661	0
Foreign exchange gains and losses	8,447	-653
Impairment loss/reversal CA IMMO Group	-91,850	91,850
Deferred tax in respect of the company specific adjustments	-4,864	1,012
Company-specific adjusted earnings	35,524	37,642
EPRA earnings per share after company-specific adjustments	0.03	0.04

1 12-month comparable financial year, unaudited

The EPRA earnings per share equalled EUR 0.11 in 2017, respectively EUR 0.03 per share after company-specific adjustments.

EPRA NET INITIAL YIELD

All amounts in TEUR	2017	2016 ¹
Investment property	3,862,140	4,894,556
Investment property – proportional share of joint ventures	46,268	49,067
Less undeveloped land	-182,924	-193,105
Less Russian portfolio	0	-1,024,050
Less undeveloped land – proportional share of joint ventures	-1,283	-1,927
Total property portfolio	3,724,201	3,724,541
Allowance for estimated purchasers' costs	67,036	67,042
Gross value of total property portfolio	3,791,237	3,791,582
Annualised cash rental income	241,031	234,707
Annualised cash rental income – proportional share of joint ventures	1,815	1,661
Non-recoverable property operating expenses	-42,037	-41,350
Non-recoverable property operating expenses – proportional share of joint ventures	-55	-136
Annualised net rental income	200,755	194,882
EPRA NIY	5.30%	5.14%

1 12-month comparable financial year, unaudited

The EPRA net initial yield rose from 5.1% in the unaudited 12-month prior period to 5.3% in 2017.

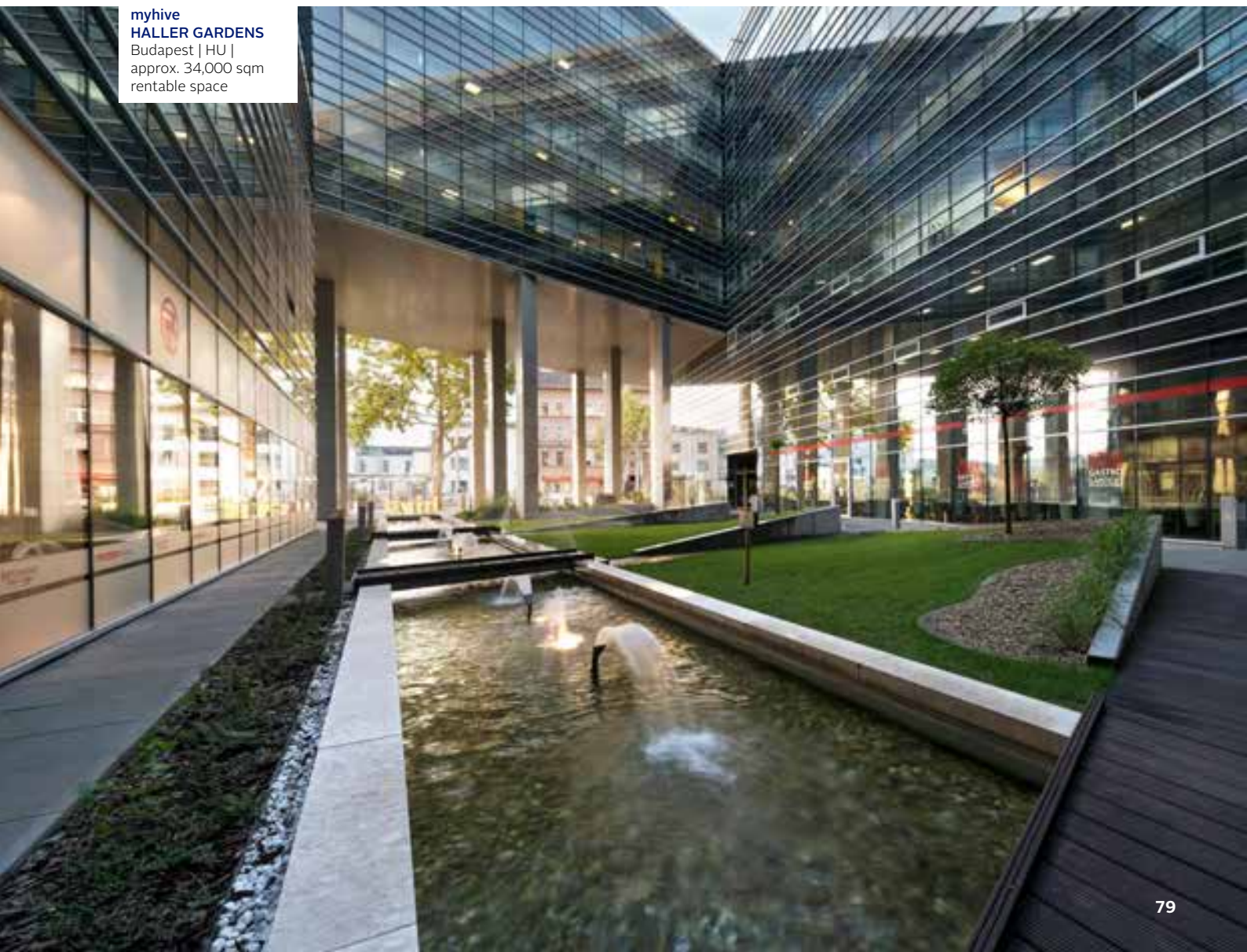
Consolidated Non-financial Statement to the Report on the 2017 Financial Year

The core business of IMMOFINANZ is the management and development of retail and office properties in selected Central and East European countries. In the office sector, the company with its international myhive brand concentrates on the capital cities of the core countries and the major office locations in Germany. The office portfolio was responsible for 62.6% of the total portfolio value and 52.8% of the rental income from the standing investments at the end of the 2017 financial year. The expansion of the retail portfolio is based on the STOP SHOP and VIVO! brands which are designed, above all, for secondary and tertiary cities. The retail portfolio was responsible for 33.6% of the total portfolio value and 47.0% of the rental income from the standing investments at year-end 2017. IMMOFINANZ's goal is to assemble and maintain a high-quality, profitable portfolio of commercial properties.

The Austrian Sustainability and Diversity Improvement Act ("Nachhaltigkeits- und Diversitätsverbesserungsgesetz") requires IMMOFINANZ to publish a non-financial statement or non-financial report for the 2017 financial year. This requirement is met with the following chapter.

In order to avoid repetition, references are occasionally made to other sections in this annual report – e.g. for information on risk management.

myhive
HALLER GARDENS
Budapest | HU |
approx. 34,000 sqm
rentable space



MATERIALITY ANALYSIS

The selection of the reportable content and the calculation of current and potential future indicators is based on a materiality analysis carried out in 2017. An internal workshop was held to identify and categorise the major issues related to the company's positioning, products and services as well as the impact of its activities. The assessment also covered the importance of these issues for the company and its internal and external stakeholders (shareholders, tenants, employees, suppliers and business partners). Also included were tenant and employee surveys together with criteria that represent focal points for investors and service providers in the area of environmental social governance.

The list of the most important issues includes energy efficiency and resource conservation in the standing investments and development projects together with the related cost savings, sustainable investments in the quality of the standing investment portfolio, sustainability certifications, tenant satisfaction and the related attainment and protection of high occupancy levels, human resources development and employee satisfaction, diversity in the workforce, a responsible procurement policy and compliance and anti-corruption.

The following individual areas of responsibility were defined:

- > Environment
- > Employees
- > Customers
- > Responsible business practices

The next sections provided additional information on the individual areas, underlying goals and measures. Plans for the medium-term call for the step-by-step expansion of the reported indicators. This will be supported by the continuous energy auditing of the standing investment portfolio and by the roll-out of a customer management tool for tenants and suppliers.

This non-financial statement covers all member companies of the IMMOFINANZ Group (see section 8 of the notes to the consolidated financial statements under *Group Companies of IMMOFINANZ*).

RESPONSIBILITY TOWARDS THE ENVIRONMENT

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

The corporate goals include the steady reduction of energy consumption as well as an increase in the energy efficiency of the standing investment portfolio and the related energy savings. The scope of these goals cannot be quantified at the present time, but they are intended to reduce the risks and impact on the environment. Prior to the start of new activities or projects, the impact on the environment is assessed and the results are integrated in the decision process. Plans also include the gradual expansion of sustainability certification for development projects and standing investments – at the present time, approximately 250,000 sqm are under evaluation or in the certification process.

SUSTAINABILITY CERTIFICATIONS

Certification according to environmental standards is currently planned for development projects and standing investments in the office and VIVO! portfolios. The primary certification for office buildings is LEED (Leadership in Energy and Environment Design) and for shopping centers BREEAM (Building Research Establishment Environmental Assessment Method). The increased application of BREEAM standards in the office properties is also planned. There is no certification according to international standards for the STOP SHOP retail parks, but the strict standards for construction and furnishings represent wide-ranging criteria for sustainable construction.

The recently opened *VIVO! Krosno* shopping center in Poland was certified with "BREEAM Very Good (Design Stage)" in 2017. Three office properties in Bucharest also received sustainability certification: the *myhive METROFFICE* (LEED Gold), *Victoria Park* (LEED Gold) and *myhive S-Park* (BREEAM In-Use).

The certified space totalled approximately 350,000 sqm at year-end 2017, which represents 18% of the space in the standing investment portfolio (year-end 2016: 225,000 sqm resp. 12.7%). These certifications reduce environmental risks, help to improve the environmentally friendly use of space and increase efficiency.

SUSTAINABLE ENERGY MANAGEMENT

As a means of optimising energy efficiency, the standing investment portfolio will be subjected to an energy audit. The goal is to identify potential sources of increased energy consumption and define appropriate countermeasures. Audits were carried out at 33 standing investment properties in Austria, Romania, Hungary, Poland and Slovakia during 2017 and were followed by the implementation of structural and building technology optimisation with the support of energetic analyses. The goal for 2018 is to carry out energy audits, as a minimum, in the standing investment buildings in Romania and Austria.

Example

In the *Business Park Vienna* and *myhive Twin Towers*, various measures – like the reduction of cooling water flow temperature and the optimisation of control and monitoring mechanisms in annual operations – led to energy savings of 8,400 Megawatt hours from May 2016 to April 2017 versus the 2014 reference year. That represents savings of roughly 23% compared with consumption in the reference year. The next step will involve, among others, the conversion to LED lighting and the installation of a high-temperature heat pump.



SUMMARY AND OUTLOOK

The IMMOFINANZ portfolio has been the focus of an optimisation and concentration process in recent years, which led to the concentration on two asset classes and three brands as well as the sale of properties that no longer fit with the corporate strategy. The next step will involve the development of a group-wide, standardised recording process for energy consumption data. It will cover, for example, the collection of non-financial performance indicators in the facility management area.

The goal is to continuously reduce the consumption of resources while maintaining or improving the quality of building use through energy savings measures and, in this way, realise energy savings and reduce environmental impact and risks. This also applies to energy consumption in the IMMOFINANZ headquarters and in the country organisations.

In addition, the expansion of sustainability certifications to other IMMOFINANZ properties in the future will also include an evaluation of the cost effectiveness.

Compliance with project development and refurbishment standards is guaranteed by the Development Process Guideline. It applies to all companies in the IMMOFINANZ Group and regulates construction-related activities. The material risks in this area are covered in the *Risk Report* beginning on page 88.

RESPONSIBILITY TOWARDS TENANTS AND CUSTOMERS

The satisfaction of IMMOFINANZ's tenants is an important factor for achieving and maintaining high occupancy levels and minimising tenant turnover. This, in turn, is the guarantee for efficient property management.

Tenant loyalty through high customer satisfaction and the acquisition of new tenants therefore represent a strategic focus of activities. In 2017 the occupancy rate in the standing investment portfolio rose from 84.2% to 94.2%.

BRAND POLICY AND INVESTMENTS IN QUALITY

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

The myhive office brand, which was introduced at the end of 2016, was rolled out to further IMMOFINANZ office buildings in 2017. myhive offices are characterised by a wide range of services and top infrastructure and provide space for communicative and lively interaction between tenants – for example through attractive communication zones, tenant lounges and regular events like after-work get-togethers, business breakfasts with expert discussions and the organisation of sport activities (also see the detailed description in the brand section).

Networking between tenants is given particularly high priority. The recently established function of community manager – i.e. one employee per country – is responsible for supporting exchanges between tenants, identifying possibilities for cooperation and brokering the necessary contacts. A specially designed, international myhive office app was also introduced in December 2017. It provides a wide range of information on the latest events in the respective office building and in the myhive community, promotes communication between experts in different companies at the same location and also supports IMMOFINANZ's central services, for example through a direct feedback tool. In this way, tenants can register for events, submit suggestions and requests, and also file damage reports quickly, easily and at any time.

In order to hold the occupancy rate and customer satisfaction at a high level over the long-term, IMMOFINANZ makes targeted **investments in the quality** of its properties. Improvements were made during 2017, for example, in several office buildings in Vienna, Budapest, Warsaw and Bucharest in connection with the myhive roll-out.

Example

The *myhive Twin Towers* in Vienna recently underwent extensive refurbishing. Rebranding as a “myhive” property promises not only the best infrastructure and numerous services, the new design reflects the friendly atmosphere of a hotel lobby. A central welcome desk and exclusive tenant lounge are part of the new furnishings. This redesign and modernisation also covered the shopping mall, public areas, the food court in the style of a large, comfortable dining room, and a large bicycle storage room with showers. The gastronomy offering was also expanded.



IMMOFINANZ's investments in the STOP SHOP retail parks are directed to improving the quality of service and the quality of stay in order to optimise the shopping experience. The related measures include, among others, the addition of playgrounds, free WLAN and a gastronomy offering in the form of a café at selected locations. In 2017 playgrounds were completed at a number of STOP SHOP locations in Austria, Hungary, Slovakia and Slovenia. The improvements at the individual locations are made in close coordination with tenants and also reflect any special local shopping habits.

EVALUATION OF CUSTOMER SATISFACTION

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

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

SUMMARY AND OUTLOOK

Measures to further strengthen the focus on customers, among others through digitalisation, are planned for 2018. The roll-out of a customer relationship management (CRM) application will also include a service and sales module, which can be used in the future to measure tenant satisfaction in the office and retail properties, as well as a ticket system to support the faster and more efficient recording of customer inquiries.

This will form the basis for the publication of central indicators on customer satisfaction over the medium-term.

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

The material risks in this area and their management are covered in the *Risk Report* beginning on page 88.

RESPONSIBILITY TOWARDS EMPLOYEES

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

The diversity of the workforce is seen as an asset. Diversity at all levels leads to positive effects from the exchange of differing values and experience. IMMOFINANZ opposes any form of discrimination or harassment based on gender, race, skin colour, religion, age, national/ethnic origin, disability or sexual orientation. Employees and applicants are evaluated in accordance with the principle of equal treatment.

CONTINUOUS HUMAN RESOURCES DEVELOPMENT

In the area of human resource development, training is focused on technical as well as social and methodical skills. An important instrument for management is the annual appraisal discussion between employees and their supervisors, which include the definition of clear goals and individual training activities. As in previous years, IMMOFINANZ also made a wide range of training and continuing education programmes available to its employees in 2017. The human resources department is responsible for ongoing personnel development and is also preparing a succession plan for key positions in the core areas.

IMMOFINANZ ACADEMY

The IMMOFINANZ Academy serves as a Group-wide institution for training and continuing education, with individual instruction in the form of specific courses and group programmes serving as important elements. Internal courses led by IMMOFINANZ experts are also part of the curriculum. Examples include workshops on the brand strategy, the IMMOFINANZ Real Estate Training series and IT modules on the new CRM tool. In 2017 more than 370 employees took part in these programmes. Statistics on the training hours per employee will be provided starting with the 2018 financial year.

TRAINING PROGRAMMES

With the apprenticeship programme started in 2016, IMMOFINANZ offers ambitious young men and women training opportunities in the Group. The apprentices work through a rotation programme in various departments, whereby the focal points are on real estate agent and finance and accounting assistance. The "Young Professional" talent promotion programme, which was established in 2017, is directed to students and recent graduates. It also follows a rotation scheme and concentrates on knowledge transfer in the operating business and finance departments.

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

HEALTH MANAGEMENT AND WORK-LIFE BALANCE

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

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

ATTRACTIVE EMPLOYER

These many initiatives in the area of human resources have been recognised: on kununu, the largest employer ranking platform in Europe with over 2.3 million ratings on more than 610,000 companies, IMMOFINANZ was graded above-average:

KUNUNU SCORES IN COMPARISON

As of January 2018	Ranking	Points	Gradings
IMMOFINANZ	★★★★★	4.15	128
Branch – average (Properties/ Facility Management)	★★★★★	3.20	19,235
kununu – average	★★★★★	3.23	2,376,000

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



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

EMPLOYEE STRUCTURE

IMMOFINANZ had a total workforce of 406* in nine countries as of 31 December 2017 (31 December 2016: 492), which represents an annual average** of 470 (2016: 534). Employees from 17 nations currently work for IMMOFINANZ.

TOTAL NUMBER OF SALARIED EMPLOYEES 2017

BY EMPLOYMENT AGREEMENT (PERMANENT AND TEMPORARY), CLASSIFIED BY GENDER

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



BY EMPLOYMENT AGREEMENT (PERMANENT AND TEMPORARY), CLASSIFIED BY REGION

Countries	Headcount	thereof temporary
Austria	181	6
Czech Republic	29	1
Germany	23	
Hungary	30	
Poland	45	
Romania	46	1
Serbia	5	
Russia	22	
Slovakia	25	2
Total	406	10

BY EMPLOYMENT RELATIONSHIP (FULL-TIME AND PART-TIME) CLASSIFIED BY GENDER

Working time	Gender	Fulltime	Part-time
40 hours	Male	178	5
40 hours	Female	199	24
Total number of employees		377	29

The material risks in this area and their management are summarised in the *Risk Report* beginning on page 88.

DIVERSITY CONCEPT

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

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

* Excl. employees on official leave (43), excl. Executive Board, incl. Russia

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

RESPONSIBLE BUSINESS PRACTICES

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

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

The Corporate Code serves as the basis for all business activities and decisions in the IMMOFINANZ Group and includes, in particular, guidelines for respecting fundamental rights, integrity and fairness, the fight against corruption, the acceptance of gifts and the prohibition of discrimination as well as relations with competitors, customers and associations.

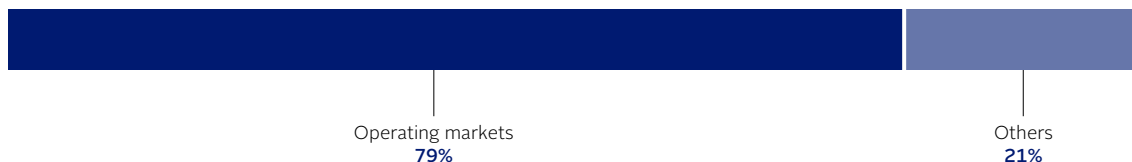
The Compliance Guideline covers the legal prohibitions on the use of insider information through insider transactions and the unlawful disclosure of insider information. In addition, an e-learning tool for training on capital market compliance was introduced in 2017. A compliance officer is also available to answer employees' questions at any time. Further details are provided in the consolidated *Corporate Governance Report* (see page 35).

SUSTAINABLE PROCUREMENT POLICY

The development of long-standing business relationships based on sustainability and continuity represents the focus for relations with suppliers and business partners. As an international corporation, IMMOFINANZ worked with suppliers from 29 countries in 2017. In order to ensure sustainability in procurement and maintain long-term cooperative relationships, 79% of all suppliers come directly from IMMOFINANZ's operating markets and are therefore defined as "local suppliers" according to the standards of the Global Reporting Initiative (GRI). Over 90% of the total procurement volume comes from suppliers located in the operating markets. The support for local suppliers and contribution to added value in the operating markets is, therefore, a central concern.

IMMOFINANZ'S SUPPLIERS

Origin



The implementation of a supplier relationship management tool (SRM) is targeted for 2018. This interactive platform will help to further strengthen communications with suppliers and, with registration, also require business partners to comply with sustainability and ethical principles.

The basis for this SRM tool will be formed by the Group Procurement Guideline, which defines the rules and procedures for all purchasing activities at IMMOFINANZ. This guideline requires the careful and responsible selection of suppliers and will be revised in 2018 to include additional details in accordance with the Corporate Code and GRI standards. Decisive factors for IMMOFINANZ are respect by suppliers for human dignity, compliance with legal requirements, a sense of responsibility towards the environment and a commitment to fair competition.

The material risks in this area and their management are covered in the *Risk Report* beginning on page 88.

RESPECT FOR HUMAN RIGHTS

IMMOFINANZ places high priority on respect for and compliance with human rights. The dignity of the individual enjoys highest priority. In addition to compliance with national constitutional and legal requirements, IMMOFINANZ places special important on compliance with the conventions of the International Labour Organization (ILO) on the freedom of assembly, the abolition of forced labour and child labour and discrimination. Violations of human rights – above all forced labour and child labour – are strictly rejected and IMMOFINANZ's business partners are expected to comply with these ethical standards (also see the previous comments under "Sustainable procurement policy").

IMMOFINANZ has a very large number of business relationships, and there is a risk that some of these business relationships involve companies that follow less strict ethical standards. The planned implementation of a supplier relationship management tool (SRM) in 2018 is designed to ensure compliance with these ethical principles (also see the previous comments under "Sustainable procurement policy").

FIGHT AGAINST CORRUPTION AND BRIBERY

IMMOFINANZ has issued binding guidelines for all employees and members of the corporate bodies concerning the prevention of corruption and other conflicts of interest. These guidelines apply, in particular, to the acceptance and granting of gifts/advantages in business transactions between IMMOFINANZ employees, customers and business partners and are intended to ensure the legally compliant and correct conduct of IMMOFINANZ employees in their interaction with business partners and customers and to prevent conflicts of interest.

IMMOFINANZ employees receive detailed information on the principles of these guidelines in regular training sessions. Employees are also sensitised, above all, to potential conflicts of interest and problematic situations in connection with the acceptance and granting of gifts/advantages.

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



FLOAT
Düsseldorf | DE |
approx. 30,000 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.

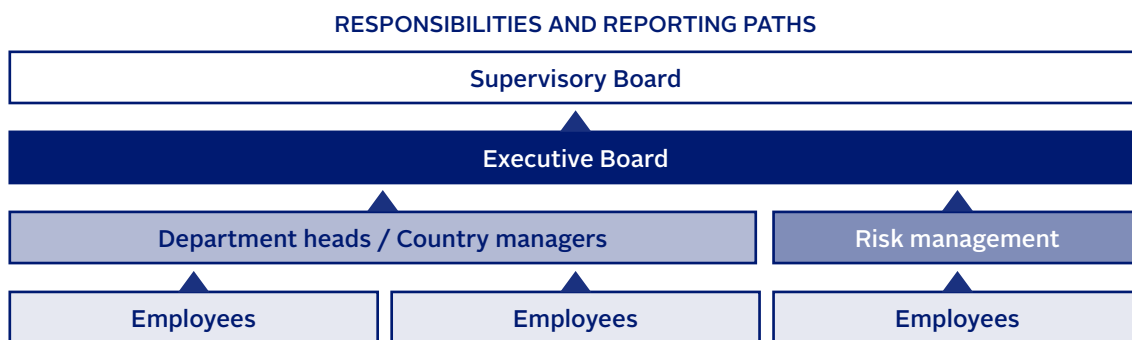
Based on the hedging and management instruments currently in use, no material risks can be identified at the present time that could endanger the company's standing as a going concern. An overall evaluation of the risk situation for the 2017 financial year and the beginning of the 2018 financial year shows no major changes. In line with the corporate strategy, IMMOFINANZ exited the difficult Russian market with the sale of the Moscow retail portfolio in 2017 and thereby eliminated any further burden on liquidity through equity contributions for these properties.

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

STRUCTURE OF RISK MANAGEMENT

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

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



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

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

At the business area and country organisation levels, the heads of the respective business area or country organisation are responsible for risk management. 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.

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

Risk management process

The identification of risks is the first step in the risk management process. Every employee is responsible for identifying risks in his or her area of 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.

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

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

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

Risk classification

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

The following section describes the risk areas that are considered significant for IMMOFINANZ and also explains the measures implemented to manage the related individual risks. Financial risk factors are described in note 7.2 to the *consolidated financial statements* beginning on page 201.

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. 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.



VIVO!
Krosno | PL |
21,000 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 <i>consolidated financial statements</i> , page 201	
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
	> Procurement risks, e.g. dependence on suppliers and subcontractor bankruptcies, can lead to supply shortages	> Optimisation of supplier base, development of sourcing strategies, ongoing and comprehensive evaluation of suppliers
Investment risks	> Fluctuations in the value of the CA Immo investment and risks arising from the possible merger with CA Immo	> Continuous monitoring and evaluation

Monitoring and control of the risk management system

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

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

Evaluation of the functionality of the risk management system

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, audited IMMOFINANZ's risk management system during the period from October to December 2017. This audit covered the design and implementation of the measures and organisational procedures instituted by the company, but not their application in the sense of operating effectiveness. Based on the knowledge gained by Deloitte during the related activities, no circumstances were identified that would lead to the assumption that the risk management system instituted by IMMOFINANZ as of 31 December 2017 – based on the comprehensive framework for corporate risk management according to COSO – is not functional.

RISKS IN THE 2017 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 abbreviated 2016 financial year, with the exception of a reduction in the country-specific risk for Russia.

The overall occupancy rate for IMMOFINANZ's portfolio equalled 94.2% as of 31 December 2017, which represents an increase of 4.6 percentage points since 31 December 2016. The occupancy rate rose to 91.9% (31 December 2016: 87.3%) in the office properties and equalled 97.2% (31 December 2016: 93.0%) in the retail properties.

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 404.1 million (31 December 2016: EUR 379.0 million), and real estate inventories have a carrying amount of EUR 61.2 million (31 December 2016: EUR 93.1 million). The budgeted outstanding construction costs for these development projects and real estate inventories totalled EUR 141.3 million as of 31 December 2017 (31 December 2016: EUR 280.8 million).

Sale of the Russia portfolio

The retail portfolio Moscow was sold during the 2017 financial year in line with the corporate strategy. This sale led to direct net cash inflows (after the repayment of existing debt financing) totalling RUB 5.0 billion (converted: approx. EUR 72.0 million) to IMMOFINANZ at the closing in December 2017. Moreover, the purchase agreement calls for a guaranteed payment of EUR 14.5 million in January 2022 and a revenue-based earn-out of up to RUB 9.0 billion which is also due in 2022, but is based on the revenues of the shopping centers in 2021. The fair value of this earn-out was valued at zero as of the closing date and as of 31 December 2017 based on estimates by management. IMMOFINANZ can also participate with up to RUB 0.8 billion in the positive outcome of tax refund proceedings which are current in progress. Since the realisation of this income was not guaranteed on the closing date or as of 31 December 2017, this contingent receivable was also not recognised and therefore represents a future upside. Further details are provided in note 2.4 to the *consolidated financial statements* on page 135.

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 abbreviated 2016 financial year.

Legal proceedings against former corporate executives

The legal disputes with former Executive Board member Karl Petrikovics were settled in 2017 based on the approval of the annual general meeting on 1 June 2017.

Review of the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ

These proceedings were settled in 2017. Details can be found in the section *Information on equity*, page 94.

Other legal proceedings

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

Investments

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 approximately 26% of the shares in that company. This share purchase represented the first step towards the possible merger of the two companies and 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.

FEATURES OF THE INTERNAL CONTROL SYSTEM

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

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

Monitoring by internal audit

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

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

Information on Equity

The share capital of IMMOFINANZ AG totalled EUR 1,116,173,778.00 as of 31 December 2017 (31 December 2016: EUR 975,955,651.00). It is divided into 1,116,173,778 zero par value shares with voting rights (31 December 2016: 975,955,651), each of which represents a proportional share of EUR 1.00 in share capital.

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

- > *1st incentivised conversion offer*: In January 2017, the company issued 63,532,467 shares to the holders of the convertible bond 2018 who had accepted the incentivised conversion offer. This led to a capital increase of EUR 63,532,467.00 from conditional capital for the issue of 63,532,467 shares.
- > *Settlement of the legal proceedings to review the exchange ratio applied to the merger with IMMOEAST AG*: In May 2017, the company issued 13,037,257 shares to former IMMOEAST shareholders as part of the settlement to terminate the legal proceedings for the review of the exchange ratio applied to the merger with IMMOEAST (see below). This procedure involved a capital increase for the issue of additional shares in connection with a review procedure (§ 225j (2) of the Austrian Stock Corporation Act). It resulted in a capital increase of EUR 13,037,257.00 from authorised capital 2014 for the issue of 13,037,257 shares.
- > *2nd incentivised conversion offer*: In October 2017, the company issued 63,588,158 shares to the holders of the convertible bond 2018 who had accepted the second incentivised conversion offer. This led to a further capital increase of EUR 63,588,158.00 from conditional capital for the issue of 63,588,158 shares.
- > An additional 60,245 shares were issued in connection with conversions of the convertible bonds 2017 and 2018 through a capital increase from conditional capital.*

Information on the convertible bonds is provided under note 4.12 to the *consolidated financial statements*.

TREASURY SHARES

HOLDING, BUYBACK AND USE OF TREASURY SHARES

IMMOFINANZ and its subsidiaries held no treasury shares as of 31 December 2017**. The number of treasury shares held as of 31 December 2016 equalled 9,999,973 and represented a proportional share of EUR 9,999,973.00 in share capital. All of these treasury shares were held by the wholly owned subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH.

Share buyback programme 1/2017

The share buyback programme 1/2017 led to the purchase by IMBEA IMMOEAST Beteiligungsverwaltung GmbH of 20 million treasury shares at a weighted average price of EUR 2.012 per share between 22 March 2017 and 7 September 2017. The total purchase price amounted to EUR 40,231,587.06.

The share buyback programme 1/2017 is based § 65 (1) no. 8 of the Austrian Stock Corporation Act and an authorisation by the annual general meeting on 29 September 2016. The repurchased shares represent EUR 20 million, or 1.79%, of share capital (basis: 31 December 2017).

Use of treasury shares for the settlement of the exchange ratio

The legal proceedings to review the exchange ratio (§ 225c ff of the Austrian Stock Corporation Act) applied to the merger of IMMOEAST and IMMOFINANZ were terminated by a settlement in 2017. In accordance with the settlement agreement, the former IMMOEAST shareholders received additional shares of IMMOFINANZ (ISIN AT0000809058) based on an allocation ratio of 0.088 IMMOFINANZ shares for each former IMMOEAST share (ISIN AT0000A0GYT7). Approximately 340.7 million former IMMOEAST shares were eligible for this settlement.

* A further 4,678,921 IMMOFINANZ shares were issued after the end of the reporting year to service conversions of the convertible bond 2018.

** The share buyback programme 1/2018 was started in March 2018, i.e. after the end of the 2017 financial year. It covers the repurchase of up to 15 million IMMOFINANZ shares. The current status of this share buyback programme is published on the IMMOFINANZ website (www.immofinanz.com/en/investor-relations/our-share/share-buyback-programmes).

A total of 29,985,306 additional IMMOFINANZ shares – 16,948,049 treasury shares and 13,037,257 new shares from authorised capital – were issued in May 2017. The shares were transferred on 30 May 2017.

The use of treasury shares in accordance with § 65 (1b) of the Austrian Stock Corporation Act was based on an authorisation of the annual general meeting on 29 September 2016. These shares represent EUR 16,948,049.00, or 1.52%, of share capital (basis: 31 December 2017).

Use of treasury shares for the incentivised conversion offer (CB 2018)

In October 2017, the entire holding of 13,051,924 treasury shares was issued to the holders of the convertible bond 2018. Most of these treasury shares (13,051,865) were used for the incentivised conversion offer made by IMMOFINANZ, while 59 shares were used to service further conversions.

The use of treasury shares in accordance with § 65 (1b) of the Austrian Stock Corporation Act was based on an authorisation of the annual general meeting on 1 June 2017. These shares represent EUR 13,051,924.00, or 1.17% of share capital (basis: 31 December 2017).

DEVELOPMENT OF TREASURY SHARES DURING THE 2017 FINANCIAL YEAR:

Date	Number of shares	Circumstances/authorisation	Proportional share of share capital (31 December 2017)	Purchase/sale price in EUR
December 2016	9,999,973		0.90%	n.a.
March – May 2017	6,948,076	Share buyback programme 1/2017 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	0.62%	13,091,813.14
May 2017	-16,948,049	Settlement to review exchange ratio (§ 65 (1b) of the Austrian Stock Corporation Act)	-1.52%	n.a.
June – September 2017	13,051,924	Share buyback programme 1/2017 (§ 65 (1) no. 8 of the Austrian Stock Corporation Act)	1.17%	27,139,773.92
October 2017	-13,051,924	Incentivised conversion CB 2018 and further conversions (§ 65 (1b) of the Austrian Stock Corporation Act)	-1.17%	Exchange for 2,552,733 CB 2018 certificates
December 2017	0		0.00%	n.a.

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

The annual general meeting on 1 June 2017 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital. 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 with the consent of the Supervisory Board.

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, e.g. 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, the fulfilment of greenshoe options or the settlement of peak amounts equalling up to 20% of share capital. The 20% limit also covers 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.

This authorisation was used in part for the issue of 13,037,257 shares as part of the settlement to terminate the above-mentioned review of the exchange ratio. The remaining authorisation covers 212,753,280 shares.

CHANGE OF CONTROL

Convertible bonds

The issue terms of 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 2024 (also see note 4.12 to the *consolidated financial statements*).

Margin loan

The loan arranged to finance the purchase of shares in CA Immobilien Anlagen Aktiengesellschaft was refinanced with Citibank Europe PLC in 2017, whereby the new volume totals EUR 250.0 million. The borrower is a wholly owned subsidiary of IMMOFINANZ. The lender is entitled to call the outstanding balance of the loan plus accrued interest if the borrower ceases to be a wholly owned subsidiary of IMMOFINANZ.

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.

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

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

SIGNIFICANT HOLDINGS

Information reported to the company shows the following investments and attributed voting rights under stock corporation law which exceeded 4% of share capital as of 31 December 2016 (basis: share capital on the reporting date):

- > Fries Group (Fries-Kapitalinvest Beteiligungs GmbH and members of the Fries family): 7.15%
- > PHI Finanzbeteiligungs und Investment GmbH (attributable to CA Immo): 4.91%
- > CEE Immobilien GmbH (attributable to S IMMO AG): 5.03%*
- > Erste Asset Management GmbH together with controlled companies: 5.02%**

* On 28 February 2018, S IMMO AG also reported that CEE Immobilien GmbH had exceeded a reportable threshold on 27 February 2018 and now holds 11.82% of the shares and other financial instruments issued by IMMOFINANZ

** Erste Asset Management GmbH issued a voting rights announcement on 21 March 2018, i.e. after the balance sheet date, that Erste Asset Management GmbH together with subsidiaries, had fallen below a reportable threshold on 21 March 2018 and now hold voting rights equal to 4.94% of the IMMOFINANZ shares.



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

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 can look back on numerous achievements in the 2017 financial year: the elimination of risks arising from legal problems in the past and risks associated with the portfolio, the strengthening of the balance sheet and operating business, and the reduction of costs in both the financing and administrative areas. Further milestones in the Group's reorganization were set with the settlement that terminated the legal proceedings for the review of the exchange ratio applied to the IMMOFINANZ/IMMOEAST merger and the sale of the Russian retail portfolio in line with the corporate strategy.

The profile as a commercial property company that focuses on the office and retail asset classes and on three brands – myhive, STOP SHOP and VIVO! – was also sharpened in 2017 and the occupancy rate was substantially improved.

Activities in 2018 will therefore concentrate on the further improvement of operating indicators and on 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 and acquisitions. The proceeds from the sale of non-strategic properties will be used to finance further growth.

STANDING INVESTMENTS AND DEVELOPMENT PROJECTS

The customer-oriented IMMOFINANZ sales team as well as expenditures to upgrade the standing investments and an improvement in the service offering for our tenants led to a substantial increase in occupancy during the past year. We also intend to follow this course in 2018, whereby our objectives include further improving the occupancy rate in our office properties and maintaining the very high occupancy level in our retail properties.

The economic development in our core markets is expected to remain positive during the coming year. Based on a like-for-like analysis, rents should be stable across the entire portfolio.

Our project activities in 2018 include the scheduled completion of two major office development projects: the *FLOAT* and *trivago Campus* in Düsseldorf. Two STOP SHOPS will also be completed in Serbia, which will increase the STOP SHOP portfolio to 72 locations.

INVESTMENT IN CA IMMO

At the end of February 2018 the Supervisory Board and Executive Board of IMMOFINANZ decided to keep the detailed discussions over a possible merger between CA Immo and IMMOFINANZ suspended for the time being and to also evaluate other strategic options.

Following the successful conclusion of IMMOFINANZ's multi-year reorganization with the sale of the Russian portfolio shortly before the end of 2017, the expected improvement in corporate indicators during the coming quarters should be incorporated as best as possible in potential future negotiations with CA Immo for the benefit of shareholders. The possible merger of the two companies during the 2018 financial year is therefore no longer expected from the current point of view.

IMMOFINANZ intends to concentrate on further strengthening its operating development and on the benefits of its investment in CA Immo during the coming months in order to create added value for its shareholders. Independent of a possible merger, activities will also include the evaluation of further strategic options – among others, the potential profitable sale of the CA Immo investment.

FINANCING AND CAPITAL MARKET

The climate for real estate refinancing is expected to remain reasonable – also for development projects. The refinancing carried out at both the Group and property levels in 2017 will protect current interest rates over the long-term, improve the term structure and significantly reduce financing costs. Further optimisation steps are planned for 2018.

On the capital market, IMMOFINANZ has regained its standing as a sustainable dividend stock. The Executive Board will make a recommendation to the 25th annual general meeting to propose a dividend of seven Euro cents per share for the 2017 financial year. Plans for the 2018 financial year currently call for a dividend of eight Euro cents per share.

This outlook reflects the Executive Board's assessments as of 30 March 2018 and includes statements and forecasts concerning the future development of IMMOFINANZ. The forecasts represent estimates that are based on the information available at the present time. If the underlying assumptions do not occur or risks – as indicated in the risk report – materialise, actual results could differ from the statements made here. This annual report does not represent a recommendation to buy or sell IMMOFINANZ AG securities.

Significant events after the end of the 2017 financial year are reported in section 7.6 of the notes to the consolidated financial statements.

Vienna, 30 March 2018

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO



JINDŘIŠKÁ 16
Prague | CZ |
approx. 7,000 sqm
rentable space

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PRO-FORMA FINANCIAL INFORMATION (UNAUDITED)

Introduction

The following pro-forma financial information assumes, fictitiously, that the comparable prior year for IMMOFINANZ also covered the period from 1 January to 31 December 2016. This presentation permits a direct comparison between the data for the 2017 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 financial year ending on 30 April 2016
- > 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, which were reported in a separate section of the consolidated financial statements as of 31 December 2016.

The unaudited pro-forma financial information for the fictitious 2016 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 2017 financial year, the unaudited pro-forma consolidated income statement for the fictitious 2016 financial year, the condensed consolidated cash flow statement for the 2017 financial year and the unaudited, condensed pro-forma consolidated cash flow statement for the fictitious 2016 financial year (in the following referred to as pro-forma financial information).

Pro-Forma Consolidated Income Statement

All amounts in TEUR	2017	(unaudited) 2016
Rental income	234,494	233,366
Operating costs charged to tenants	83,537	81,850
Other revenues	6,372	7,867
Revenues	324,403	323,083
Expenses from investment property	-94,963	-111,527
Operating expenses	-78,595	-78,486
Results of asset management	150,845	133,070
Proceeds from the sale of properties	210,464	179,078
Carrying amount of sold properties	-210,464	-179,078
Results from deconsolidation	32,946	5,812
Expenses from property sales	-2,164	-14,258
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-13,113	-15,064
Results of property sales before foreign exchange effects	17,669	-23,510
Revaluation of properties sold and held for sale resulting from foreign exchange effects	8,316	4,598
Results of property sales	25,985	-18,912
Proceeds from the sale of real estate inventories	30,852	59,425
Cost of real estate inventories sold	-26,045	-63,664
Expenses from real estate inventories	-56,180	-30,269
Expenses from real estate development	-5,824	-6,554
Revaluation of properties under construction adjusted for foreign exchange effects	28,657	34,424
Results of property development before foreign exchange effects	-28,540	-6,638
Revaluation of properties under construction resulting from foreign exchange effects	-262	133
Results of property development	-28,802	-6,505
Other operating income	8,700	18,964
Other operating expenses	-49,165	-52,103
Results of operations	107,563	74,514
Revaluation of investment properties adjusted for foreign exchange effects	6,472	-109,836
Revaluation of investment properties resulting from foreign exchange effects	-1,539	-46
Goodwill impairment	-867	-25,910
Other revaluation results	4,066	-135,792
Operating profit (EBIT)	111,629	-61,278
Financing costs	-94,852	-110,023
Financing income	4,200	8,454
Foreign exchange differences	-8,448	648
Other financial results	-12,144	13,113
Net profit or loss from equity-accounted investments	200,021	-19,764
Financial results	88,777	-107,572
Earnings before tax (EBT)	200,406	-168,850
Current income tax	-11,882	-26,132
Deferred tax	-7,511	47,555
Net profit or loss from continuing operations	181,013	-147,427
Net profit or loss from discontinued operations	-718,097	-274,359
Net profit or loss	-537,084	-421,786
Thereof attributable to owners of IMMOFINANZ AG	-534,613	-425,785
Thereof attributable to non-controlling interests	-2,471	3,999
Basic earnings per share in EUR	-0.51	-0.43
Net profit or loss from continuing operations per share in EUR	0.17	-0.15
Net profit or loss from discontinued operations per share in EUR	-0.68	-0.28
Diluted earnings per share in EUR	-0.51	-0.43
Net profit or loss from continuing operations per share in EUR	0.17	-0.15
Net profit or loss from discontinued operations per share in EUR	-0.68	-0.28

Discontinued Operations

On 19 December 2016 the Executive Board and Supervisory Board approved IMMOFINANZ's exit from the previous core market Russia and the presentation of the related business activities as a discontinued operation. The five Russian shopping centers together with related service companies and a Russian land-owning company were therefore presented as a discontinued operation up to the closing date. The earnings (after tax) from the retail portfolio Moscow are therefore presented on a separate line in the consolidated income statement for the 2017 financial year and in the unaudited comparative information.

The sale of the discontinued operation comprising the retail portfolio Moscow closed on 6 December 2017. This transaction is now complete, with the exception of the sale of one Russian service company which closed on 8 February 2018.

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 beginning on that date and up to the closing. The sale took place in several steps for transaction reasons and was completed in August 2016.

The following table shows the results of the two discontinued operations as presented in the consolidated income statement for the 2017 financial year and the unaudited pro-forma consolidated income statement for the fictitious 2016 financial year:

All amounts in TEUR	2017	(unaudited) 2016
Net profit or loss retail portfolio Moscow	-714,655	-264,118
Net profit or loss logistics portfolio	-3,442	-10,241
Net profit or loss from discontinued operations	-718,097	-274,359

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

All amounts in TEUR	Retail portfolio Moscow	
	2017	(unaudited) 2016
Rental income	76,766	75,372
Operating costs charged to tenants	17,175	18,232
Other revenues	1,593	1,140
Revenues	95,534	94,744
Expenses from investment property	-29,476	-23,392
Operating expenses	-16,829	-17,017
Results of asset management	49,229	54,335
Expenses from property sales	-3	-11
Results of property sales	-3	-11
Expenses from property development and inventories	0	-113
Results of property development	0	-113
Other operating income	807	272
Other operating expenses	-5,481	-6,084
Results of operations	44,552	48,399
Revaluation of investment properties adjusted for foreign exchange effects	6,795	-574,463
Revaluation of investment properties resulting from foreign exchange effects	-39,420	160,555
Goodwill impairment	-5,197	-33,539
Other revaluation results	-37,822	-447,447
Operating profit (EBIT)	6,730	-399,048
Financing costs	-52,811	-54,105
Financing income	8	11
Foreign exchange differences	17,259	128,785
Other financial results	0	2
Financial results	-35,544	74,693
Earnings before tax (EBT)	-28,814	-324,355
Current income tax	-3,934	1,104
Deferred tax	2,959	59,133
Earnings from discontinued operations	-29,789	-264,118
Loss from fair value measurement less costs to sell	-182,816	0
Income tax on the valuation loss attributable to the sale	22,181	0
Loss from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	-524,231	0
Subsequent purchase-price-adjustment effects on income	0	0
Net profit or loss from discontinued operations	-714,655	-264,118
Thereof attributable to owners of IMMOFINANZ AG	-714,655	-264,118

Pro-Forma Information on Operating Segments

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.

All amounts in TEUR	Austria		Germany	
	2017	(unaudited) 2016	2017	(unaudited) 2016
Office	31,575	34,128	7,280	4,299
Retail	15,174	22,365	379	591
Other	6,096	6,660	1,737	3,419
Rental income	52,845	63,153	9,396	8,309
Operating costs charged to tenants	11,111	12,505	3,375	1,447
Other revenues	1,605	1,935	6	222
Revenues	65,561	77,593	12,777	9,978
Expenses from investment property	-33,471	-41,951	-5,072	-4,930
Operating expenses	-10,777	-12,415	-3,362	-1,886
Results of asset management	21,313	23,227	4,343	3,162
Proceeds from the sale of properties	117,267	150,805	70,140	10,845
Carrying amount of sold properties	-117,267	-150,805	-70,140	-10,845
Results from deconsolidation	-311	-9	1	0
Expenses from property sales	-2,214	-8,830	-852	-1,306
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-2,082	-876	-639	-1,949
Results of property sales before foreign exchange effects	-4,607	-9,715	-1,490	-3,255
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-4,607	-9,715	-1,490	-3,255
Proceeds from the sale of real estate inventories	0	18	25,497	41,685
Cost of real estate inventories sold	0	0	-20,466	-47,549
Expenses from real estate inventories	-255	0	-55,615	-25,321
Expenses from real estate development	-572	-18	-1,776	-2,919
Revaluation of properties under construction adjusted for foreign exchange effects	0	-3,216	35,231	32,496
Results of property development before foreign exchange effects	-827	-3,216	-17,129	-1,608
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-827	-3,216	-17,129	-1,608
Other operating income	1,438	1,529	806	303
Other operating expenses	-1,972	-1,847	-3,740	-2,264
Results of operations	15,345	9,978	-17,210	-3,662
Revaluation of investment properties adjusted for foreign exchange effects	-10,326	25,556	-1,542	-7,175
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	0	0	0	0
Other revaluation results	-10,326	25,556	-1,542	-7,175
Operating profit (EBIT)	5,019	35,534	-18,752	-10,837
Segment investments	6,794	9,470	115,535	123,521

All amounts in TEUR	Poland		Czech Republic	
	2017	(unaudited) 2016	2017	(unaudited) 2016
Office	26,399	25,275	11,766	13,223
Retail	14,308	13,826	10,248	9,790
Other	3,061	2,990	1,025	1,475
Rental income	43,768	42,091	23,039	24,488
Operating costs charged to tenants	20,623	19,739	7,055	7,580
Other revenues	1,911	1,892	237	239
Revenues	66,302	63,722	30,331	32,307
Expenses from investment property	-15,072	-16,157	-5,595	-10,413
Operating expenses	-19,269	-18,713	-6,793	-7,395
Results of asset management	31,961	28,852	17,943	14,499
Proceeds from the sale of properties	0	830	0	0
Carrying amount of sold properties	0	-830	0	0
Results from deconsolidation	-11,567	844	4,763	2,223
Expenses from property sales	842	-846	-759	-242
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-5,458	-23,382	-2,085	-138
Results of property sales before foreign exchange effects	-16,183	-23,384	1,919	1,843
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-16,183	-23,384	1,919	1,843
Proceeds from the sale of real estate inventories	4,816	11,672	0	0
Cost of real estate inventories sold	-5,237	-10,415	0	0
Expenses from real estate inventories	-129	-2,379	0	0
Expenses from real estate development	-1,491	-1,999	-298	-155
Revaluation of properties under construction adjusted for foreign exchange effects	373	-12,802	0	-1,637
Results of property development before foreign exchange effects	-1,668	-15,923	-298	-1,792
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-1,668	-15,923	-298	-1,792
Other operating income	817	3,829	1,541	1,419
Other operating expenses	-3,038	-3,569	-1,795	-1,946
Results of operations	11,889	-10,195	19,310	14,023
Revaluation of investment properties adjusted for foreign exchange effects	-4,085	-15,537	8,021	674
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	-554	-211	-233	-12,114
Other revaluation results	-4,639	-15,748	7,788	-11,440
Operating profit (EBIT)	7,250	-25,943	27,098	2,583
Segment investments	29,601	9,398	6,762	981

All amounts in TEUR	Slovakia		Hungary	
	2017	(unaudited) 2016	2017	(unaudited) 2016
Office	1,969	1,697	14,162	12,830
Retail	15,537	12,933	14,057	12,491
Other	346	251	1,131	1,032
Rental income	17,852	14,881	29,350	26,353
Operating costs charged to tenants	7,202	9,155	11,376	10,658
Other revenues	207	644	305	596
Revenues	25,261	24,680	41,031	37,607
Expenses from investment property	-6,980	-6,565	-9,735	-10,391
Operating expenses	-5,480	-8,040	-11,049	-9,931
Results of asset management	12,801	10,075	20,247	17,285
Proceeds from the sale of properties	2,450	6,000	6,402	163
Carrying amount of sold properties	-2,450	-6,000	-6,402	-163
Results from deconsolidation	30	-102	0	-1,698
Expenses from property sales	-17	-23	-111	-155
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-60	-2,130	30	62
Results of property sales before foreign exchange effects	-47	-2,255	-81	-1,791
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-47	-2,255	-81	-1,791
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	-114	-202	-146	-118
Revaluation of properties under construction adjusted for foreign exchange effects	-5,065	2,086	0	477
Results of property development before foreign exchange effects	-5,179	1,884	-146	359
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-5,179	1,884	-146	359
Other operating income	81	373	56	279
Other operating expenses	-1,386	-1,582	-1,455	-243
Results of operations	6,270	8,495	18,621	15,889
Revaluation of investment properties adjusted for foreign exchange effects	2,834	-15,626	22,147	14,308
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	-25	-551	0	-2,711
Other revaluation results	2,809	-16,177	22,147	11,597
Operating profit (EBIT)	9,079	-7,682	40,768	27,486
Segment investments	69,207	10,968	21,271	686

All amounts in TEUR	Romania		Other non-core countries	
	2017	(unaudited) 2016	2017	(unaudited) 2016
Office	18,937	17,864	1,207	1,249
Retail	26,893	24,944	6,893	5,537
Other	3,957	4,129	357	368
Rental income	49,787	46,937	8,457	7,154
Operating costs charged to tenants	20,850	19,063	1,945	1,703
Other revenues	1,884	2,070	217	269
Revenues	72,521	68,070	10,619	9,126
Expenses from investment property	-16,433	-18,577	-2,605	-2,543
Operating expenses	-20,010	-18,558	-1,855	-1,548
Results of asset management	36,078	30,935	6,159	5,035
Proceeds from the sale of properties	14,180	10,074	25	361
Carrying amount of sold properties	-14,180	-10,074	-25	-361
Results from deconsolidation	0	0	40,030	4,554
Expenses from property sales	-499	-653	1,446	-2,203
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-687	235	-2,132	13,114
Results of property sales before foreign exchange effects	-1,186	-418	39,344	15,465
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	8,316	4,598
Results of property sales	-1,186	-418	47,660	20,063
Proceeds from the sale of real estate inventories	539	5,720	0	330
Cost of real estate inventories sold	-342	-5,044	0	-656
Expenses from real estate inventories	-160	-2,311	-21	-258
Expenses from real estate development	-1,036	-777	-391	-366
Revaluation of properties under construction adjusted for foreign exchange effects	-1,151	13,190	-731	3,830
Results of property development before foreign exchange effects	-2,150	10,778	-1,143	2,880
Revaluation of properties under construction resulting from foreign exchange effects	0	0	-262	133
Results of property development	-2,150	10,778	-1,405	3,013
Other operating income	316	1,275	261	622
Other operating expenses	-4,027	-8,764	-2,440	-2,466
Results of operations	29,031	33,806	50,235	26,267
Revaluation of investment properties adjusted for foreign exchange effects	-11,838	-88,043	-3,168	-23,993
Revaluation of investment properties resulting from foreign exchange effects	0	0	2,890	-46
Goodwill impairment	-8	-7,281	-47	-3,042
Other revaluation results	-11,846	-95,324	-325	-27,081
Operating profit (EBIT)	17,185	-61,518	49,910	-814
Segment investments	7,703	18,089	19,136	10,647

All amounts in TEUR	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
	2017	(unaudited) 2016	2017	(unaudited) 2016	2017	(unaudited) 2016
Office	113,295	110,565	0	0	113,295	110,565
Retail	103,489	102,477	0	0	103,489	102,477
Other	17,710	20,324	0	0	17,710	20,324
Rental income	234,494	233,366	0	0	234,494	233,366
Operating costs charged to tenants	83,537	81,850	0	0	83,537	81,850
Other revenues	6,372	7,867	0	0	6,372	7,867
Revenues	324,403	323,083	0	0	324,403	323,083
Expenses from investment property	-94,963	-111,527	0	0	-94,963	-111,527
Operating expenses	-78,595	-78,486	0	0	-78,595	-78,486
Results of asset management	150,845	133,070	0	0	150,845	133,070
Proceeds from the sale of properties	210,464	179,078	0	0	210,464	179,078
Carrying amount of sold properties	-210,464	-179,078	0	0	-210,464	-179,078
Results from deconsolidation	32,946	5,812	0	0	32,946	5,812
Expenses from property sales	-2,164	-14,258	0	0	-2,164	-14,258
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-13,113	-15,064	0	0	-13,113	-15,064
Results of property sales before foreign exchange effects	17,669	-23,510	0	0	17,669	-23,510
Revaluation of properties sold and held for sale resulting from foreign exchange effects	8,316	4,598	0	0	8,316	4,598
Results of property sales	25,985	-18,912	0	0	25,985	-18,912
Proceeds from the sale of real estate inventories	30,852	59,425	0	0	30,852	59,425
Cost of real estate inventories sold	-26,045	-63,664	0	0	-26,045	-63,664
Expenses from real estate inventories	-56,180	-30,269	0	0	-56,180	-30,269
Expenses from real estate development	-5,824	-6,554	0	0	-5,824	-6,554
Revaluation of properties under construction adjusted for foreign exchange effects	28,657	34,424	0	0	28,657	34,424
Results of property development before foreign exchange effects	-28,540	-6,638	0	0	-28,540	-6,638
Revaluation of properties under construction resulting from foreign exchange effects	-262	133	0	0	-262	133
Results of property development	-28,802	-6,505	0	0	-28,802	-6,505
Other operating income	5,316	9,629	3,384	9,335	8,700	18,964
Other operating expenses	-19,853	-22,681	-29,312	-29,422	-49,165	-52,103
Results of operations	133,491	94,601	-25,928	-20,087	107,563	74,514
Revaluation of investment properties adjusted for foreign exchange effects	6,472	-109,836	0	0	6,472	-109,836
Revaluation of investment properties resulting from foreign exchange effects	-1,539	-46	0	0	-1,539	-46
Goodwill impairment	-867	-25,910	0	0	-867	-25,910
Other revaluation results	4,066	-135,792	0	0	4,066	-135,792
Operating profit (EBIT)	137,557	-41,191	-25,928	-20,087	111,629	-61,278
Segment investments¹	276,009	183,760	2,857	3,608	278,866	187,368

¹ The reconciliation 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	2017	(unaudited) 2016
Office	113,295	110,565
Retail	103,489	102,477
Other	17,710	20,324
Total	234,494	233,366

EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	2017	(unaudited) 2016
Vacancies	-12,066	-13,238
Commission expenses	-1,074	-721
Maintenance	-28,858	-38,871
Operating costs charged to building owners	-13,024	-18,053
Property marketing	-6,329	-6,437
Personnel expenses from asset management	-6,337	-7,976
Other expenses from asset management	-6,347	-4,097
Rental and lease payments	-2,714	-2,501
Fit-out costs	-9,889	-10,110
Write-off of receivables from asset management	-2,175	-4,271
Other expenses	-6,150	-5,252
Total	-94,963	-111,527

The maintenance expenses are related, on the one hand, to the implementation of the “myhive” office concept and rebranding measures connected with the VIVO! shopping center brand and, on the other hand, to regular building maintenance activities.

RESULTS OF PROPERTY SALES

All amounts in TEUR	2017	(unaudited) 2016
Office	91,771	132,152
Retail	62,079	23,014
Other	56,614	23,912
Proceeds from property sales	210,464	179,078
Less carrying amount of sold properties	-210,464	-179,078
Net gain/loss from property sales	0	0
Gains/losses from deconsolidation	32,946	5,812
Sales commissions	461	-4,445
Personnel expenses from property sales	-1,388	-1,289
Legal, auditing and consulting fees from property sales	-779	-2,933
VAT adjustments from the sale of properties	77	-5,000
Other expenses	-535	-591
Expenses from property sales	-2,164	-14,258
Revaluation results from properties sold and held for sale	-4,797	-10,466
Total	25,985	-18,912

RESULTS OF PROPERTY DEVELOPMENT

All amounts in TEUR	2017	(unaudited) 2016
Proceeds from the sale of real estate inventories	30,852	59,425
Cost of real estate inventories sold	-26,045	-63,664
Marketing for real estate inventories	-2	-259
Brokerage fees for real estate inventories	-383	-851
Other costs to sell for real estate inventories	-3,248	-2,823
Write-down related reversals of real estate inventories	1,009	2,406
Write-down of real estate inventories	-46,614	-26,819
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	0	329
Impending losses from the forward sale of real estate inventories	-589	0
Operating costs charged to building owners-inventories	-6,353	-2,252
Expenses from real estate inventories	-56,180	-30,269
Expenses from property development	-5,824	-6,554
Revaluation results from properties under construction	28,395	34,557
Total	-28,802	-6,505

The results of property development also include charges of EUR 3.6 million (2016: EUR 6.9 million) for personnel costs.

OTHER OPERATING INCOME

Other operating income comprises the following items:

All amounts in TEUR	2017	(unaudited) 2016
Expenses charged on	878	221
Insurance compensation	298	5,960
Income from derecognised liabilities	2,415	1,833
Reimbursement for penalties	40	894
Miscellaneous	5,069	10,056
Total	8,700	18,964

Miscellaneous other operating income for both financial years includes claims for damages against former members of corporate bodies. In addition, the amount for 2016 includes compensation of EUR 3.0 million received from D&O insurance.

OTHER OPERATING EXPENSES

Other operating expenses include the following items:

All amounts in TEUR	2017	(unaudited) 2016
Administrative expenses	-745	-277
Legal, auditing and consulting fees	-11,596	-16,731
Penalties	-93	236
Levies	-1,775	-4,286
Advertising	-2,248	-2,654
Expenses charged on	-252	-123
Rental and lease expenses	-590	-404
EDP and communications	-3,589	-2,139
Expert opinions	-552	-601
Personnel expenses	-21,794	-22,373
Addition to/reversal of provision for onerous contracts	37	1,141
Other write-downs	-817	-1,209
Miscellaneous	-5,151	-2,683
Total	-49,165	-52,103

PERSONNEL EXPENSES

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2017	(unaudited) 2016
Wages	-277	-861
Salaries	-29,609	-33,832
Employee benefits	-10,094	-10,202
Total	-39,980	-44,895

Employee benefits include EUR 0.1 million (2016: EUR 0.2 million) for pensions, EUR 1.5 million (2016: EUR 0.8 million) for severance payments and contributions to employee benefit funds as well as EUR 6.1 million (2016: EUR 6.9 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	2017	(unaudited) 2016
Results of asset management	6,969	9,655
Results of property sales	1,388	1,289
Results of property development	3,581	6,928
Other operating expenses	21,794	22,373
Total continuing operations	33,732	40,245
Discontinued operations retailportfolio Moscow	6,248	4,607
Discontinued operations logisticsportfolio	0	43
Personnel expenses	39,980	44,895

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:

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			2017
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation Total
Investment property	81,057	-74,585	6,472	-806	-733	-1,539	4,933
Property under construction	42,710	-14,053	28,657	-185	-77	-262	28,395
Properties sold and held for sale	18,898	-32,011	-13,113	8,177	139	8,316	-4,797
Total	142,665	-120,649	22,016	7,186	-671	6,515	28,531

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			(unaudited) 2016
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation Total
Investment property	2,472	-112,308	-109,836	-1,693	1,647	-46	-109,882
Property under construction	55,616	-21,192	34,424	225	-92	133	34,557
Properties sold and held for sale	48,266	-63,330	-15,064	4,550	48	4,598	-10,466
Total	106,354	-196,830	-90,476	3,082	1,603	4,685	-85,791

The allocation of the revaluation gains or losses in the above tables are based on the total revaluation results for the respective property.

IMPAIRMENT OF GOODWILL, NEGATIVE DIFFERENCES AND EARN-OUT ADJUSTMENTS

All amounts in TEUR	2017	(unaudited) 2016
Impairment of goodwill	-867	-26,592
Purchase price adjustments	0	-9
Negative differences recognised through profit or loss	0	691
Total	-867	-25,910

NET PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

All amounts in TEUR	Joint ventures	Associates	Total 2017
Share of profit or loss for the period	-353	62,731	62,378
Other adjustments	2,254	91,549	93,803
Reclassification of foreign exchange differences to profit or loss	37	0	37
Gains/losses on the sale of equity-accounted investments	-115	43,918	43,803
Total	1,823	198,198	200,021

All amounts in TEUR	Joint ventures	Associates	Total (unaudited) 2016
Share of profit or loss for the period	14,902	35,425	50,327
Other adjustments	-14,636	-94,787	-109,423
Reclassification of foreign exchange differences to profit or loss	-730	-4	-734
Gains/losses on the sale of equity-accounted investments	-3,858	43,923	40,065
Total	-4,322	-15,443	-19,765

The share of profit or loss in 2017 consists primarily of EUR 61.8 million from the CA Immo Group. In the previous unaudited year, this position included EUR 22.3 million primarily of results from the CA Immo Group, EUR 30.2 million from the BUWOG Group and EUR -19.0 million from Bulreal EAD.

The other adjustments in 2017 include a EUR 91.9 million reversal to an impairment loss (2016 unaudited: impairment loss of EUR -91.9 million) recognised to the investment in the CA Immo Group. Also included here are carryforwards of EUR 0.3 million from fair value adjustments which were identified in connection with the acquisition of the investment in the CA Immo Group.

The gains and losses on the sale of equity-accounted investments in 2017 include EUR 18.0 million from the sale of BUWOG shares through an accelerated bookbuilding process and EUR 25.9 million from the transition from fair value measurement in accordance with IAS 39 following the loss of significant influence over the BUWOG Group and the related termination of equity accounting.

The gains and losses on the sale of equity-accounted investments in 2016 (unaudited) included EUR 34.2 million from the sale of BUWOG shares to the SAPINDA Group and EUR 7.9 million from the sale of BUWOG shares through an accelerated bookbuilding process.

FINANCIAL RESULTS

All amounts in TEUR	2017	(unaudited) 2016
For financial liabilities FLAC	-83,743	-96,671
For financial liabilities FL@FV/P&L	0	-2,195
For derivative financial instruments	-11,109	-11,157
Total financing costs	-94,852	-110,023
For financial receivables L&R	4,160	8,425
For derivative financial instruments	40	29
Total financing income	4,200	8,454
Foreign exchange differences	-8,448	648
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	-27,563	33,929
Valuation of financial instruments at fair value through profit or loss (fair value option)	14,208	-20,699
Distributions	1,496	1,222
Write-off of receivables	-285	-1,339
Other financial results	-12,144	13,113
Net profit or loss from equity-accounted investments	200,021	-19,764
Total	88,777	-107,572

FLAC: financial liabilities measured at amortised cost

FL@FV/P&L: financial liabilities at fair value through profit or loss

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

The foreign exchange differences resulted primarily from subsidiaries in Turkey and Ukraine which do not report in the Euro as well as transactions in US-Dollars.

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	2017	(unaudited) 2016
Revaluation results from derivative financial instruments	8,317	13,117
Income from the derecognition/adjustment of the carrying amount of financial liabilities through profit or loss (from changes in estimates for cash flow)	0	33,330
Impairment losses to AFS financial instruments	462	-2,602
Expenses for the incentivised conversion of the convertible bond 2011-2018	-37,661	0
Miscellaneous	1,319	-9,916
Total	-27,563	33,929

AFS: available for sale

INCOME TAXES

All amounts in TEUR	2017	(unaudited) 2016
Current income tax	-11,882	-26,132
Thereof from current period	-6,962	-8,508
Thereof from prior periods	-4,920	-17,624
Deferred tax	-7,511	47,555
Thereof from current period	-24,214	-2,073
Thereof from changes in tax rates	82	4,851
Thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	22,282	67,113
Thereof from the revaluation of investment property	-2,565	6,801
Thereof impairment losses (resp. reversals of previous impairment losses) to deferred tax assets	-3,096	-29,137
Total	-19,393	21,423

Pro-Forma Consolidated Cash Flow Statement (condensed)

All amounts in TEUR	2017	(unaudited) 2016
Gross cash flow after tax	110,868	77,550
Cash flow from operating activities	84,821	78,338
Cash flow from investing activities	196,158	334,906
Cash flow from financing activities	-6,466	-504,112

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



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Consolidated Balance Sheet

All amounts in TEUR	Notes	31 12 2017	31 12 2016
Investment property	4.1.1	3,729,519	3,531,379
Property under construction	4.2	404,064	379,036
Other tangible assets		1,719	2,243
Intangible assets	4.3.1	25,056	25,955
Equity-accounted investments	4.4	685,984	739,254
Trade and other receivables	4.5	118,767	210,014
Other financial assets	4.6	32,015	10,493
Deferred tax assets	4.7	5,291	4,385
Non-current assets		5,002,415	4,902,759
Trade and other receivables	4.5	246,370	204,176
Income tax receivables		9,621	11,626
Assets held for sale	4.8	265,148	1,602,428
Real estate inventories	4.9	61,221	93,100
Cash and cash equivalents	4.10	477,889	189,287
Current assets		1,060,249	2,100,617
Assets		6,062,664	7,003,376
Share capital	4.11	1,116,174	975,956
Capital reserves	4.11	3,452,324	3,353,263
Treasury shares	4.11	0	-18,214
Accumulated other equity		-129,961	-631,163
Retained earnings		-1,617,016	-1,019,542
Equity attributable to owners of IMMOFINANZ AG		2,821,521	2,660,300
Non-controlling interests		-13,478	-9,684
Equity		2,808,043	2,650,616
Liabilities from convertible bonds	4.12	277,460	497,031
Financial liabilities	4.13	1,773,688	1,406,783
Trade and other payables	4.14	40,680	49,312
Provisions	4.15	2,151	2,877
Deferred tax liabilities	4.7	325,112	312,414
Non-current liabilities		2,419,091	2,268,417
Liabilities from convertible bonds	4.12	35,757	33,234
Financial liabilities	4.13	532,730	708,011
Trade and other payables	4.14	201,976	220,856
Income tax liabilities	4.7	5,704	12,973
Provisions	4.15	56,702	47,896
Liabilities held for sale	4.8	2,661	1,061,373
Current liabilities		835,530	2,084,343
Equity and liabilities		6,062,664	7,003,376

Consolidated Income Statement

All amounts in TEUR	Notes	2017	2016A
Rental income	5.1.1	234,494	156,696
Operating costs charged to tenants	5.1.2	83,537	54,688
Other revenues		6,372	5,521
Revenues		324,403	216,905
Expenses from investment property	5.1.4	-94,963	-73,311
Operating expenses	5.1.2	-78,595	-52,585
Results of asset management	5.1	150,845	91,009
Proceeds from the sale of properties	5.2	210,464	169,349
Carrying amount of sold properties		-210,464	-169,349
Results from deconsolidation	2.3	32,946	5,502
Expenses from property sales		-2,164	-11,936
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	5.7.1	-13,113	-692
Results of property sales before foreign exchange effects		17,669	-7,126
Revaluation of properties sold and held for sale resulting from foreign exchange effects	5.7.1	8,316	4,315
Results of property sales	5.2	25,985	-2,811
Proceeds from the sale of real estate inventories		30,852	39,868
Cost of real estate inventories sold		-26,045	-45,010
Expenses from real estate inventories	5.3	-56,180	-17,233
Expenses from real estate development		-5,824	-3,560
Revaluation of properties under construction adjusted for foreign exchange effects	5.7.1	28,657	7,775
Results of property development before foreign exchange effects		-28,540	-18,160
Revaluation of properties under construction resulting from foreign exchange effects	5.7.1	-262	40
Results of property development	5.3	-28,802	-18,120
Other operating income	5.4	8,700	12,951
Other operating expenses	5.5	-49,165	-32,093
Results of operations		107,563	50,936
Revaluation of investment properties adjusted for foreign exchange effects	5.7.1	6,472	-10,975
Revaluation of investment properties resulting from foreign exchange effects	5.7.1	-1,539	-158
Goodwill impairment	4.3.2	-867	-2,063
Other revaluation results		4,066	-13,196
Operating profit (EBIT)		111,629	37,740
Financing costs	5.9	-94,852	-70,763
Financing income	5.9	4,200	5,801
Foreign exchange differences		-8,448	9,706
Other financial results	5.9	-12,144	7,501
Net profit or loss from equity-accounted investments	5.8	200,021	2,546
Financial results	5.9	88,777	-45,209
Earnings before tax (EBT)		200,406	-7,469
Current income tax	5.10	-11,882	-9,286
Deferred tax	5.10	-7,511	43,613
Net profit or loss from continuing operations		181,013	26,858
Net profit or loss from discontinued operations	2.4	-718,097	-208,818
Net profit or loss		-537,084	-181,960
Thereof attributable to owners of IMMOFINANZ AG		-534,613	-186,521
Thereof attributable to non-controlling interests		-2,471	4,561
Basic earnings per share in EUR	5.11	-0.51	-0.19
Net profit or loss from continuing operations per share in EUR		0.17	0.02
Net profit or loss from discontinued operations per share in EUR		-0.68	-0.21
Diluted earnings per share in EUR	5.11	-0.51	-0.19
Net profit or loss from continuing operations per share in EUR		0.17	0.02
Net profit or loss from discontinued operations per share in EUR		-0.68	-0.21

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	2017	2016A
Net profit or loss		-537,084	-181,960
Other comprehensive income (reclassifiable)			
Currency translation adjustment		491,978	3,056
Thereof changes during the financial year		-13,847	13,692
Thereof reclassification to profit or loss	2.3 / 2.4	505,825	-10,636
Other comprehensive income from equity-accounted investments	4.4	5,401	1,123
Thereof changes during the financial year		6,001	349
Thereof reclassification to profit or loss		-37	762
Thereof income taxes		-563	12
Total other comprehensive income (reclassifiable)		497,379	4,179
Other comprehensive income (not reclassifiable)			
Other comprehensive income from equity-accounted investments	4.4	47	68
Thereof changes during the financial year		69	60
Thereof income taxes		-22	8
Total other comprehensive income (not reclassifiable)		47	68
Total other comprehensive income after tax		497,426	4,247
Total comprehensive income		-39,658	-177,713
Thereof attributable to owners of IMMOFINANZ AG		-33,411	-178,291
Thereof attributable to non-controlling interests		-6,247	578

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	2017	2016A
Earnings before tax (EBT)		200,406	-7,469
Earnings before tax (EBT) from discontinued operations	2.4	-739,303	-204,345
Revaluations of investment properties	2.4 / 5.7.1	127,940	240,926
Goodwill impairment		62,179	20,377
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.3	46,194	14,780
Write-downs and write-ups on receivables and other assets		1,893	2,401
Net profit or loss from equity-accounted investments	5.8	-200,022	-2,546
Foreign exchange differences and fair value measurement of financial instruments		4,027	-71,651
Net interest income/expense		143,456	101,649
Results from deconsolidation	2.3 / 2.4	491,285	-12,930
Other non-cash income/expense/reclassifications		-2,091	4,668
Gross cash flow before tax		135,964	85,860
Income taxes paid		-25,096	-22,767
Gross cash flow after tax		110,868	63,093
Change in real estate inventories		-17,875	18,497
Change in trade and other receivables		2,166	17,599
Change in trade payables and other liabilities		-13,981	7,474
Change in provisions		3,643	-8,316
Cash flow from operating activities		84,821	98,347
Acquisition of investment property and property under construction		-270,601	-127,742
Business combinations and other acquisitions, net of cash and cash equivalents (EUR 0.0 mill.; 2016A: EUR 1.6 mill.)	6.	0	-6
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents (EUR 1.8 mill.; 2016A: EUR 0.0 mill.)	6.	78,783	57,357
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents (EUR 0.0 mill.; 2016A: EUR 0.0 mill.)	6.	29,392	27,252
Acquisition of other assets		-19,233	-517
Acquisition of equity-accounted investments		0	-608,943
Disposal of investment property and property under construction		242,640	130,667
Disposal of other non-current assets		9,690	1,232
Disposal of equity-accounted investments and cash flows from other net investment positions		105,023	388,974
Dividends received from equity-accounted investments	4.4	18,365	7,168
Interest or dividends received from financial instruments		2,099	4,324
Cash flow from investing activities		196,158	-120,234
Increase in financial liabilities		1,960,303	435,518
Proceeds from the issue of convertible bonds less transaction costs	4.12	294,972	0
Repayment of financial liabilities		-1,887,400	-431,277
Redemption of convertible bonds	4.12	-27,230	0
Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio)	4.11	-203	0
Incentivised conversion of convertible bonds plus transaction costs	4.12	-127,526	0
Derivatives		-14,392	-14,474
Interest paid		-120,630	-86,533
Distributions	4.11	-63,152	-57,957
Transactions with non-controlling interest owners		19,024	0
Share buyback	4.11	-40,232	0
Cash flow from financing activities		-6,466	-154,723
Net foreign exchange differences		-1,474	4,076
Change in cash and cash equivalents		273,039	-172,534
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		189,287	371,622
Plus cash and cash equivalents in discontinued operations and disposal groups		16,941	7,140
Cash and cash equivalents at the beginning of the period	6.	206,228	378,762
Cash and cash equivalents at the end of the period	6.	479,267	206,228
Less cash and cash equivalents in discontinued operations and disposal groups	4.8	1,378	16,941
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		477,889	189,287

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 31 December 2016		975,956	3,353,263	-18,214
Other comprehensive income	4.11			
Net profit or loss				
Total comprehensive income				
Share buyback	4.11			-40,230
Issue of shares (for conversion of the convertible bonds 2011-2018 and 2007-2017)	4.12	127,181	122,736	27,138
Issue of convertible bond 2017-2024	4.11		21,655	
Settlement of the legal proceedings over the review of the exchange ratio applied in the merger of IMMOEAST and IMMOFINANZ	4.11	13,037	-45,330	31,306
Distributions	4.11			
Transactions with non-controlling interest owners				
Balance on 31 December 2017		1,116,174	3,452,324	0
Balance on 30 April 2016		975,956	3,353,263	-18,214
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Distributions				
Transactions with non-controlling interest owners				
Disposal of non-controlling interests				
Balance on 31 December 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
	-783	-461	-629,919	-1,019,542	2,660,300	-9,684	2,650,616
	5,106	47	496,049		501,202	-3,776	497,426
				-534,613	-534,613	-2,471	-537,084
	5,106	47	496,049	-534,613	-33,411	-6,247	-39,658
					-40,230		-40,230
					277,055		277,055
					21,655		21,655
					-987		-987
				-63,152	-63,152	-16,336	-79,488
				291	291	18,789	19,080
	4,323	-414	-133,870	-1,617,016	2,821,521	-13,478	2,808,043
	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

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 January to 31 December 2017. 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.

As a consequence of the change in the balance sheet date, the consolidated financial statements for the 2017 financial year cover 12 months, while the comparable prior year period only covers eight 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 2.5.1): determination of the functional currency of a foreign operation, above all when this currency differs from the currency of the subsidiary's headquarters country
- > Rental income (see section 5.1.1): assessment of whether an adjustment to a rental agreement substantially represents a new rental relationship
- > Information on financial instruments (see section 7.1): identification and accounting treatment of embedded derivatives

1.4.2 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 2018:

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

1.5 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations were applied for the first time in 2017:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Effects on IMMOFINANZ
Changes to standards and interpretations				
IAS 7	Disclosure Initiative – Statement of Cash Flows	29 January 2016 (6 November 2017)	1 January 2017	Yes
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	19 January 2016 (6 November 2017)	1 January 2017	No

IAS 7: Disclosure Initiative – Statement of Cash Flows

This initiative creates additional disclosure requirements for changes in financial liabilities and requires mandatory retroactive application as of 1 January 2017. The additional disclosures involve both cash and non-cash changes in financial liabilities.

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 2017 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 15	Clarification of IFRS 15 (Revenue from Contracts with Customers)	12 April 2016 (31 October 2017)	1 January 2018	Yes
IFRS 16	Leases	13 January 2016 (31 October 2017)	1 January 2019	Yes
IFRS 4	Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts	12 September 2016 (3 November 2017)	1 January 2018	No

IFRS 9: Financial Instruments

IFRS 9 will replace the rules defined by IAS 39 for the recognition and measurement of financial instruments as of 1 January 2018. IMMOFINANZ has decided not to apply IFRS 9 prematurely. Analyses of the initial application which were carried out in 2017 do not indicate any material effects on the consolidated financial statements. The expected equity effect from the changeover as of 1 January 2018 is explained below.

In contrast to IAS 39, IFRS 9 defines a new procedure for the classification of financial assets which is based on the respective business model and the characteristics of the contractual payment flows for the individual financial instruments. These new classification requirements will lead to changes in the recognition and measurement of other financial assets. The resulting equity effect on the initial application date will equal EUR 1.0 million.

IFRS 9 also replaces the incurred loss model previously applied to financial assets under IAS 39 with an expected loss model. Under the new model, impairment losses must be recognised at the amount of the credit defaults that are expected within the next 12 months or at the amount of the credit defaults that are expected over the entire term of the asset. The first alternative is applied when the credit risk has not increased significantly since the initial recognition of the asset; the second alternative is applied when the credit risk has increased significantly since the initial recognition of the asset or when there are objective indications of impairment as a result of default events similar to those listed in IAS 39. A default event is assumed when a receivable is overdue more than 90 days. The trade receivables held by IMMOFINANZ are principally secured (primarily through deposits) up to a due date of 90 days, and an impairment loss must therefore only be recorded when a default event is assumed (i.e. when a receivable is more than 90 days overdue). Consequently, there are no material changes compared with IAS 39. With regard to the impairment of cash and cash equivalents, there will be an equity effect of approximately EUR -0.1 million. The effect on other receivables is also immaterial.

A further effect from the initial application of IFRS 9 for IMMOFINANZ will result from the equity-accounted investment in CA Immo, which will also apply IFRS 9 as of 1 January 2018. Any possible effects on equity from the initial application of IFRS 9 by CA Immo will be recognised by IMMOFINANZ in proportion to the investment held.

IMMOFINANZ will not adjust earlier financial years, but record the differences in the carrying amounts from the initial application of IFRS 9 as of 1 January 2018 under equity without recognition in profit or loss.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 will replace the rules defined by IAS 18, IAS 11 and the related interpretations for revenue recognition as of 1 January 2018. IMMOFINANZ has decided not to apply IFRS 15 prematurely and will use the cumulative method for the conversion. In accordance with IFRS 15, revenue recognition must be changed from a point in time to over time when the performance obligation leads to an asset with no

alternative use for IMMOFINANZ and IMMOFINANZ has an enforceable right to payment for the performance transferred to date. This will lead to a change from revenue recognition at a point in time to revenue recognition over time for apartment development projects sold but not transferred as of 31 December 2017. It will also result in the reporting of contractual assets and contractual liabilities in place of real estate inventories and prepayments received which are included under trade payables and other liabilities. Since the involved apartment development projects were measured at their respective net realisable value less transaction costs as of 31 December 2017 in accordance with IAS 2, there will be no resulting effects on equity. As of 1 January 2018, real estate inventories as reported on the consolidated balance sheet will be reduced by EUR 26.4 million and trade receivables and other liabilities by EUR 21.1 million; contractual assets of EUR 6.3 million and contractual liabilities of EUR 1.0 million will also be recognised as of that date. IFRS 15 will also have no material effects in the future because IMMOFINANZ intends to concentrate primarily on investment properties which are held to generate rental income and for value appreciation and whose sale is not part of ordinary business activities. A further effect of the initial application of IFRS 15 for IMMOFINANZ will result from the investment in CA Immo, which is included in the consolidated financial statements at equity; this company will also initially apply IFRS 15 as of 1 January 2018. IMMOFINANZ must therefore include any effects on equity on a proportional basis in relation to their recognition in the CA Immo consolidated financial statements following the initial application of IFRS 15.

IFRS 16: Leasing

IFRS 16 will replace the previous rules for the recognition and measurement of leases (above all by the lessee) as of 1 January 2019. IMMOFINANZ will initially apply this new standard as of 1 January 2019; premature application is not planned. IMMOFINANZ is the lessee for usage rights to land (construction rights, leasehold rights), above all in Poland and Germany. These right-of-use assets must be recognised in accordance with IFRS 16 and presented as part of property assets; a lease liability must also be recognised at the same time. The amounts of the resulting effects are current under evaluation. The analyses have also shown that the scope of other leased operating assets (individual offices, autos and other items of furniture, fixtures and office equipment) are immaterial for the lessee. With regard to accounting by the lessor, no material effects are expected on the consolidated financial statements of IMMOFINANZ AG.

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

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

Standard	Content	Published by the IASB	Expected mandatory application for IMMOFINANZ	Expected effects on IMMOFINANZ
New standards and interpretations				
IFRS 14	Rate-regulated Activities	30 January 2014	Not adopted by the EU	No
IFRS 17	Insurance contracts	18 May 2017	Not adopted by the EU	No
Changes to standards and interpretations				
IFRS 10, IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11 September 2014	Postponed	Yes
Various	Annual Improvements to IFRS 2014-2016	8 December 2016	1 January 2018	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
IFRIC 23	Uncertainty concerning income tax treatment	7 June 2017	1 January 2019	Yes
IFRS 2	Clarification of the classification and measurement of share-based payment transactions	20 June 2017	1 January 2018	No
IFRS 9	Clarification of the classification of financial assets with negative prepayment penalty	12 October 2017	1 January 2019	No
IAS 28	Clarification of the applicability of IFRS 9 to financial instruments due from/to associates and joint ventures which are not accounted for at equity	12 October 2017	1 January 2019	Yes
Various	Annual Improvements to IFRS 2015-2017	12 December 2017	1 January 2019	No
IAS 19	Clarification of the treatment of plan amendments, curtailments and settlement of pension obligations	7 February 2018	1 January 2019	No

IFRS 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.

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.

IFRIC 23: Uncertainty over income tax treatment

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

IAS 28: Clarification of the applicability of IFRS 9 to interests in associates and joint ventures which are not accounted for at equity

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

2. Scope of Consolidation

2.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 31 December 2016	488	11	13	512
Companies initially included				
New foundations	3	0	1	4
Companies no longer included				
Sales	-21	-2	0	-23
Loss of significant influence with retention of investment (see 4.4)	0	0	-1	-1
Mergers	-32	0	0	-32
Liquidations	-17	-1	0	-18
Balance on 31 December 2017	421	8	13	442
Thereof foreign companies	237	5	6	248
Thereof in liquidation	70	0	2	72

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

Of the 72 companies in liquidation as of 31 December 2017, 40 are attributable to the group of companies which were taken over from Constantia Packaging B.V. in connection with the settlement agreements in 2010/11.

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 2017.

2.2 CONSOLIDATION METHODS

2.2.1 BASIS OF CONSOLIDATION

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

2.2.2 FULL CONSOLIDATION

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

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

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

2.2.3 EQUITY METHOD

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

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

Associates are companies over which IMMOFINANZ can exercise significant influence. Significant influence is the power to participate in an investee's financial and operating policy decisions without control or joint control. It is generally presumed (but can be refuted) when the direct or indirect interest in the investee equals or exceeds 20%. The possibilities for influence created by company law (e.g. through seats on a supervisory board) 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 SALE OF SUBSIDIARIES

An overview of the subsidiaries deconsolidated in 2017 is provided in section 8.

The following table summarises the effects on various balance sheet items and the deconsolidation results, with the exception of the effects reported in section 2.5 for the retail portfolio Moscow (a discontinued operation):

All amounts in TEUR	2017
Investment property (see 4.1.1)	2,428
Property under construction (see 4.2)	19,083
Receivables and other assets	75
Deferred tax assets	4,823
Assets held for sale	16,984
Cash and cash equivalents	28
Financial liabilities	-8,418
Trade payables	-1
Other liabilities	-277
Deferred tax liabilities	-5,318
Liabilities held for sale	-415
Net assets sold	28,992
Consideration received in cash and cash equivalents	27,782
Outstanding purchase price receivables	160
Less net assets sold	-28,992
Less non-controlling interests	-358
Reclassification of foreign exchange differences to profit or loss	34,354
Results from deconsolidation	32,946
Consideration received in cash and cash equivalents	27,782
Less cash and cash equivalents sold	-28
Net inflow of cash and cash equivalents	27,754

2.4 DISCONTINUED OPERATION

On 19 December 2016 the Executive Board and Supervisory Board approved IMMOFINANZ's exit from the previous core market Russia and the reclassification of the related properties as a discontinued operation. The assets and liabilities in the retail portfolio Moscow – i.e. five Russian shopping centers, the related service companies and, subsequently, also a site in Russia – were therefore been presented as a discontinued operation on the consolidated balance sheet up to the closing date and reported as “assets held for sale”, respectively “liabilities held for sale”. On the consolidated income statement, the results (after tax) for the retail portfolio Moscow in 2017 and in the comparative period are reported on a separate line.

The closing for the sale of the retail portfolio Moscow took place on 6 December 2017. This step completed the sale of the retail portfolio Moscow with the exception of the sale of a Russian service company – which closed on 8 February 2018. The assets and liabilities of the service company which was sold after the end of the reporting year are carried in the consolidated balance sheet as of 31 December 2017 under “assets held for sale”, respectively “liabilities held for sale” (see section 4.8).

The agreed purchase price comprises a cash payment of RUB 5 billion (i.e. EUR 72.0 million) at the closing, a payment of EUR 14.5 million which is deferred to 2022 and a conditional payment (a revenue-based earn-out in 2022) of RUB 9 billion. The deferred purchase price payment was recognised at EUR 9.4 million, which represents the present value of the future payment on the closing date. Estimates by management set the fair value of the conditional purchase price payment at zero on the closing date and as of 31 December 2017. A contractual agreement also entitles IMMOFINANZ to a 50% participation in proceedings for the refund of withholding taxes and land taxes, which are currently in progress and have an uncertain outcome. Since the realisation of this income was not considered highly probable as of the closing date or on 31 December 2017, this contingent receivable was not recognised. Therefore, the purchase price to be recognised totalled EUR 81.4 million on the closing date and on 31 December 2017.

The following table shows the net assets from the retail portfolio Moscow which were sold in 2017 as well as the related results from deconsolidation:

All amounts in TEUR	2017
Assets held for sale	
Investment property	796,021
Intangible assets (excl. goodwill)	2
Receivables and other assets	21,109
Cash and cash equivalents	1,827
Liabilities held for sale	
Financial liabilities	-636,628
Trade payables	-31,557
Deferred tax liabilities	-85,315
Net assets sold	65,459
Consideration received in cash and cash equivalents	71,972
Outstanding purchase price receivables	9,433
Less net assets sold	-65,459
Reclassification of foreign exchange differences to profit or loss	-540,177
Results from deconsolidation	-524,231
Consideration received in cash and cash equivalents	71,972
Less cash and cash equivalents sold	-1,827
Net inflow of cash and cash equivalents	70,145

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

All amounts in TEUR	2017	2016A
Net profit or loss retail portfolio Moscow	-714,655	-216,764
Net profit or loss logistics portfolio	-3,442	7,946
Net profit or loss from discontinued operations	-718,097	-208,818

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

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	2017	2016A	2017	2016A
Rental income	76,766	50,089	0	107
Operating costs charged to tenants	17,175	11,566	0	63
Other revenues	1,593	900	0	0
Revenues	95,534	62,555	0	170
Expenses from investment property	-29,476	-14,412	0	-655
Operating expenses	-16,829	-10,812	0	-106
Results of asset management	49,229	37,331	0	-591
Proceeds from the sale of properties	0	0	0	25,221
Carrying amount of sold properties	0	0	0	-25,221
Expenses from property sales	-3	-10	0	0
Results of property sales	-3	-10	0	0
Expenses from property development and inventories	0	-123	0	-21
Revaluation of properties under construction adjusted for foreign exchange effects	0	0	0	2,438
Results of property development	0	-123	0	2,417
Other operating income	807	128	0	32
Other operating expenses	-5,481	-4,150	-5,106	1
Results of operations	44,552	33,176	-5,106	1,859
Revaluation of investment properties adjusted for foreign exchange effects	6,795	-182,519	0	-1,380
Revaluation of investment properties resulting from foreign exchange effects	-39,420	-59,772	0	0
Goodwill impairment	-5,197	-18,315	0	0
Other revaluation results	-37,822	-260,606	0	-1,380
Operating profit (EBIT)	6,730	-227,430	-5,106	479
Financing costs	-52,811	-36,630	0	-71
Financing income	8	12	0	0
Foreign exchange differences	17,259	51,392	0	440
Other financial results	0	2	0	34
Financial results	-35,544	14,776	0	403
Earnings before tax (EBT)	-28,814	-212,654	-5,106	882
Current income tax	-3,934	458	0	-805
Deferred tax	2,959	-4,568	0	442
Earnings from discontinued operations	-29,789	-216,764	-5,106	519
Loss from fair value measurement less costs to sell	-182,816	0	0	0
Income tax on the valuation loss attributable to the sale	22,181	0	0	0
Result from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	-524,231	0	0	4,342
Subsequent purchase-price-adjustment effects on income	0	0	1,664	3,085
Net profit or loss from discontinued operations	-714,655	-216,764	-3,442	7,946
Thereof attributable to owners of IMMOFINANZ AG	-714,655	-216,764	-3,442	7,946

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 3.2).

The earnings from discontinued operations in 2017 also include the results from the sale of the logistics portfolio, which was finalised in the abbreviated 2016 financial year. The subsequent costs represent contractually agreed reimbursements related to pending proceeds with the tax authorities for the sold logistics properties, which were offset in part by a subsequent purchase payment.

The consolidated interim financial statements as of 30 September 2017 included the following items related to the closing for the sale of the retail portfolio Moscow: a negative valuation effect of EUR 56.1 million to goodwill, impairment losses of EUR 123.8 million to investment property and immaterial impairment losses to intangible assets and property, plant and equipment. The loss on fair value measurement, less selling costs of EUR 2.8 million, totalled EUR 182.8 million and is reported as a separate item in the above table. The resulting changes in deferred tax liabilities had a contrary effect.

The influence of these two discontinued operations on the consolidated cash flow statement are summarised below:

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	2017	2016A	2017	2016A
Cash flow from operating activities	37,874	63,652	0	1,619
Cash flow from investing activities	-4,719	-1,722	0	-3,115
Cash flow from financing activities	-60,807	-46,381	0	-251
Net cash flow from discontinued operations	-27,652	15,549	0	-1,747

2.5 FOREIGN CURRENCY TRANSLATION

2.5.1 FUNCTIONAL CURRENCY

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

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

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

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

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

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

Currency	Closing rate on 31 12 2017	Closing rate on 31 12 2016	Average rate 2017	Average rate 2016A
BGN	1.95583	1.95583	1.95583	1.95583
CHF	1.17020	1.07390	1.10955	1.08766
CZK	25.54000	27.02000	26.36300	27.03033
HRK	7.51365	7.55779	7.47183	7.50749
RSD	118.47270	123.47230	121.38362	123.18510
RUB	68.86680	63.81110	65.67243	70.65164
TRY	4.54640	3.70720	4.09596	3.38702
UAH	33.82000	28.42260	30.08996	28.18744
USD	1.19930	1.05200	1.12628	1.10493

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 was reported as a disposal group and discontinued operation from the date of the decision by the Executive Board and Supervisory Board on 19 December 2016 up to the closing on 6 December 2017 (see section 2.4 for detailed information). 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.

3.2 TRANSITION FROM OPERATING SEGMENTS TO GROUP RESULTS

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

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

3.3 INFORMATION ON REPORTABLE OPERATING SEGMENTS

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

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

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

3.4 REGIONS AS OPERATING SEGMENTS

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

- > Austria: the business segment Austria is a major focal point for the office standing investments. These properties include, among others, the *myhive Twin Towers* and *City Tower Vienna*. This portfolio also includes properties from the retail and other asset classes.
- > Germany: the business segment Germany is the location, above all, for the *Campus Aachen* which was completed in 2017, the *FLOAT* and *TRIVAGO* office properties which are under construction and the real estate projects in the *Gerling Quartier* which are classified as held for sale and attributable to the office and other asset classes.
- > Poland: this country represents a further focal point for the office standing investments which include, in particular, the *Park Postepu*, *myhive IO-1* and *myhive Nimbus Office* in Warsaw and the *EMPARK*. This operating segment also contains retail properties like the *Tarasy Zamkowe shopping center* in Lublin and shopping centers/retail parks under the *VIVO!* and *STOP SHOP* brands.
- > Czech Republic: the Czech portfolio includes office properties like the *BB Centrum Gamma* and *myhive 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 under the *STOP SHOP* brand. This portfolio also includes office properties like the *Polus Tower*.
- > Hungary: this portfolio consists primarily of office properties like the *myhive Átrium Park* and *myhive Haller Gardens* and retail parks under the *STOP SHOP* brand.
- > Romania: the business segment Romania comprises, above all, office properties like the *myhive S-Park* and *IRIDE Business Park* and retail properties like the *VIVO! Cluj-Napoca Center* and *VIVO! Constanta* shopping center.
- > 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 2017 or 2016A financial year.

3.6 SEGMENT REPORTING

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

All amounts in TEUR	Austria		Germany	
	2017	2016A	2017	2016A
Office	31,575	22,572	7,280	3,237
Retail	15,174	14,194	379	406
Other	6,096	4,382	1,737	2,413
Rental income	52,845	41,148	9,396	6,056
Operating costs charged to tenants	11,111	7,643	3,375	2,060
Other revenues	1,605	1,235	6	239
Revenues	65,561	50,026	12,777	8,355
Expenses from investment property	-33,471	-26,504	-5,072	-2,263
Operating expenses	-10,777	-7,700	-3,362	-1,975
Results of asset management	21,313	15,822	4,343	4,117
Proceeds from the sale of properties	117,267	143,645	70,140	10,845
Carrying amount of sold properties	-117,267	-143,645	-70,140	-10,845
Results from deconsolidation	-311	-13	1	0
Expenses from property sales	-2,214	-8,151	-852	-1,215
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-2,082	-1,285	-639	-1,949
Results of property sales before foreign exchange effects	-4,607	-9,449	-1,490	-3,164
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-4,607	-9,449	-1,490	-3,164
Proceeds from the sale of real estate inventories	0	0	25,497	30,975
Cost of real estate inventories sold	0	0	-20,466	-36,377
Expenses from real estate inventories	-255	0	-55,615	-14,174
Expenses from real estate development	-572	-3	-1,776	-1,579
Revaluation of properties under construction adjusted for foreign exchange effects	0	-2,432	35,231	965
Results of property development before foreign exchange effects	-827	-2,435	-17,129	-20,190
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-827	-2,435	-17,129	-20,190
Other operating income	1,438	1,251	806	79
Other operating expenses	-1,972	-1,682	-3,740	-2,348
Results of operations	15,345	3,507	-17,210	-21,506
Revaluation of investment properties adjusted for foreign exchange effects	-10,326	-7,409	-1,542	-319
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	0	0	0	0
Other revaluation results	-10,326	-7,409	-1,542	-319
Operating profit (EBIT)	5,019	-3,902	-18,752	-21,825
	31 12 2017	31 12 2016	31 12 2017	31 12 2016
Investment property	809,060	918,004	114,040	65,600
Property under construction	9,040	34,000	293,550	237,700
Goodwill	0	0	0	0
Investment properties held for sale	72,407	73,470	136,437	152,565
Real estate inventories	0	255	55,859	83,543
Segment assets	890,507	1,025,729	599,886	539,408
	2017	2016A	2017	2016A
Segment investments	6,794	5,857	115,535	87,855

All amounts in TEUR	Poland		Czech Republic	
	2017	2016A	2017	2016A
Office	26,399	16,804	11,766	8,868
Retail	14,308	9,773	10,248	6,597
Other	3,061	1,953	1,025	992
Rental income	43,768	28,530	23,039	16,457
Operating costs charged to tenants	20,623	13,462	7,055	4,639
Other revenues	1,911	1,327	237	170
Revenues	66,302	43,319	30,331	21,266
Expenses from investment property	-15,072	-10,664	-5,595	-7,523
Operating expenses	-19,269	-12,708	-6,793	-4,530
Results of asset management	31,961	19,947	17,943	9,213
Proceeds from the sale of properties	0	830	0	0
Carrying amount of sold properties	0	-830	0	0
Results from deconsolidation	-11,567	747	4,763	2,043
Expenses from property sales	842	-57	-759	-105
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-5,458	-7,902	-2,085	-55
Results of property sales before foreign exchange effects	-16,183	-7,212	1,919	1,883
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-16,183	-7,212	1,919	1,883
Proceeds from the sale of real estate inventories	4,816	5,439	0	0
Cost of real estate inventories sold	-5,237	-4,995	0	0
Expenses from real estate inventories	-129	-2,011	0	0
Expenses from real estate development	-1,491	-1,075	-298	-134
Revaluation of properties under construction adjusted for foreign exchange effects	373	1,572	0	-482
Results of property development before foreign exchange effects	-1,668	-1,070	-298	-616
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-1,668	-1,070	-298	-616
Other operating income	817	2,537	1,541	508
Other operating expenses	-3,038	-1,861	-1,795	-1,231
Results of operations	11,889	12,341	19,310	9,757
Revaluation of investment properties adjusted for foreign exchange effects	-4,085	-3,625	8,021	12,016
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	-554	-626	-233	-155
Other revaluation results	-4,639	-4,251	7,788	11,861
Operating profit (EBIT)	7,250	8,090	27,098	21,618
	31 12 2017	31 12 2016	31 12 2017	31 12 2016
Investment property	712,869	598,910	391,290	375,610
Property under construction	44,974	5,767	0	20,920
Goodwill	32	586	7,396	7,629
Investment properties held for sale	13,742	141,760	0	0
Real estate inventories	3,935	7,581	0	0
Segment assets	775,552	754,604	398,686	404,159
	2017	2016A	2017	2016A
Segment investments	29,601	4,906	6,762	280

All amounts in TEUR	Slovakia		Hungary	
	2017	2016A	2017	2016A
Office	1,969	1,254	14,162	8,731
Retail	15,537	8,668	14,057	8,397
Other	346	160	1,131	699
Rental income	17,852	10,082	29,350	17,827
Operating costs charged to tenants	7,202	6,224	11,376	6,894
Other revenues	207	519	305	466
Revenues	25,261	16,825	41,031	25,187
Expenses from investment property	-6,980	-3,497	-9,735	-7,618
Operating expenses	-5,480	-5,565	-11,049	-6,590
Results of asset management	12,801	7,763	20,247	10,979
Proceeds from the sale of properties	2,450	6,000	6,402	163
Carrying amount of sold properties	-2,450	-6,000	-6,402	-163
Results from deconsolidation	30	-108	0	-1,698
Expenses from property sales	-17	-17	-111	-119
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-60	-2,130	30	62
Results of property sales before foreign exchange effects	-47	-2,255	-81	-1,755
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-47	-2,255	-81	-1,755
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	-114	-194	-146	-98
Revaluation of properties under construction adjusted for foreign exchange effects	-5,065	-2,839	0	88
Results of property development before foreign exchange effects	-5,179	-3,033	-146	-10
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-5,179	-3,033	-146	-10
Other operating income	81	297	56	77
Other operating expenses	-1,386	-842	-1,455	-913
Results of operations	6,270	1,930	18,621	8,378
Revaluation of investment properties adjusted for foreign exchange effects	2,834	5,512	22,147	-21
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	-25	0	0	-592
Other revaluation results	2,809	5,512	22,147	-613
Operating profit (EBIT)	9,079	7,442	40,768	7,765
	31 12 2017	31 12 2016	31 12 2017	31 12 2016
Investment property	291,300	201,980	513,025	468,770
Property under construction	0	22,100	0	0
Goodwill	184	209	2,708	2,708
Investment properties held for sale	0	2,510	0	6,112
Real estate inventories	0	0	0	0
Segment assets	291,484	226,799	515,733	477,590
	2017	2016A	2017	2016A
Segment investments	69,207	9,051	21,271	551

All amounts in TEUR	Romania		Other non-core countries	
	2017	2016A	2017	2016A
Office	18,937	11,979	1,207	852
Retail	26,893	16,693	6,893	4,084
Other	3,957	2,751	357	237
Rental income	49,787	31,423	8,457	5,173
Operating costs charged to tenants	20,850	12,615	1,945	1,151
Other revenues	1,884	1,414	217	151
Revenues	72,521	45,452	10,619	6,475
Expenses from investment property	-16,433	-13,302	-2,605	-1,940
Operating expenses	-20,010	-12,399	-1,855	-1,118
Results of asset management	36,078	19,751	6,159	3,417
Proceeds from the sale of properties	14,180	7,541	25	325
Carrying amount of sold properties	-14,180	-7,541	-25	-325
Results from deconsolidation	0	0	40,030	4,531
Expenses from property sales	-499	-238	1,446	-2,034
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-687	-224	-2,132	12,791
Results of property sales before foreign exchange effects	-1,186	-462	39,344	15,288
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	8,316	4,315
Results of property sales	-1,186	-462	47,660	19,603
Proceeds from the sale of real estate inventories	539	3,130	0	324
Cost of real estate inventories sold	-342	-2,987	0	-651
Expenses from real estate inventories	-160	-1,038	-21	-10
Expenses from real estate development	-1,036	-302	-391	-175
Revaluation of properties under construction adjusted for foreign exchange effects	-1,151	10,175	-731	728
Results of property development before foreign exchange effects	-2,150	8,978	-1,143	216
Revaluation of properties under construction resulting from foreign exchange effects	0	0	-262	40
Results of property development	-2,150	8,978	-1,405	256
Other operating income	316	762	261	325
Other operating expenses	-4,027	-4,109	-2,440	-1,505
Results of operations	29,031	24,920	50,235	22,096
Revaluation of investment properties adjusted for foreign exchange effects	-11,838	-19,153	-3,168	2,024
Revaluation of investment properties resulting from foreign exchange effects	0	0	2,890	-158
Goodwill impairment	-8	-686	-47	-4
Other revaluation results	-11,846	-19,839	-325	1,862
Operating profit (EBIT)	17,185	5,081	49,910	23,958
	31 12 2017	31 12 2016	31 12 2017	31 12 2016
Investment property	772,899	784,825	125,036	117,680
Property under construction	48,620	56,820	7,880	1,729
Goodwill	13,529	13,537	999	1,044
Investment properties held for sale	1,890	0	38,859	42,480
Real estate inventories	1,242	1,536	185	185
Segment assets	838,180	856,718	172,959	163,118
	2017	2016A	2017	2016A
Segment investments	7,703	6,539	19,136	4,957

All amounts in TEUR	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
	2017	2016A	2017	2016A	2017	2016A
Office	113,295	74,297	0	0	113,295	74,297
Retail	103,489	68,812	0	0	103,489	68,812
Other	17,710	13,587	0	0	17,710	13,587
Rental income	234,494	156,696	0	0	234,494	156,696
Operating costs charged to tenants	83,537	54,688	0	0	83,537	54,688
Other revenues	6,372	5,521	0	0	6,372	5,521
Revenues	324,403	216,905	0	0	324,403	216,905
Expenses from investment property	-94,963	-73,311	0	0	-94,963	-73,311
Operating expenses	-78,595	-52,585	0	0	-78,595	-52,585
Results of asset management	150,845	91,009	0	0	150,845	91,009
Proceeds from the sale of properties	210,464	169,349	0	0	210,464	169,349
Carrying amount of sold properties	-210,464	-169,349	0	0	-210,464	-169,349
Results from deconsolidation	32,946	5,502	0	0	32,946	5,502
Expenses from property sales	-2,164	-11,936	0	0	-2,164	-11,936
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-13,113	-692	0	0	-13,113	-692
Results of property sales before foreign exchange effects	17,669	-7,126	0	0	17,669	-7,126
Revaluation of properties sold and held for sale resulting from foreign exchange effects	8,316	4,315	0	0	8,316	4,315
Results of property sales	25,985	-2,811	0	0	25,985	-2,811
Proceeds from the sale of real estate inventories	30,852	39,868	0	0	30,852	39,868
Cost of real estate inventories sold	-26,045	-45,010	0	0	-26,045	-45,010
Expenses from real estate inventories	-56,180	-17,233	0	0	-56,180	-17,233
Expenses from real estate development	-5,824	-3,560	0	0	-5,824	-3,560
Revaluation of properties under construction adjusted for foreign exchange effects	28,657	7,775	0	0	28,657	7,775
Results of property development before foreign exchange effects	-28,540	-18,160	0	0	-28,540	-18,160
Revaluation of properties under construction resulting from foreign exchange effects	-262	40	0	0	-262	40
Results of property development	-28,802	-18,120	0	0	-28,802	-18,120
Other operating income	5,316	5,836	3,384	7,115	8,700	12,951
Other operating expenses	-19,853	-14,491	-29,312	-17,602	-49,165	-32,093
Results of operations	133,491	61,423	-25,928	-10,487	107,563	50,936
Revaluation of investment properties adjusted for foreign exchange effects	6,472	-10,975	0	0	6,472	-10,975
Revaluation of investment properties resulting from foreign exchange effects	-1,539	-158	0	0	-1,539	-158
Goodwill impairment	-867	-2,063	0	0	-867	-2,063
Other revaluation results	4,066	-13,196	0	0	4,066	-13,196
Operating profit (EBIT)	137,557	48,227	-25,928	-10,487	111,629	37,740
	31 12 2017	31 12 2016	31 12 2017	31 12 2016¹	31 12 2017	31 12 2016
Investment property	3,729,519	3,531,379	0	0	3,729,519	3,531,379
Property under construction	404,064	379,036	0	0	404,064	379,036
Goodwill	24,848	25,713	0	0	24,848	25,713
Investment properties held for sale	263,335	418,897	0	1,024,051	263,335	1,442,948
Real estate inventories	61,221	93,100	0	0	61,221	93,100
Segment assets	4,482,987	4,448,125	0	1,024,051	4,482,987	5,472,176
	2017	2016A	2017¹	2016A¹	2017	2016A
Segment investments	276,009	119,996	2,857	1,727	278,866	121,723

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

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	2017	2016A
Beginning balance	3,531,379	4,961,845
Deconsolidations (see 2.3)	-2,428	-67,513
Currency translation adjustments	1,089	147,144
Additions	116,543	21,643
Disposals	-99,250	-134,834
Revaluation	5,916	-258,867
Reclassifications	142,035	42,898
Reclassification from IFRS 5	87,149	0
Reclassification to IFRS 5	-52,914	-1,180,937
Ending balance	3,729,519	3,531,379

The additions are related, in particular, to the acquisition of six retail parks in Slovakia as well as three retail parks in Hatvan and Szolnok, Hungary, and in Botoşani, Romania.

The disposals involve, above all, five standing investments in Austria (three office properties, one retail property and one property in the asset class "Other") as well as two office properties in Germany and two Romanian properties in the asset class "Other".

The reclassifications are related primarily to transfers of EUR -56.9 million (2016A: EUR -10.0 million) from investment property to property under construction and EUR 190.0 million (2016A: EUR 43.9 million) from property under construction to investment property.

The reclassifications from assets held for sale involve five office properties in the *Warsaw EMPARK Mokotów Business Park* (see section 4.8) and reflect management's decision to cancel their sale.

The reclassifications to assets held for sale represent two office properties in Austria, one retail property in Romania, one parcel of land in Russia and one property in the asset class "Other".

4.1.2 ACCOUNTING POLICIES

The fair value of the standing investments as of 31 December 2017 was generally determined with the hardcore and top slice method. The term and reversion method was also used for this purpose in the previous year.

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

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

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

Changes in the fair value of investment properties, properties under construction, properties held for sale and properties sold are recognised to 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 IMMOFINANZ core countries is 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 properties in the other non-core countries are valued in the Euro. In cases where the Euro is not the functional currency in these other non-core countries, the changes in value are reported under the valuation of properties adjusted for foreign exchange effects and the valuation of properties resulting from foreign exchange effects.

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 2017, CBRE and BNP Paribas Real Estate Consult served as the appraisers for IMMOFINANZ. The properties in Eastern Europe were valued by CBRE, while BNP Paribas Real Estate Consult was responsible for valuing the properties in Austria and Germany. The contracts awarded to CBRE and BNP Paribas Real Estate Consult resulted from a tender carried out in the 2015/16 financial year for the period from 30 April 2016 to 31 December 2018. Internal valuations are used in a very limited number of cases. 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 for the preparation of the consolidated financial statements and as of 30 June for the preparation of the interim financial statements. Internal valuations are carried out for the preparation of the interim financial statements as of 31 March and 30 September.

4.1.3 VALUATION ASSUMPTIONS AND EXISTING VALUATION UNCERTAINTY

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

The investment properties are assigned to classes based on their respective characteristics, features and risks. The criteria used for allocation include the business segments and the asset classes (office, retail and other). The office, retail and other asset classes were aggregated into the following country groups based on specific homogeneity criteria: West (Austria, Germany), CEE (Poland, Czech Republic, Slovakia, Hungary and Romania) and other non-core countries. Russia (discontinued operations retail portfolio Moscow, see section 2.4) is also shown as a country group for 2016A.

This aggregation results in the following classes:

- > **Office** – in each of the country groups West, CEE, other non-core countries
- > **Retail** – in each of the country groups West, CEE, other non-core countries (Russia only for 2016A)
- > **Other** – in each of the country groups West, CEE, other non-core countries

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

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

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

A direct comparison with the input parameters presented for the 2016A financial year is not possible because of the different DCF methods used by CBRE and BNP Paribas Real Estate Consult in that year – the term and reversion method and the hardcore and top slice method – and the subsequent presentation of these input parameters under the term and reversion method. The calculation methodology for the hardcore and top slice method is similar to the logic underlying the term and reversion method. The application of the term and reversion method to existing rental contracts involves the following procedure: 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, in general, on the asset class and current market circumstances and, in particular, on the condition of the building, its location and occupancy rate – different interest rates are applied to the current rental income (discount rate) and the capitalisation of the perpetual yield (exit yield). The assumptions underlying the valuation, e.g. for default on rentals, vacancies or maintenance costs, are based on market assessments, on derived data or on the appraisers' experience. The input parameters used in the 2016A financial year 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.

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

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

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

An increase in the rent per square meter would lead to an increase in fair value, while a decrease in this parameter would cause a decrease in fair value. An increase in the capitalisation rate (2016A: discount rate or exit yield) or the vacancy rate would lead to a reduction in fair value, while a reduction in these input factors would result in a higher fair value.

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

Office 2017			Land in sqm	Price per sqm in EUR
West	min		4,256	664.94
	max		8,723	792.16
	weighted average		6,490	750.44
	median		6,490	728.55
CEE	min		2,162	124.52
	max		214,576	529.84
	weighted average		65,577	172.85
Other non-core countries	min		22,785	383.97
	max		68,896	61.31
	weighted average		68,896	61.31
	median		68,896	61.31

Retail 2017			Land in sqm	Price per sqm in EUR
CEE	min		17,905	22.79
	max		126,500	197.11
	weighted average		64,341	66.19
	median		52,948	54.88
Other non-core countries	min		30,000	42.00
	max		30,000	42.00
	weighted average		30,000	42.00
	median		30,000	42.00

Other 2017			Land in sqm	Price per sqm in EUR
CEE	min		2,686	13.02
	max		210,034	434.28
	weighted average		39,903	132.19
	median		24,193	149.95
Other non-core countries	min		6,632	116.11
	max		196,671	1,319.36
	weighted average		48,513	160.20
	median		9,572	142.03

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). This property was allocated to the discontinued retail portfolio Moscow during 2017 in connection with the sale negotiations.

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

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

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

Office

All amounts in TEUR	West	CEE	Russia	Other non-core countries	Total
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 to 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
Balance on 1 January 2017	860,420	1,263,968	0	31,460	2,155,848
Foreign exchange differences	0	0	0	139	139
Additions	6,234	13,672	0	0	19,906
Disposals	-49,566	0	0	0	-49,566
Revaluation of properties in the portfolio as of the balance sheet date	-9,559	-4,242	0	299	-13,502
Revaluation of properties no longer in the portfolio as of the balance sheet date	1,618	0	0	0	1,618
Reclassifications	40,773	30,902	0	486	72,161
Reclassification from IFRS 5	0	83,149	0	0	83,149
Reclassification to IFRS 5	-44,550	0	0	0	-44,550
Balance on 31 December 2017	805,370	1,387,449	0	32,384	2,225,203

Retail

All amounts in TEUR	West	CEE	Russia	Other non-core countries	Total
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 to 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
Balance on 1 January 2017	110,900	1,050,130	0	82,230	1,243,260
Foreign exchange differences	0	0	0	1,309	1,309
Additions	1,985	92,871	0	1,748	96,604
Disposals	-10,145	-290	0	-24	-10,459
Revaluation of properties in the portfolio as of the balance sheet date	2,238	21,154	0	-1,184	22,208
Revaluation of properties no longer in the portfolio as of the balance sheet date	-805	30	0	0	-775
Reclassifications	2,587	28,458	0	10,547	41,592
Reclassification from IFRS 5	4,000	0	0	0	4,000
Reclassification to IFRS 5	0	-1,890	0	-3,224	-5,114
Balance on 31 December 2017	110,760	1,190,463	0	91,402	1,392,625

Other

All amounts in TEUR	West	CEE	Russia	Other non-core countries	Total
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 to IFRS 5	-6,490	0	0	0	-6,490
Balance on 31 December 2016	12,284	115,997	0	3,990	132,271
Balance on 1 January 2017	12,284	115,997	0	3,990	132,271
Deconsolidations	0	0	0	-2,428	-2,428
Foreign exchange differences	0	0	0	-359	-359
Additions	33	0	0	0	33
Disposals	-25,045	-14,180	0	0	-39,225
Revaluation of properties in the portfolio as of the balance sheet date	76	96	0	219	391
Revaluation of properties no longer in the portfolio as of the balance sheet date	-3,220	-632	0	-172	-4,024
Reclassifications	22,842	5,440	0	0	28,282
Reclassification to IFRS 5	0	-3,250	0	0	-3,250
Balance on 31 December 2017	6,970	103,471	0	1,250	111,691

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 2017	31 12 2016
Office	805,370	860,420
Retail	110,760	110,900
Other	6,970	12,284
Total West	923,100	983,604
Office	1,387,449	1,263,968
Retail	1,190,463	1,050,130
Other	103,471	115,997
Total CEE	2,681,383	2,430,095
Office	32,384	31,460
Retail	91,402	82,230
Other	1,250	3,990
Total Other non-core Countries	125,036	117,680
Total (as per consolidated balance sheet)	3,729,519	3,531,379

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 2017 that would result from changes in rental income and interest rates, respectively from changes in the vacancy rate:

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

¹ Capitalisation rate

For example: if the interest rate fell by 25 basis points and rental income rose by 2.5%, the fair value of investment property would increase by 7.5%.

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

For example: if the vacancy rate fell by 2.5% points and rental income rose by 2.5%, the fair value would increase 3.9%.

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 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 Capitalisation rate

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%	

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 2017 the investment property had a carrying amount of EUR 3,729.5 million (31 December 2016: EUR 3,531.4 million), and the carrying amount of the top 30 properties totalled EUR 2,040.5 million (31 December 2016: EUR 2,046.9 million) or 54.7% (31 December 2016: 61.9%) of the standing investment portfolio.

For the top 30 properties in the standing investment portfolio, the capitalisation rate (2016A: discount rate or exit yield) used by the appraisers for valuation as of 31 December 2017 ranged from 3.8% to 8.8% (31 December 2016: 3.9% to 10.5%). The interest rates were highest in Romania during 2017 with a range of 7.5% to 8.8% and lowest in Austria with a range of 3.8% to 4.8%. The interest rates were highest during the previous financial year in Romania with a range of 7.5% to 10.5% and lowest in Austria with a range of 3.9% to 7.7%.

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

4.1.4 CONCENTRATION RISK

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

The closing for the sale of the retail portfolio Moscow on 6 December 2017 (see section 2.4) led to a significant reduction in the regional concentration risk for IMMOFINANZ.

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	2017	2016A
Beginning balance	379,036	410,043
Deconsolidations (see 2.3)	-19,083	0
Currency translation adjustments	262	-40
Additions	159,466	100,080
Disposals	-10,900	-10,845
Revaluation	23,073	4,517
Reclassifications	-130,230	-50,379
Reclassification from IFRS 5	44,181	0
Reclassification to IFRS 5	-41,741	-74,340
Ending balance	404,064	379,036

The additions are related primarily to the *trivago Campus*, *FLOAT* and *Cluster Produktionstechnik* development projects in Germany and to the *VIVO! Krosno in Poland*.

The reclassifications involve, above all, transfers of EUR 56.9 million (2016A: EUR 10.0 million) from investment property to property under construction and transfers of EUR -190.8 million (2016A: EUR -43.9 million) from property under construction to investment property. The reclassifications in 2016A also included transfers of EUR 19.7 million from property under construction to real estate inventories.

The reclassifications from assets held for sale involve four properties from the *EMPARK* Mokotów Business Park in Warsaw (see section 4.8). Following a decision by management to cancel their sale, the properties will now undergo refurbishment.

The reclassifications to assets held for sale involve one Austrian property in the asset class "Other", two office buildings in the *Gerling Quartier* in Germany and one retail property in Poland.

The residual value method is generally used to value property under construction. Standing investments that were transferred to property under construction due to upcoming refurbishment or upgrading are valued with hardcore and top slice method until detailed redevelopment plans are available. As soon as these plans are available, valuation is based on the residual value method. Residual value is understood to represent the amount remaining after the deduction of all project development costs and the imputed project development profit (developer profit) from the property's estimated selling price after completion. The unrealised imputed project development profit declines with the progress on the project. The most important input factors for this valuation method are the future rental income from the project, the discount rate (these two parameters generally determine the estimated fair value on completion) and the outstanding project development costs. The capitalisation rates (2016A: exit yields) for IMMOFINANZ's development projects range from 3.6% to 9.8% (2016A: 3.75% to 8.75%), while the project development

profit ranges from 4.7% to 10.8% (2016A: 6.4% to 13.7%). The estimated fair values of the projects on completion range from EUR 6.4 million to EUR 198.1 million (2016A: EUR 3.6 million to EUR 194.1 million), and the estimated outstanding construction costs by property range from EUR 1.6 million to EUR 54.3 million (2016A: EUR 1.4 million to EUR 84.3 million).

Of the total carrying amount of property under construction as of 31 December 2017, 72.7% (31 December 2016: 62.7%) is attributable to development projects in Germany.

Information on other valuation-relevant parameters and valuation uncertainty is provided in section 4.1.3.

4.3 INTANGIBLE ASSETS

4.3.1 COMPOSITION OF INTANGIBLE ASSETS

The carrying amounts of goodwill and other intangible assets are as follows:

All amounts in TEUR	31 12 2017	31 12 2016
Goodwill	24,848	25,713
Other intangible assets	208	242
Total	25,056	25,955

4.3.2 GOODWILL

The development of goodwill is shown in the following table:

All amounts in TEUR	2017	2016A
Acquisition cost - beginning balance	1,018,676	1,139,524
Deconsolidations	71,898	-26,286
Currency translation adjustments	11,064	17,325
Reclassification to IFRS 5	0	-111,887
Acquisition cost - ending balance	1,101,638	1,018,676
Accumulated depreciation - beginning balance	-992,963	-1,035,440
Deconsolidations	-71,898	24,087
Currency translation adjustments	-11,062	-7,500
Impairment losses to continuing operations (see 5.7.2)	-867	-2,063
Impairment losses to discontinued operations	0	-18,712
Reclassification to IFRS 5	0	46,665
Accumulated depreciation - ending balance	-1,076,790	-992,963
Carrying amount as of the balance sheet date	24,848	25,713

Goodwill regularly results as a technical figure when the acquisition of a subsidiary represents a business combination as defined in IFRS 3 and does not result in another acquisition (see section 2.2.2) because of the obligation to recognise deferred taxes on the difference between the fair value and the tax base of the acquired real estate assets. This goodwill is tested for indications of impairment each year. Since it is normally assumed that net yields above the market level are not sustainable on real estate markets, IMMOFINANZ determines the recoverable amount based on fair value less costs to sell and not on the basis of the value in use.

The cash-generating units generally represent individual properties or property portfolios. Due to the extensive number of properties held by IMMOFINANZ, this presentation in each case is aggregated by segment.

The recoverable amount of the cash-generating units is based on the fair value of the included property (properties) as determined by an expert opinion and includes the deferred taxes that are not transferrable to a hypothetical buyer as well as costs to sell. If the hypothetical transaction underlying the determination of the recoverable amount is assumed to be structured in a way that does not change the tax base of the asset(s) – which is regularly the case with share deals – this factor would be implicitly included in the recoverable amount at zero. The experience from recent transactions has shown that the determination of the selling price through negotiations generally leads to an equal allocation of the deferred tax liabilities between the seller and the buyer. In cases where it cannot be anticipated with sufficient certainty that the sales in a regional real estate market will take place through share deals, it must be assumed that the full amount of the deferred tax liabilities will remain with the seller; in such cases, goodwill would be no longer considered recoverable.

The recoverable amount of the cash-generating unit is then compared with the carrying amount of the included property (properties) plus any goodwill and minus the deferred tax liabilities attributable to the respective property (properties). Deferred taxes are included in accordance with IAS 36 because these items are implicitly included in the determination of the recoverable amount.

Information on property valuation and the related estimation uncertainty is provided in sections 4.1.2 and 4.1.3. The selling costs for IMMOFINANZ are estimated at 0.5% to 2.0% of the respective property value and result primarily from brokerage services and legal advising.

The key valuation-relevant input parameters for properties that carry goodwill are summarised in the following table, classified by segment:

Segment		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
Poland	min	21,264	15.99	16.12	6.85	0.00
	max	21,264	15.99	16.12	6.85	0.00
	weighted average	21,264	15.99	16.12	6.85	0.00
	median	21,264	15.99	16.12	6.85	0.00
Czech Republic	min	4,250	7.55	7.36	5.75	0.00
	max	34,948	14.85	14.45	8.25	22.94
	weighted average	12,015	9.57	9.73	7.12	4.27
	median	6,280	8.60	8.92	7.25	0.00
Slovakia	min	4,416	8.12	9.25	7.50	0.00
	max	6,808	9.62	13.17	9.25	13.26
	weighted average	5,863	8.81	10.67	8.17	4.42
	median	6,366	8.70	9.59	7.75	0.00
Hungary	min	7,210	9.78	9.29	7.50	0.00
	max	38,684	13.49	12.19	8.25	11.84
	weighted average	19,918	11.62	10.85	7.85	4.12
	median	10,060	11.84	10.65	8.00	1.30
Romania	min	16,640	8.89	8.69	7.50	0.00
	max	62,959	17.46	17.43	8.60	3.81
	weighted average	30,925	14.51	13.47	8.07	0.79
	median	20,923	15.85	13.46	8.00	0.00
Other non-core countries	min	5,062	7.11	7.23	7.50	0.00
	max	15,887	11.59	11.25	7.70	26.85
	weighted average	11,116	9.21	9.04	7.58	9.04
	median	12,397	8.92	8.64	7.55	0.26

The following table shows the cash-generating units, classified by segment, for which impairment testing led to the recognition of an impairment loss to goodwill in 2017.

All amounts in TEUR	Romania	Poland	Czech Republic	Slovakia	Other	Total
Recoverable amount of impaired cash-generating units	41,691	99,583	43,938	5,453	25,865	216,530
Goodwill	1,819	554	573	121	392	3,459
Investment property	44,390	100,540	45,270	5,720	26,750	222,670
Deferred tax liabilities	-4,510	-909	-1,673	-363	-1,230	-8,685
Carrying amount of cash-generating units	41,699	100,185	44,170	5,478	25,912	217,444
Impairment losses	-8	-554	-233	-25	-47	-867

Impairment testing of the other cash-generating units in IMMOFINANZ's continuing operations which carry goodwill did not indicate any need for the recognition of an impairment loss during 2017.

Impairment losses are reported on the consolidated income statement under "goodwill impairment". The impairment losses to goodwill resulted from decline in the value of the related properties or property portfolios and/or through an evidence-based change in deferred taxes. Impairment losses to goodwill are not deductible for tax purposes.

4.4 EQUITY-ACCOUNTED INVESTMENTS

4.4.1 INVESTMENTS IN JOINT VENTURES

IMMOFINANZ's most important joint venture 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, with the investments in NP Investments a.s. and IMMOKRON Immobilienbetriebsgesellschaft m.b.H.

The shares in BUWON s.r.o and CFE Immobilienentwicklungs GmbH were sold and VTI Varna Trade Invest OOD was liquidated in 2017. The net profit or loss from equity-accounted investments therefore includes disposal and liquidation results of EUR -0.1 million.

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 2017	Other 31 12 2017	Total 31 12 2017
Non-current assets	93,899	2,213	96,112
Thereof investment property	89,970	1,710	91,680
Current assets	1,837	561	2,398
Thereof cash and cash equivalents	676	499	1,175
Non-current liabilities	97,816	8,306	106,122
Thereof non-current financial liabilities	56,486	0	56,486
Current liabilities	2,870	3,157	6,027
Thereof current financial liabilities	1,557	0	1,557
Equity	-4,950	-8,689	-13,639
Equity interest of IMMOFINANZ in the investment	-2,475	-6,041	-8,516
Other adjustments	2,475	6,106	8,581
Carrying amount as of 31 December 2017	0	65	65
Losses not recognised during the financial year	0	-39	-39
Cumulative losses not recognised as of 31 December 2017	0	-48	-48
	2017	2017	2017
Rental income	3,528	126	3,654
Expenses charged on and other revenue	493	0	493
Revenues	4,021	126	4,147
Net profit or loss for the period	5,026	-725	4,301
Thereof interest income	97	1	98
Thereof interest expense	-3,700	-487	-4,187
Thereof income taxes	-1,200	142	-1,058
Thereof attributable to shareholders of the investment	5,026	-725	4,301
Share of net profit or loss attributable to IMMOFINANZ	149	-502	-353
Other adjustments	2,364	-110	2,254
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	2,513	-612	1,901
Other comprehensive income	-298	320	22
Thereof attributable to shareholders of the investment	-298	320	22
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-149	193	44
Share of reclassification of foreign exchange effects to profit and loss attributable to IMMOFINANZ	0	-37	-37
Other adjustments	0	193	193
Total comprehensive income	4,728	-405	4,323
Thereof attributable to shareholders of the investment	4,728	-405	4,323
Share of IMMOFINANZ total comprehensive income for the period	2,364	-419	1,945
Other adjustments	-2,364	419	-1,945
Dividends received	0	-17,700	-17,700

All amounts in TEUR	NP Investments a.s.	Other	Total
	31 12 2016	31 12 2016	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 liabilities	58,033	4,147	62,180
Current liabilities	33,612	7,891	41,503
Thereof current financial liabilities	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

4.4.2 INVESTMENTS IN ASSOCIATES

CA Immobilien Anlagen Aktiengesellschaft (CA Immo) was IMMOFINANZ's most important associate as of 31 December 2017. 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. IMMOFINANZ has held 25,690,163 bearer shares, which represent 26% of capital, as well as four registered shares with restricted transferability (Golden Shares) in CA Immo since 2 August 2016. IFRS 10.8 requires the regular assessment of the facts and circumstances that represent indications of control. In accordance with IFRS 10.B42, these facts and circumstances include, among others, the scope of voting rights relative to the other shareholders, rights arising from other contractual agreements and any other additional facts and circumstances that could indicate control. With regard to the rights held by IMMOFINANZ in CA Immo, particular attention must be given to the rights arising from the registered shares.

IMMOFINANZ, as the largest single shareholder of CA Immo, holds a significant share of voting rights based on its investment. An analysis of the shareholder attendance at recent annual general meetings shows a steady rise in the percentage of shareholders in attendance (with the exception of 2016). At the first CA Immo annual general meeting after the closing for the share purchase on 2 August 2016, i.e. the 30th annual general meeting on 11 May 2017, the 26% investment held by IMMOFINANZ did not represent an attendance majority due to the defined quorum. An analysis of CA Immo's shareholder structure shows an increased component of institutional investors and a decline in private investors – and, consequently, a concentration of fewer shareholders. In view of these objective circumstances, IMMOFINANZ's management concluded that this voting interest did not represent de-facto control over CA Immo in autumn 2016 and does not represent de-facto control to date.

IFRS 10 also requires the assessment of other rights and circumstances – in this case, primarily in connection with the Golden Shares. The Golden Shares give IMMOFINANZ the right to delegate up to four members to the CA Immo Supervisory Board and, as of 31 December 2017, IMMOFINANZ had delegated two (of ten) shareholder representatives to this corporate body. Moreover, the delegation of two further shareholder representatives by IMMOFINANZ would not lead to the attainment of control over CA Immo.

In conclusion, the rights held by IMMOFINANZ in CA Immo and other circumstances – individually or in total – do not lead to control, but represent a significant influence over the CA Immo Group. The accounting treatment of this investment is therefore based on the equity method. The CA Immo Group has been included in IMMOFINANZ's consolidated financial statements for the comparable accounting period since the acquisition date. In addition to the proportional results of the CA Immo Group for the period, the carryforward of the fair value adjustments from the purchase price allocation is included in the net profit or loss from equity-accounted investments.

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. IFRS 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 2017 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, the determination of fair value included appropriate premiums of 23.7% (31 December 2016: 22.4%) for the Golden Shares and the size of the share package as adjustments to the share price of EUR 25.81 (31 December 2016: share price of EUR 17.47). 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 2017 – 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 – which represents a fair value of EUR 820.3 million as of 31 December 2017 (31 December 2016: EUR 549.5 million) less costs to sell of 1.75% – therefore totalled EUR 806.0 million as of 31 December 2017 (31 December 2016: EUR 539.9 million). The recoverable amount is therefore higher than the carryforward of the EUR 682.0 million purchase price, whereby the latter represents the book price as of 31 December 2017. The book price of the investment in the CA Immo Group equalled EUR 26.55 per share as of 31 December 2017 (31 December 2016: EUR 21.02 per share). The net profit or loss from equity-accounted investments includes not only the proportional results of the CA Immo Group for the 2017 financial year (incl. effects from the carryforward of the fair value adjustments from the purchase price allocation) but also a reversal of EUR 91.9 million to a previously recognised impairment loss (see section 5.8).

IMMOFINANZ carried out an incentivised conversion of the convertible bond 2011–2018 as of 24 January 2017 (see section 4.12), which also included the delivery of 802,219 BUWOG shares. This led to a reduction of EUR 14.2 million in the BUWOG investment. In addition, IMMOFINANZ sold 4,484,698 BUWOG shares for EUR 21.72 per share as of 6 February 2017 through an accelerated bookbuilding process. The sale proceeds (less selling costs) totalled EUR 97.4 million. The book price equalled EUR 17.70 per share as of 31 December 2016, and the gain on the sale equalled EUR 18.0 million.

Oliver Schumy resigned as vice-chairman of the supervisory board of BUWOG AG as of 6 March 2017. IMMOFINANZ has not exercised significant influence over the BUWOG Group in the sense of IAS 28 since that date, which also marked the end of equity accounting. The remaining BUWOG shares held by IMMOFINANZ have been recorded under other securities (see section 4.6) since that date. The termination of equity accounting also required the fair value measurement of the remaining BUWOG shares (closing price on the Vienna Stock Exchange on 6 March 2017: EUR 23.23 per share) and the reclassification of this investment to other financial assets. The corresponding results of EUR 25.9 million were recorded under profit or loss from equity-accounted investments.

The following table provides aggregated financial information on the associates, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements. The other adjustments included in the reconciliation from the proportional share of equity to the carrying amount reported by IMMOFINANZ are related primarily to coverage for negative carrying amounts. 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 -0.3 million (2016A: EUR 1.2 million) that were recognised during the acquisition of the investment.

	CA Immo Group	Other	Total
All amounts in TEUR	31 12 2017	31 12 2017	31 12 2017
Non-current assets	4,047,393	34,735	4,082,128
Thereof investment property	3,155,677	19,924	3,175,601
Current assets	721,259	15,399	736,658
Thereof real estate inventory	79,317	0	79,317
Non-current liabilities	2,067,555	45,662	2,113,217
Current liabilities	302,588	12,165	314,753
Equity	2,398,509	-7,693	2,390,816
Thereof attributable to non-controlling interests	51	0	51
Thereof attributable to shareholders of the investment	2,398,458	-7,693	2,390,765
Equity interest of IMMOFINANZ in the investment	623,599	-2,815	620,784
Other adjustments	58,408	6,727	65,135
Carrying amount as of 31 December 2017	682,007	3,912	685,919
Losses not recognised during the financial year	0	-245	-245
Cumulative losses not recognised as of 31 December 2017	0	-2,609	-2,609
	2017	2017	2017
Rental income	180,281	925	181,206
Expenses charged on and other revenue	51,263	22,962	74,225
Revenues	231,544	23,887	255,431
Net profit or loss for the period	234,859	204	235,063
Thereof attributable to non-controlling interests	5	0	5
Thereof attributable to shareholders of the investment	234,854	204	235,058
Share of net profit or loss attributable to IMMOFINANZ	61,820	911	62,731
Other adjustments	91,550	-1	91,549
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	153,370	910	154,280
Other comprehensive income	23,782	0	23,782
Thereof attributable to shareholders of the investment	23,782	0	23,782
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	5,440	0	5,440
Total comprehensive income	258,641	204	258,845
Thereof attributable to non-controlling interests	5	0	5
Thereof attributable to shareholders of the investment	258,636	204	258,840
Share of IMMOFINANZ total comprehensive income for the period	158,810	910	159,720
Dividends received	-16,699	-1,666	-18,365

	CA Immo Group ¹	BUWOG Group ²	Bulreal EAD	Other	Total
All amounts in TEUR	31 12 2016	31 12 2016	31 12 2016	31 12 2016	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.

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 necessary write-downs.

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

All amounts in TEUR	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Rents receivable	18,515	18,493	22	0	15,589	15,529	60	0
Miscellaneous	37,166	36,643	523	0	31,485	29,459	2,026	0
Total trade accounts receivable	55,681	55,136	545	0	47,074	44,988	2,086	0
Receivables due from associates	3,371	3,109	0	262	1,925	223	0	1,702
Receivables due from joint ventures	30,184	893	29,172	119	33,740	8,938	24,699	103
Receivables due from equity-accounted investments	33,555	4,002	29,172	381	35,665	9,161	24,699	1,805
Restricted funds	154,806	97,642	57,164	0	179,585	44,429	135,156	0
Financing	12,650	892	299	11,459	18,553	1,576	904	16,073
Property management	1,651	1,592	19	40	1,560	1,497	19	44
Outstanding purchase price receivables - sale of properties	10,043	10,043	0	0	42,277	42,277	0	0
Outstanding purchase price receivables - sale of shares in other companies	39,924	27,824	12,100	0	38,198	13,740	24,458	0
Miscellaneous	17,798	10,210	7,357	231	20,065	15,295	4,492	278
Total other financial receivables	236,872	148,203	76,939	11,730	300,238	118,814	165,029	16,395
Tax authorities	39,029	39,029	0	0	31,213	31,213	0	0
Total other non-financial receivables	39,029	39,029	0	0	31,213	31,213	0	0
Total	365,137	246,370	106,656	12,111	414,190	204,176	191,814	18,200

Restricted funds consists primarily of prepayments on apartment sales which were pledged to banks and bank balances pledged as collateral for property financing.

The outstanding purchase price receivables from the sale of shares consists primarily of the purchase price receivable from the sale of the retail portfolio Moscow which was deferred to 2022 (see section 2.4) and was recognised as of 31 December 2017 at a present value of EUR 9.5 million. This position also includes short-term purchase price receivables of EUR 5.1 million from the sale of the logistics portfolio (see section 2.4) and EUR 21.4 million from the sale of the TriGranit investment in 2015/16.

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	Carrying amount 31 12 2017	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	2017 Allowance for bad debt
All amounts in TEUR					
Trade accounts receivable	55,681	32,754	22,281	13,720	-13,074
Financing receivables	46,205	104,384	0	10,068	-68,247
Loans and other receivables	224,222	222,236	1,737	5,463	-5,214
Total	326,108	359,374	24,018	29,251	-86,535

Receivables past due but not impaired					
All amounts in TEUR	Carrying amount 31 12 2017	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	22,281	5,064	2,825	4,131	10,261
Loans and other receivables	1,737	1,285	53	281	118
Total	24,018	6,349	2,878	4,412	10,379

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

Contractual maturity analysis					2016A
All amounts in TEUR	Carrying amount 31 12 2016	Thereof not overdue	Thereof overdue but not impaired	Thereof overdue and impaired	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.

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 2017. Therefore, the balance sheet reflects these receivables' recoverability. The change in the valuation adjustments equalled EUR -2.5 million (2016A: EUR -4.7 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	2017	2016A
Trade accounts receivable	-2,175	-1,427
Financing receivables (see 5.9)	-285	-3,249
Loans and other receivables	0	16
Total change in valuation adjustments	-2,460	-4,660

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 as shown below:

All amounts in TEUR	31 12 2017	31 12 2016
Other securities	24,875	5,055
Real estate fund shares	4,934	4,253
Derivative financial instruments	2,206	1,185
Total	32,015	10,493

IMMOFINANZ has not exercised significant influence over the BUWOG Group in the sense of IAS 28 since 6 March 2017. Equity accounting was therefore terminated on that date (see section 4.4.2), and the remaining BUWOG shares held by IMMOFINANZ are now reported under other securities. These BUWOG shares are held to service the possible (proportional) conversion of the convertible bond 2011–2018 (see section 4.12), and the fair value option provided by IAS 39 was therefore exercised to eliminate a measurement inconsistency which would have arisen between the financial asset and the respective financial liability (i.e. the standalone derivative from the convertible bond). The BUWOG shares are now measured at fair value through profit or loss, i.e. based on the closing price on the Vienna Stock Exchange as of the applicable balance sheet date (see section 5.9).

The incentivised conversion of the convertible bond 2011–2018 on 2 October 2017 (settlement date; see section 4.12) also led to the delivery of 4,032,696 BUWOG shares and to a reduction of EUR 101.2 million in the BUWOG investment. A further 3,353 BUWOG shares were used for conversion of the convertible bond 2011–2018 between 2 October and 31 December 2017. IMMOFINANZ still held 689,381 BUWOG shares as of 31 December 2017.

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.

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:

All amounts in TEUR	31 12 2017		31 12 2016	
	Assets	Liabilities	Assets	Liabilities
Investment property	2,905	277,723	1,886	273,381
Other financial assets and miscellaneous assets	9,570	206,207	22,790	53,256
Total	12,475	483,930	24,676	326,637
Other liabilities and provisions	6,027	9,717	14,783	8,782
Financial liabilities	587	8,083	2,577	17,037
Total	6,614	17,800	17,360	25,819
Tax loss carryforwards	902,704	0	984,813	0
Real differences from the elimination of intra-Group liabilities	0	739,884	0	982,422
Deferred tax assets and deferred tax liabilities	921,793	1,241,614	1,026,849	1,334,878
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	-916,502	-916,502	-1,022,464	-1,022,464
Net deferred tax assets and deferred tax liabilities	5,291	325,112	4,385	312,414

Deferred taxes are calculated for temporary differences that lead to taxable or deductible amounts for the determination of taxable profit in future financial years. These temporary differences are calculated by comparing the carrying amounts of the assets and liabilities in the consolidated financial statements with the respective tax bases at the subsidiary level. Deferred taxes are recognised when the existing differences are expected to reverse in the future. With regard to the differences arising from the fair value measurement of investment property (see section 4.1), it is generally assumed that the temporary differences will reverse when the property is sold.

Deferred taxes are not recognised for temporary differences arising from the initial recognition of goodwill or the initial recognition of an asset or a liability from a transaction which does not represent a business combination as defined in IFRS 3 and which does not influence pre-tax earnings or taxable income on the transaction date. This applies, above all, to the acquisition of property companies that are not classified as business combinations in the sense of IFRS 3 (see section 2.2.2).

Deferred tax liabilities are not recognised for temporary differences resulting from shares in subsidiaries, joint ventures or associates (outside-basis differences) in cases where their reversal can be controlled by IMMOFINANZ and is not probable in the foreseeable future. For this reason, deferred tax liabilities were not recognised for temporary differences of EUR 1,026.8 million (31 December 2016: EUR 1,212.7 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 3,0 million; 2016A: EUR 2.2 million) is dependent on the generation of future taxable profits that are higher than the earnings effect from the reversal of the existing taxable temporary differences.

Deferred tax assets were not recognised for loss carryforwards of EUR 2.156,7 million (31 December 2016: EUR 1,630.1 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 306.8 million (31 December 2016: EUR 361.7 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 2017	Applicable tax rate 31 12 2016
Germany ¹	15.83%-32.45%	15.83%-32.45%
Austria	25.00%	25.00%
Poland	15.00%/19.00%	15.00%/19.00%
Romania	16.00%	16.00%
Russia ²	20.00%	20.00%
Slovakia	21.00%	21.00%
Czech Republic	19.00%	19.00%
Hungary	9.00%	9.00%
Non-core countries	10.00%-35.00%	10.00%-35.00%

¹ The tax rate can vary and is dependent on the company's headquarters and trade tax liability.

² Discontinued operation

4.8 ASSETS AND SPECIFIC LIABILITIES HELD FOR SALE

IFRS 5 requires non-current assets and groups of assets (disposal groups) to be classified as held for sale if they can be sold in their present condition and if appropriate documentation shows a highly probable intention by management to sell the assets within 12 months. A documented intention by IMMOFINANZ's management to sell an asset is reflected in a resolution by the Executive Board as well as the Supervisory Board, for transactions requiring an approval of this corporate body.

Non-current assets and groups of assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. The following items, among others, are excluded from the IFRS 5 valuation requirements: investment properties that are measured at fair value, financial assets and deferred tax assets. These non-current assets must be presented separately according to IFRS 5. A separate provision is generally recorded when an impairment loss must be recognised to a disposal group or expected selling costs must be deducted from fair value and these adjustments cannot be allocated to assets covered by the valuation rules in IFRS 5.

The intention to sell investment properties or groups of assets that include such properties (e.g. based on change-of-control clauses) can be expected to result in the premature repayment of financial liabilities. Any expected decisions concerning premature repayment represent changes in estimates for cash flows from financial liabilities and lead to an adjustment of the carrying amount through profit or loss. Financial liabilities attributable to a disposal group are reported under "Liabilities held for sale"; in all other cases, they are reclassified to current financial liabilities.

Details on the assets and liabilities classified as held for sale are provided below:

All amounts in TEUR	Retail portfolio Moscow	Friesen- / Gerling- Quartier	Other	Carrying amount as of 31 12 2017	Carrying amount as of 31 12 2016
Investment property	0	27,015	105,608	132,623	1,363,177
Property under construction	0	103,172	21,290	124,462	74,340
Real estate inventories	0	6,250	0	6,250	5,431
Other tangible assets	27	0	0	27	211
Intangible assets	3	0	0	3	65,226
Deferred tax assets	0	0	50	50	2,029
Trade and other receivables	64	0	291	355	68,080
Other financial assets	0	0	0	0	6,993
Cash and cash equivalents	1,218	0	160	1,378	16,941
Assets held for sale	1,312	136,437	127,399	265,148	1,602,428
Currency translation reserve	-5	0	682	677	-543,537
Financial liabilities	0	0	0	0	878,062
Trade and other payables	531	0	189	720	49,856
Provisions	779	920	242	1,941	6,271
Deferred tax liabilities	0	0	0	0	127,184
Liabilities held for sale	1,310	920	431	2,661	1,061,373

Of the investment properties classified as held for sale as of 31 December 2016, the five Russian shopping centers belonging to the discontinued operation "retail portfolio Moscow", together with a related service company and a Russian land-owning company, were sold in 2017. The sale of the retail portfolio Moscow was finalised by the end of the 2017 financial year, with the exception of the sale of a Russian service company which closed on 8 February 2018 (see section 2.4).

Other sales in 2017 included a standing investment in Bulgaria, the *Friesenquartier* in Cologne, one office property and one retail property in Austria as well as a small retail portfolio in Austria (excl. five properties) and one retail property in Hungary and one in Slovakia. The sale of five real estate fund shares classified as held for sale also closed during 2017. The plans to sell two other shares in real estate funds were cancelled because the funds will be liquidated in 2018.

In the third quarter 2017 management cancelled its plans for the upcoming sale of the *EMPARK Mokotów Business Park (EMPARK)* in Warsaw, a property which was previously classified as held for sale. The *EMPARK* will now undergo partial redevelopment and refurbishment and remain under IMMOFINANZ management. Five office buildings were therefore reclassified to investment property (see section 4.1). Three office buildings will be completely redeveloped and refurbished; they are now presented together with one undeveloped site as property under construction (see section 4.2). A (foreign exchange-adjusted) revaluation of EUR -5.4 million was recognised to held-for-sale properties in 2017 (2016R: EUR -8.1 million). The near-term sale plans for one property in the small Austrian retail portfolio was also cancelled. For the other sales not yet realised, management stands by its original decision to sell.

The sale of the *Friesenquartier* closed in the second quarter 2017. The related properties were classified as a disposal group based on resolutions of the Executive Board and Supervisory Board on 27 July 2016 and 19 December 2016. The properties in the *Gerling Quartier* were still classified under investment property as of 31 December 2017. The signing for the sale of six office buildings, the remaining unsold residential properties in the first construction section of the *Gerling Quartier* and an unused office building on Hohenzollernring in Cologne took place on 24 July 2017. The (foreign exchange-adjusted) revaluation of standing investments and impairment losses to real estate inventories totalled EUR 2.1 million in 2017.

In addition to the *Friesenquartier* properties included in the disposal group and the two construction sections in the *Gerling Quartier*, a hotel under construction and the accompanying underground garage spaces were sold through a forward sale as of 30 January 2017. These two properties remain classified as real estate inventories because they cannot be sold in their current condition. As a result of construction cost overruns, an impairment loss of EUR -19.5 million was recognised to these two real estate inventories in 2017 and an addition of EUR -0.6 million to the provision for onerous contracts was recorded under expenses from real estate inventories.

The agreement for the sale of a small Austrian portfolio of 88 retail properties in several tranches was signed on 15 December 2016. The closing for the first tranche of 24 retail properties took place in 2016A. Two further tranches with 58 retail properties were sold during 2017. For five other retail properties, management stands by its original sale decision. The plans to sell one property was cancelled and the building was reclassified to investment property.

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 together with the devaluation of the Turkish Lira have, however, reduced the refinancing alternatives for interested investors, and the sale could not be completed as planned within 12 months. However, IMMOFINANZ's management stands by the original sale decision. The start of the sale process has shown that a sale in the form of separate asset deals is the more realistic alternative. These land reserves were therefore not considered a disposal group in the sense of IFRS 5 as of 31 December 2017, but are still classified as held for sale. A foreign exchange-adjusted revaluation of EUR -1.6 million was recognised to held-for-sale properties in 2017 (2016A: EUR 16.4 million).

The following investment properties were initially classified as held for sale in 2017: one office property and one standing investment in the "other" asset class in Poland, three office properties in Austria and one retail property in Romania. With the exception of one office property in Austria and one retail property in Romania, all sales are expected to take the form of asset deals.

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 2017	31 12 2016
Inventories carried at net realisable value less costs to sell	59,986	67,520
Inventories carried at acquisition or production cost	1,235	25,580
Total	61,221	93,100

Write-downs totalling EUR -46.6 million were recognised to real estate inventories in 2017 (2016A: EUR -14.8 million). They are attributable primarily to costs for construction, the correction of defects and project management following the decision to sell the *Gerling Quartier* (see section 4.8).

Borrowing costs directly attributable to the acquisition, construction or production of assets whose purchase or development requires a longer period of time are capitalised as part of acquisition or production cost. The borrowing costs for real estate inventories under development are capitalised on the basis of actual interest expense. For financing provided by the Group, the average borrowing costs are capitalised. The average borrowing costs for IMMOFINANZ according with IAS 23 equalled approximately 3.6% in 2017 (2016A: approx. 3.8%). Borrowing costs of EUR 2.9 million were capitalised for real estate inventories under development during the reporting year (2016A: EUR 1.7 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 477.9 million as of 31 December 2017 (31 December 2016: EUR 189.3 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 1,116.2 million as of 31 December 2017 (31 December 2016: EUR 976.0 million). It is divided into 1,116,173,778 (31 December 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 number of shares developed as follows:

Number of shares	2017	2016A
Balance at the beginning of the financial year	975,955,651	975,955,651
Issue of new shares in connection with the settlement to terminate the legal proceedings for the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG	13,037,257	0
Issue of shares (for conversion of the convertible bonds 2011-2018 and 2007-2017)	127,180,870	0
Balance at the end of the financial year	1,116,173,778	975,955,651

The agreement reached by IMMOFINANZ with the claimants and the representatives appointed for the respective shareholder groups to settle the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG became legally effective on 23 May 2017. The settlement calls for a compensation of 0.088 IMMOFINANZ shares for each former share of IMMOEAST AG, representing a total of 29,985,306 IMMOFINANZ AG shares, to the former shareholders of IMMOEAST AG. The compensation was made in part from treasury shares (16,948,049 shares) and in part through the issue of new shares from previously authorised capital (13,037,257 shares); it represented a transaction with shareholders that was recorded directly in equity without recognition in profit or loss. Share capital increased by EUR 13.0 million through the issue of the new shares, and capital reserves declined by EUR 45.3 million as a result of the settlement. Included in this amount are issue costs of roughly EUR 0.2 million attributable to the equity transaction.

The incentivised conversion of the convertible bond 2011–2018 on 19 January 2017 (see section 4.12) resulted in the issue from conditional capital of 63,532,467 IMMOFINANZ shares. This led to an increase of EUR 63.5 million in share capital and EUR 45.1 million in capital reserves

In connection with the second incentivised conversion of the convertible bond 2011-2018 (see section 4.12) in 2017, IMMOFINANZ issued 13,051,865 treasury shares with a carrying amount of EUR 27.1 million and 63,588,158 new shares from conditional capital on 2 October 2017. This transaction led to an increase of EUR 63.6 million in share capital and EUR 77.6 million in capital reserves.

New shares were also issued from conditional capital in Q4 2017: 7,012 to service conversions from the convertible bond 2011-2018 and 53,233 to service conversions from the convertible bond 2007-2017. These transactions led to an increase of EUR 0.1 million in share capital and EUR 0.1 million in capital reserves.

The issue of the convertible bond 2017–2024 resulted in the addition of an equity component totalling EUR 21.7 million to capital reserves. Included here are roughly EUR 0.1 million of directly attributable issue costs.

IMMOFINANZ held 9,999,973 treasury shares as of 31 December 2016. On 14 March 2017 the Executive Board and Supervisory Board of IMMOFINANZ approved the utilisation of an authorization by the 23rd annual general meeting on 29 September 2016, in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act, to carry out a share buyback programme for up to 20.0 million shares. The maximum volume of 20.0 million shares was reached on 7 September 2017, and the share buyback programme was therefore terminated prematurely. The repurchase amounted to EUR 40.2 million, and the weighted average purchase cost equalled EUR 2.012 per share. The settlement of the legal proceedings over the review of the exchange ratio applied to the merger of IMMOCAP AG and IMMOFINANZ AG, which became legally effective on 23 May 2017, included the issue of 16,948,049 treasury shares. The incentivised conversion of the convertible bond 2011–2018 in October involved the issue of 13,051,865 treasury shares; a further 59 shares were issued in connection with other conversions. As of 31 December 2017, IMMOFINANZ held no treasury shares.

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. This authorisation was used in part through the issue of 13,037,257 shares in connection with the settlement to terminate the review of the exchange ratio. The unused portion of the authorisation totalled 212,753,280 shares as of 31 December 2017.

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.

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

The 24th annual general meeting on 1 June 2017 approved the payment of a EUR 0.06 dividend per share for the abbreviated 2016 financial year (2015/16: EUR 0.06 per share). Based on this resolution, a total of EUR 63.2 million was distributed to shareholders on 7 June 2017. The Executive Board of IMMOFINANZ AG plans to recommend the payment of an ordinary dividend of EUR 0.07 per share for the 2017 financial year to the annual general meeting on 11 May 2018.

Of the total other comprehensive income, EUR 501.2 million (2016A: EUR 8.2 million) is attributable to IMMOFINANZ shareholders and EUR -3.8 million (2016A: EUR -4.0 million) to non-controlling interests. The other comprehensive income attributable to IMMOFINANZ shareholders resulted primarily from the reclassification of currency translation differences to profit or loss following the sale of the retail portfolio Moscow (see section 2.4). The other comprehensive income attributable to non-controlling interests resulted in full from currency translation differences.

A Turkish subsidiary with a 35.1% share of non-controlling interests distributed EUR 13.4 million of profits and EUR 4.8 million from an ordinary capital decrease to the minority shareholder in connection with transactions to simplify the investment and financing structure of a portfolio of Turkish land reserves (see section 4.8). In addition, a Cypriote holding company distributed EUR 2.9 million to the minority shareholder. The resulting distribution liabilities were offset against outstanding financing receivables due from the minority shareholders.

4.12 LIABILITIES FROM CONVERTIBLE BONDS

As of 31 December 2017, IMMOFINANZ had convertible bonds with a total nominal value of EUR 330.0 million outstanding (31 December 2016: EUR 528.5 million). The underlying bond liability and the related interest coupons are measured at amortised cost based on the effective interest rate method.

All amounts in TEUR	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 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	0	0	0	0	26,536	26,536	0	0
Convertible bond 2011-2018	33,151	33,151	0	0	503,729	6,698	497,031	0
Convertible bond 2017-2024	280,066	2,606	277,460	0	0	0	0	0
Total	313,217	35,757	277,460	0	530,265	33,234	497,031	0

Convertible bond 2007–2017

The outstanding nominal amount of this convertible bond was redeemed as scheduled on 19 November 2017 (EUR 21.0 million).

Convertible bond 2011–2018

This convertible bond entitles the bondholders to conversion into a combination of shares of IMMOFINANZ AG and BUWOG AG. These two options were accounted for separately from the underlying bond liability. If dividends are paid by IMMOFINANZ AG or BUWOG AG, the conversion rights into IMMOFINANZ shares and BUWOG shares will be adjusted in accordance with the bond terms.

The conversion rights into shares of IMMOFINANZ AG (originally) represented an equity instrument for IMMOFINANZ. The related component of the convertible bond was 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 right and price 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 the conversion right and price 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).

In order to optimise the capital structure and sustainably reduce financing costs, IMMOFINANZ carried out an incentivised conversion of the convertible bond 2011–2018 on 19 January 2017. It reduced the outstanding nominal value of the convertible bond 2011–2018 (including IMMOFINANZ's own holding) from EUR 507.1 million as of 31 December 2016 to EUR 287.3 million. The incentivised conversion led to the exchange of an outstanding nominal value of EUR 219.8 million for 63,532,467 new shares of IMMOFINANZ AG (see section 4.11), 802,219 BUWOG shares and cash of EUR 58.7 million representing 2,660,362 shares of BUWOG AG. In addition, a premium of EUR 52.9 million and transaction costs of EUR 1.4 million were paid.

IMMOFINANZ carried out a second incentivised conversion of the convertible bond 2011–2018 on 2 October 2017, which reduced the outstanding nominal value from EUR 287.3 million to EUR 32.8 million. In connection with this incentivised conversion, an outstanding nominal value of EUR 254.4 million was exchanged for 13,051,865 treasury shares (see section 4.11) and 63,588,158 new shares issued from conditional capital as well as 4,032,696 BUWOG shares. In addition, a premium of EUR 12.7 million and transaction costs of EUR 1.9 million were paid.

These incentivised conversions are classified as new agreements under IFRS and result in the measurement at fair value of the exchange of the liability for shares of IMMOFINANZ AG and BUWOG AG. The difference between the derecognised liability from the convertible bonds and the derecognised liability from the related derivative, on the one hand, and the capital increase plus the exchanged BUWOG shares, on the other hand, was reported separately under other financial results (see section 5.9).

The conversion right for this convertible bond was also adjusted to reflect the capital increase in connection with the settlement (effective date: 23 May 2017) to terminate the legal proceedings for the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG (see section 4.11). As a result of this adjustment, one certificate of the convertible bond 2018 with a nominal value of EUR 4.12 could be converted into 1.2047 (31 December 2016: 1.1908) IMMOFINANZ shares and (unchanged vs. 31 December 2016) into 0.0649 BUWOG shares.

The conversion right for the convertible bond 2011-2018 was further adjusted to reflect the cash dividend of EUR 0.06 per share (see section 4.11) for the abbreviated 2016 financial year, which was approved by the annual general meeting of IMMOFINANZ AG on 1 June 2017. One certificate of this convertible bond with a nominal value of EUR 4.12 now entitles the bondholders to conversion into 1.2410 IMMOFINANZ shares. Following the capital increase carried out by BUWOG AG, the conversion right entitled the bondholders to conversion into 0.0653 BUWOG shares as of 30 September 2017. The cash dividend of EUR 0.69 per share for the 2016/17 financial year, which was approved by the annual general meeting of BUWOG AG on 17 October 2017, led to another adjustment of the conversion right: one certificate of the convertible now entitles the bondholders to conversion into 0.0671 BUWOG shares.

The value of the standalone derivative from the convertible bond 2011–2018, which is recorded under other liabilities (see section 4.14), equalled EUR 1.3 million as of 31 December 2017 (31 December 2016: EUR 9.4 million).

Convertible bond 2017–2024

On 24 January 2017 IMMOFINANZ issued a convertible bond through an accelerate bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an interest rate of 2.0% and a term ending on 24 January 2024. The coupon will be reduced by 50 basis points when IMMOFINANZ receives and maintains an investment grade rating from S&P, Moody's or Fitch. The conversion price was set at EUR 2.3933 per share on the issue date and adjusted to EUR 2.3637 following the capital increase (see section 4.11) carried out in connection with the settlement of the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG.

The conversion rights for this convertible bond were further adjusted to reflect the EUR 0.06 cash dividend per share for the abbreviated 2016 financial year which was approved by the annual general meeting of IMMOFINANZ AG on 1 June 2017 (see section 4.11). The conversion right was reset at EUR 2.2937 per share and currently entitles the bondholders to conversion into 129,572,307 shares (as of the issue date: 124,180,003 shares) of IMMOFINANZ AG. The conversion right can be exercised up to 10 January 2024.

In addition, the convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present

time. The issue proceeds less transaction costs of EUR 2.2 million totalled EUR 295.0 million. The equity component less proportional transaction costs equalled EUR 21.7 million and was included in equity under capital reserves.

4.13 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 31 December 2017:

All amounts in TEUR	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 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	2,305,028	532,330	1,533,028	239,670	2,010,806	605,013	983,860	421,933
Thereof secured by collateral	2,304,691	531,993	1,533,028	239,670	2,010,696	604,903	983,860	421,933
Thereof not secured by collateral	337	337	0	0	110	110	0	0
Liabilities arising from the issue of bonds	0	0	0	0	102,446	102,446	0	0
Other financial liabilities	1,390	400	0	990	1,542	552	0	990
Total	2,306,418	532,730	1,533,028	240,660	2,114,794	708,011	983,860	422,923

The corporate bond 2012–2017 with a nominal value of EUR 100.0 million was redeemed in full on 3 July 2017.

The conditions of the major financial liabilities are as follows:

31 12 2017	Interest rate			Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable	Weighted average interest rate	Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	1.25%	163,269	163,269	
	EUR	variable	1.99%	2,146,335	2,146,335	
Total amounts due to financial institutions					2,309,604	2,305,028
Other financial liabilities						1,390
Total						2,306,418

31 12 2016	Interest rate			Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable	Weighted average interest rate	Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	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 arising from the issue of bonds	EUR	fixed	5.25%	100,000	100,000	102,446
Other financial liabilities						1,542
Total						2,114,794

The debt service coverage ratios (DSCR) defined by the covenants for a number of bank loans were not met during the 2017 financial year. Negotiations have already started with the financing banks. The involved loans amount to EUR 12.7 million (31 December 2016: EUR 74.9 million). In this connection, EUR 11.3 million (31 December 2016: EUR 58.1 million) were reclassified from non-current financial liabilities to current financial liabilities. A total of EUR 1.4 million (31 December 2016: EUR 16.8 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 15.0 million (31 December 2016: EUR 771.1 million). These measures involved the financing for an office property in Bucharest, Romania.

4.14 TRADE PAYABLES AND OTHER LIABILITIES

All amounts in TEUR	31 12 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years
Trade payables	114,591	111,689	2,897	5	97,758	96,045	1,677	36
Derivative financial instruments (liabilities)	10,929	3,588	7,152	189	29,599	9,976	11,316	8,307
Property management	2,913	2,913	0	0	2,996	2,996	0	0
Amounts due to non-controlling interests	6,777	0	262	6,515	6,425	0	262	6,163
Amounts due to associated companies	319	298	0	21	1,005	984	0	21
Amounts due to joint ventures	386	58	21	307	23,616	23,280	21	315
Deposits and guarantees received	25,586	5,972	13,687	5,927	20,602	4,036	11,591	4,975
Prepayments received on property sales	24,691	24,014	677	0	31,263	30,239	1,024	0
Construction and refurbishment	4,552	4,510	42	0	2,465	2,398	67	0
Outstanding purchase prices (share deals)	373	326	47	0	406	359	47	0
Outstanding purchase prices (acquisition of properties)	2,846	1,850	996	0	1,732	1,732	0	0
Miscellaneous	9,969	8,935	1,026	8	12,291	10,188	996	1,107
Total other financial liabilities	89,341	52,464	23,910	12,967	132,400	86,188	25,324	20,888
Tax authorities	14,695	14,695	0	0	18,129	18,129	0	0
Rental and lease prepayments received	24,006	23,112	894	0	21,850	20,485	1,365	0
Miscellaneous	23	16	7	0	31	9	8	14
Total non-financial liabilities	38,724	37,823	901	0	40,010	38,623	1,373	14
Total	242,656	201,976	27,708	12,972	270,168	220,856	28,374	20,938

Derivative financial instruments (liabilities) include EUR 1.3 million (2016A: EUR 9.4 million) for the standalone derivatives, which are classified under current liabilities, from the 2011–2018 convertible bond (see section 4.12). The prepayments received on property sales include prepayments of EUR 21.2 million (2016A: EUR 26.9 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 2017:

All amounts in TEUR	2017
Balance at the beginning of the financial year	50,773
Foreign exchange differences	7
Additions	29,080
Disposals	-6,989
Use	-16,683
Reclassifications	275
Reclassification to IFRS 5 (see 4.8)	2,390
Balance at the end of the financial year	58,853
Thereof current	56,702
Thereof non-current	2,151

This position comprises provisions of EUR 23.8 million for legal proceedings, EUR 12.3 million for work outstanding after the transfer of apartments in the *Gerling-Quartier* and other provisions. The other provisions consist primarily of provisions for tax risks (above all VAT and property tax), contractual obligations and obligations to employees (e.g. for bonuses and unused vacation).

Restitution proceedings are currently in progress over land on which a Romanian subsidiary constructed a shopping center and over another parcel of land in Romania. These proceedings (de facto) restrict the rights of disposal. 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	2017	2016A
Office	113,295	74,297
Retail	103,489	68,812
Other	17,710	13,587
Total	234,494	156,696

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 2017 is as follows:

All amounts in TEUR	2017	2016A
Within 1 year	246,960	224,496
Between 1 and 5 years	642,329	605,218
Over 5 years	423,701	368,750
Total	1,312,990	1,198,464

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 83.5 million in 2017 (2016A: EUR 54.7 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 -78.6 million (2016A: EUR -52.6 million) only include the operating costs charged to tenants. These operating costs also contain personnel expenses (see section 5.6) of EUR 0.6 million (2016A: EUR 0.7 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 is positioned on IMMOFINANZ properties.

5.1.4 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	2017	2016A
Vacancies	-12,066	-9,005
Commission expenses	-1,074	-270
Maintenance	-28,858	-29,090
Operating costs charged to building owners	-13,024	-8,193
Property marketing	-6,329	-4,080
Personnel expenses from asset management (see 5.6)	-6,337	-5,113
Other expenses from asset management	-6,347	-2,431
Rental and lease payments	-2,714	-1,984
Fit-out costs	-9,889	-8,090
Write-off of receivables from asset management	-2,175	-1,427
Other expenses	-6,150	-3,628
Total	-94,963	-73,311

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.

Maintenance costs are attributable to the implementation of the "myhive" office concept, rebranding measures for the VIVO! shopping center brand and regular building maintenance.

Expenses of EUR 3.3 million were recognised for lease and rental payments in connection with operating leases during the 2017 financial year (2016A: EUR 2.2 million). The minimum lease payments for the operating leases in effect as of 31 December 2017 are as follows:

All amounts in TEUR	31 12 2017	Due within 1 year	Due in 1 to 5 years	Due in over 5 years
Minimum lease payments for land	100,193	2,978	10,926	86,289
Minimum lease payments for buildings	956	374	582	0
Minimum lease payments for movable assets	330	197	133	0
Total	101,479	3,549	11,641	86,289

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	96,716	2,962	10,401	83,353
Minimum lease payments for buildings	3,553	2,525	1,028	0
Minimum lease payments for movable assets	528	295	233	0
Total	100,797	5,782	11,662	83,353

The operating leases primarily represent leases for land. The average term of these leases equals 66.1 years (2016A: 60.1 years). The contracts generally include clauses that provide for indexing or an adjustment of the lease fee in line with the development of land prices. As a rule, the leases do not include a purchase option.

5.2 RESULTS OF PROPERTY SALES

All amounts in TEUR	2017	2016A
Office	91,771	132,174
Retail	62,079	16,144
Other	56,614	21,031
Proceeds from property sales	210,464	169,349
Less carrying amount of sold properties	-210,464	-169,349
Net gain/loss from property sales	0	0
Gains/losses from deconsolidation (see 2.3)	32,946	5,502
Sales commissions	461	-3,156
Personnel expenses from property sales (see 5.6)	-1,388	-872
Legal, auditing and consulting fees from property sales	-779	-2,516
VAT adjustments from the sale of properties	77	-5,000
Other expenses	-535	-392
Expenses from property sales	-2,164	-11,936
Revaluation results from properties sold and held for sale (see 5.7.1)	-4,797	3,623
Total	25,985	-2,811

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	2017	2016A
Proceeds from the sale of real estate inventories	30,852	39,868
Cost of real estate inventories sold	-26,045	-45,010
Marketing for real estate inventories	-2	-89
Brokerage fees for real estate inventories	-383	-354
Other costs to sell for real estate inventories	-3,248	-1,781
Write-down related reversals of real estate inventories	1,009	972
Write-down of real estate inventories	-46,614	-15,752
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	0	16
Impending losses from the forward sale of real estate inventories	-589	0
Operating costs charged to building owners-inventories	-6,353	-245
Expenses from real estate inventories	-56,180	-17,233
Expenses from property development	-5,824	-3,560
Revaluation results from properties under construction (see 5.7.1)	28,395	7,815
Total	-28,802	-18,120

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).

Information on the change in revenue recognition as of 1 January 2018 in accordance with IFRS 15 is provided in section 1.6.1.

The results of property development also include charges of EUR 3.6 million (2016A: EUR 4.3 million) for personnel costs.

5.4 OTHER OPERATING INCOME

Other operating income comprises the following items:

All amounts in TEUR	2017	2016A
Expenses charged on	878	549
Insurance compensation	298	3,823
Income from derecognised liabilities	2,415	456
Reimbursement for penalties	40	700
Miscellaneous	5,069	7,423
Total	8,700	12,951

Miscellaneous other operating income in 2017 resulted primarily from settlement claims against former Executive Board members.

5.5 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

All amounts in TEUR	2017	2016A
Administrative expenses	-745	-435
Legal, auditing and consulting fees	-11,596	-8,881
Penalties	-93	-292
Levies	-1,775	-1,892
Advertising	-2,248	-1,937
Expenses charged on	-252	-315
Rental and lease expenses	-590	-207
EDP and communications	-3,589	-1,546
Expert opinions	-552	-405
Personnel expenses (see 5.6)	-21,794	-13,984
Addition to/reversal of provision for onerous contracts	37	16
Other write-downs	-817	-725
Miscellaneous	-5,151	-1,490
Total	-49,165	-32,093

5.6 PERSONNEL EXPENSES

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2017	2016A
Wages	-277	-373
Salaries	-29,609	-21,719
Employee benefits	-10,094	-5,962
Total	-39,980	-28,054

Employee benefits include EUR 0.1 million (2016A: EUR 0.1 million) for pensions, EUR 1.5 million (2016A: EUR 0.4 million) for severance payments and contributions to employee benefit funds and EUR 6.1 million (2016A: EUR 4.1 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	2017	2016A
Results of asset management	6,969	5,788
Results of property sales	1,388	872
Results of property development	3,581	4,257
Other operating expenses	21,794	13,984
Total continuing operations	33,732	24,901
Discontinued operations retailportfolio Moscow	6,248	3,153
Personnel expenses	39,980	28,054

The functional operating areas include only the directly allocated personnel expenses. In cases where direct allocation is not possible, the personnel expenses are included under other operating expenses.

The following table shows the average workforce employed by the IMMOFINANZ Group companies:

	2017	2016A
Salaried employees	382	431
Wage employees	7	12
Total continuing operations	389	443
Salaried employees	81	91
Wage employees	0	0
Total discontinued operations	81	91
Total	470	534

In order to improve comparability with the amounts reported for personnel expenses, the average number of employees excludes employees on official leave. The average number of employees in the previous year was adjusted accordingly.

5.7 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:

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			2017
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation Total
Investment property	81,057	-74,585	6,472	-806	-733	-1,539	4,933
Property under construction	42,710	-14,053	28,657	-185	-77	-262	28,395
Properties sold and held for sale	18,898	-32,011	-13,113	8,177	139	8,316	-4,797
Total	142,665	-120,649	22,016	7,186	-671	6,515	28,531

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			2016A
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation 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

The allocation of revaluation results in the above tables into gains and losses is based on whether the revaluation result was, in total, positive or negative.

5.8 SHARES OF PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

All amounts in TEUR	Joint ventures	Associates	Total 2017
Share of profit or loss for the period	-353	62,731	62,378
Other adjustments	2,254	91,549	93,803
Reclassification of foreign exchange differences to profit or loss	37	0	37
Gains/losses on the sale of equity-accounted investments	-115	43,918	43,803
Total	1,823	198,198	200,021

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

Gains and losses on the sale of equity-accounted investments in 2017 included EUR 18.0 million (see section 4.4.2) from the sale of BUWOG shares through an accelerated bookbuilding process as well as EUR 25.9 million (see section 4.4.2) from the change in valuation to fair value measurement in accordance with IAS 39 following the loss of significant influence over the BUWOG Group and the related termination of equity accounting. The other adjustments in 2017 include a reversal of EUR 91.9 million to an impairment loss recorded to the investment in the CA Immo Group (see section 4.4.2).

Aggregated financial information on the joint ventures and associates is presented in section 4.4.

5.9 FINANCIAL RESULTS

All amounts in TEUR	2017	2016A
For financial liabilities FLAC	-83,743	-63,374
For derivative financial instruments	-11,109	-7,389
Total financing costs	-94,852	-70,763
For financial receivables L&R	4,160	5,776
For derivative financial instruments	40	25
Total financing income	4,200	5,801
Foreign exchange differences	-8,448	9,706
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	-27,563	12,138
Valuation of financial instruments at fair value through profit or loss (fair value option)	14,208	-2,610
Distributions	1,496	1,222
Write-off of receivables	-285	-3,249
Other financial results	-12,144	7,501
Net profit or loss from equity-accounted investments (see 5.8)	200,021	2,546
Total	88,777	-45,209

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 2.4 million (2016A: EUR 1.9 million) of interest income from impaired financial assets.

The foreign exchange differences resulted primarily from subsidiaries in Turkey and Ukraine which do not report in the Euro and from transactions in US Dollars.

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	2017	2016A
Revaluation results from derivative financial instruments	8,317	11,596
Income from the derecognition/adjustment of the carrying amount of financial liabilities through profit or loss (from changes in estimates for cash flow)	0	1,307
Impairment losses to AFS financial instruments	462	-121
Expenses for the incentivised conversion of the convertible bond 2011-2018	-37,661	0
Miscellaneous	1,319	-644
Total	-27,563	12,138

AFS: available for sale

Of the total revaluation results from derivative financial instruments, EUR -2.3 million (2016A: EUR 9.4 million) are related to the standalone derivative from the convertible bond 2011–2018 and EUR 10.6 million (2016A: EUR 2.2 million) to other derivatives (interest rate swaps and foreign exchange forwards). The changes in the value of 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.

The results from the valuation of financial instruments at fair value through profit or loss include the valuation of the remaining BUWOG shares at EUR 11.3 million and the measurement of real estate fund shares at EUR 2.9 million (2016A: EUR -2.6 million).

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	2017	2016A
Current income tax	-11,882	-9,286
Thereof from current period	-6,962	-8,324
Thereof from prior periods	-4,920	-962
Deferred tax	-7,511	43,613
Thereof from current period	-24,214	29,393
Thereof from changes in tax rates	82	3,514
Thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	22,282	14,637
Thereof from the revaluation of investment property	-2,565	1,490
Thereof impairment losses (resp. reversals of previous impairment losses) to deferred tax assets	-3,096	-5,421
Total	-19,393	34,327

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	2017		2016A	
Earnings before tax	200,406		-7,469	
Income tax expense at 25% tax rate	-50,102	25.0%	1,867	25.0%
Effect of different tax rates	47,492	-23.7%	6,452	86.4%
Effect of changes in tax rates	83	0.0%	3,515	47.1%
Impairment losses to goodwill/negative differences recognised in profit or loss	-164	0.1%	-391	-5.2%
Loss carryforwards and deferred tax assets not recognised	-77,776	38.8%	-26,932	-360.6%
Restructuring of intragroup receivables related to the retail portfolio Moscow	0	0.0%	47,500	636.0%
Non-deductible income and expenses	-10,561	5.3%	-27,075	-362.5%
Write-downs and write-ups to deferred taxes	24,268	-12.1%	9,378	125.6%
Effects related to other periods	-4,784	2.4%	-944	-12.6%
Effects of deferred taxes on investments in subsidiaries, joint ventures and associates	15,998	-8.0%	-1,096	-14.7%
Other non temporary differences	36,153	-18.0%	22,053	295.3%
Effective tax rate	-19,393	9.7%	34,327	459.6%

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 of the Austrian tax group is currently in progress and covers the years from 2012 to 2014.

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.

	2017	2016A
Weighted average number of shares (basic)	1,051,837,608	994,281,669
Weighted average number of shares (diluted)	1,051,837,608	994,281,669
Net profit or loss (excl. non-controlling interests) in EUR	-534,613,000.00	-186,521,000.00
Net profit or loss excl. non-controlling interests in EUR (diluted)	-534,613,000.00	-186,521,000.00
Basic earnings per share in EUR	-0.51	-0.19
Diluted earnings per share in EUR	-0.51	-0.19

Diluting effects could have arisen in 2017 through potential common shares from the issue of the convertible bond 2007–2017, the convertible bond 2011–2018 and the convertible bond 2018–2024. These diluting effects are only included in the calculation when they reduce earnings per share or increase the loss per share. Diluting effects were not included in the calculation of earnings per share for the reporting year because the effects of the convertible bond 2011–2018 and the convertible bond 2018–2024 did not increase the loss per share. The calculation of earnings per share as of 31 December 2017 did not include any treasury shares (31 December 2016: 9,999,973 treasury shares).

In accordance with IAS 33, the compensation for the settlement to terminate the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG (see section 4.11) led to the retroactive adjustment of basic and diluted earnings per share for the respective period in the abbreviated 2016 financial year. The weighted average number of shares was, in each case, multiplied by a factor of 1.029. This factor represents the ratio of the number of shares in circulation after (1,052,525,375 shares) and before (1,022,540,069 shares) the settlement payment.

6. Notes to the Consolidated Cash Flow Statement

The cash flow statement of IMMOFINANZ shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the financial year. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities. Interest paid is reported under cash flow from financing activities, while interest and dividends received are reported under cash flow from investing activities. Cash flow from operating activities is calculated using the indirect method. Cash and cash equivalents comprise the following as of the balance sheet dates shown below:

All amounts in TEUR	31 12 2017	31 12 2016
Cash and cash equivalents (see 4.10)	477,889	189,287
Cash and cash equivalents held by disposal groups (see 4.8)	1,378	16,941
Cash and cash equivalents	479,267	206,228

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 2017 and 2016A also includes the cash flows attributable to discontinued operations (see section 2.4).

The consideration paid for business combinations and other acquisitions of subsidiaries, less cash and cash equivalents, as reported on the cash flow statement includes the following components:

All amounts in TEUR	2017	2016A
Net cash flow from business combinations and other acquisitions in the reporting year	0	15
Net cash flow from business combinations and other acquisitions in the previous year	0	-21
Consideration paid (-) / received (+) from business combinations and other acquisitions, less cash and cash equivalents	0	-6

The consideration received from the sale of discontinued operations and subsidiaries, less cash and cash equivalents, as reported on the cash flow statement includes the following components:

All amounts in TEUR	2017	2016A
Net cash flow from the sale of the retail portfolio Moscow in 2017 (see 2.4)	70,145	0
Net cash flow from the sale of the logistics portfolio in the reporting year	0	53,755
Net cash flow from the sale of the logistics portfolio in the previous year	8,638	3,602
Consideration received from the sale of discontinued operations	78,783	57,357
Net cash flow from sales in the financial year (see 2.3)	27,754	27,434
Net cash flow from the sale in the previous financial year	1,638	-182
Consideration received from the sale of subsidiaries in continuing operations, less cash and cash equivalents	29,392	27,252
Total	108,175	84,609

The following table reconciles financial liabilities, derivatives and equity, including cash flow from financing activities, as of 1 January 2017 and 31 December 2017:

All amounts in TEUR	Financial liabilities			
	Liabilities from convertible bonds	Amounts due to financial institutions	Liabilities arising from the issue of bonds	Other financial liabilities
Balance sheet as of 1 1 2017	530,265	2,010,806	102,446	1,542
Changes in cash flow from financing activities				
Increase in financial liabilities		1,323,748		636,555
Proceeds from the issue of convertible bonds less transaction costs	273,359			
Repayment of financial liabilities		-1,781,684	-105,250	-466
Redemption of convertible bonds	-27,230			
Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio)				
Incentivised conversion of convertible bonds plus transaction costs	-127,526			
Derivatives				
Interest paid	-15,224	-105,406		
Distributions				
Transactions with non-controlling interest owners				
Share buyback				
Total change in cash flow from financing activities	103,379	-563,342	-105,250	636,089
Changes from the loss of control over subsidiaries		-8,418		
Changes from the loss of control over the retail portfolio Moscow		721,660		-636,628
Effects of changes in exchange rates		-77,510		
Changes in fair value				
Other changes in financial liabilities	-320,427	221,832	2,804	387
Other changes in equity				
Balance sheet as of 31 12 2017	313,217	2,305,028	0	1,390

Derivatives		Equity						
Derivative assets	Derivative liabilities	Share capital/capital reserves	Treasury shares	Accumulated other equity	Retained earnings	Non-controlling interests	Total	
-1,185	29,599	4,329,219	-18,214	-631,163	-1,019,542	-9,684	5,324,089	
							1,960,303	
		21,613					294,972	
							-1,887,400	
							-27,230	
		-203					-203	
							-127,526	
	-14,392						-14,392	
							-120,630	
					-63,152		-63,152	
						19,024	19,024	
			-40,232				-40,232	
	-14,392	21,410	-40,232		-63,152	19,024	-6,466	
				-33,998		-355	-42,771	
				540,177			625,209	
	2			-10,426		-3,421	-91,355	
-1,378	-6,939						-8,317	
357	2,659						-92,388	
		217,869	58,446	5,449	-534,322	-19,042	-271,600	
-2,206	10,929	4,568,498	0	-129,961	-1,617,016	-13,478	5,436,401	

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

IFRS 7 requires the breakdown of financial instruments by classes as well as the reconciliation of these classes with the line items shown on the balance sheet. Since the reporting company is entitled to define these classes, they generally differ from the categories defined by IAS 39 for the measurement of financial instruments.

The definition of the reportable classes reflects the different characteristics of the major financial instruments held by IMMOFINANZ. Accordingly, similar financial instruments are grouped together to form a separate class. The classes are also defined to facilitate reconciliation with the line items shown on the balance sheet. These factors led to the definition of the following classes: trade accounts receivable, financing receivables, loans and other receivables (including restricted funds), real estate fund shares, derivative financial assets, current securities, miscellaneous other financial instruments and cash and cash equivalents (asset classes) as well as liabilities arising from convertible bonds, bonds, liabilities with financial institutions, other financial liabilities, trade accounts payable, derivative financial liabilities and miscellaneous other liabilities (liability classes).

In addition to the assignment of financial instruments to classes, IFRS 7 calls for the disclosure of the carrying amount of financial assets and financial liabilities in accordance with the categories defined in 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	AFS	FA@FV/P&L		L&R/at Cost	Cash and cash equivalents	Non-FI	Carrying amount	Fair value
		Fair value option	HFT				31 12 2017	31 12 2017
All amounts in TEUR								
Trade accounts receivable	0	0	0	55,681	0	0	55,681	55,681
Financing receivables	0	0	0	46,205	0	0	46,205	46,205
Loans and other receivables	0	0	0	224,222	0	39,029	263,251	263,251
Trade and other receivables	0	0	0	326,108	0	39,029	365,137	365,137
Real estate fund shares	206	4,728	0	0	0	0	4,934	4,934
Derivatives	0	0	2,206	0	0	0	2,206	2,206
Miscellaneous other financial instruments	0	19,820	0	5,055	0	0	24,875	24,875
Other financial assets	206	24,548	2,206	5,055	0	0	32,015	32,015
Cash and cash equivalents	0	0	0	0	477,889	0	477,889	477,889
Total assets	206	24,548	2,206	331,163	477,889	39,029	875,041	875,041

Equity and liabilities	FL@FV/P&L		FLAC	Non-FI	Carrying amount	Fair value
	Fair value option	HFT			31 12 2017	31 12 2017
All amounts in TEUR						
Liabilities from convertible bonds	0	0	313,217	0	313,217	320,450
Amounts due to financial institutions	0	0	2,305,028	0	2,305,028	2,292,264
Other financial liabilities	0	0	1,390	0	1,390	1,390
Financial liabilities	0	0	2,306,418	0	2,306,418	2,293,654
Trade payables	0	0	114,591	0	114,591	114,591
Derivatives	0	10,929	0	0	10,929	10,929
Miscellaneous other liabilities	0	0	78,412	38,724	117,136	117,136
Trade and other payables	0	10,929	193,003	38,724	242,656	242,656
Total equity and liabilities	0	10,929	2,812,638	38,724	2,862,291	2,856,760

AFS: available for sale

FA@FV/P&L: financial assets at fair value through profit or loss

FL@FV/P&L: financial liabilities at fair value through profit or loss

FLAC: financial liabilities measured at amortised cost

HFT: held for trading

L&R: loans and receivables, miscellaneous other financial instruments at cost

Non-FI: non-financial assets/liabilities

Assets	FA@FV/P&L			L&R/at Cost	Cash and cash equivalents	Non-FI	Carrying amount	Fair value
	AFS	Fair value option	HFT				31 12 2016	31 12 2016
All amounts in TEUR								
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			FLAC	Non-FI	Carrying amount	Fair value
	Fair value option	HFT				31 12 2016	31 12 2016
All amounts in TEUR							
Liabilities from convertible bonds	0	0	0	530,265	0	530,265	544,692
Bonds	0	0	0	102,446	0	102,446	104,111
Amounts due to financial institutions	0	0	0	2,010,806	0	2,010,806	2,029,858
Other financial liabilities	0	0	0	1,542	0	1,542	1,542
Financial liabilities	0	0	0	2,114,794	0	2,114,794	2,135,511
Trade payables	0	0	0	97,758	0	97,758	97,758
Derivatives	0	29,599	0	0	0	29,599	29,599
Miscellaneous other liabilities	0	0	0	102,801	40,010	142,811	142,811
Trade and other payables	0	29,599	0	200,559	40,010	270,168	270,168
Total equity and liabilities	0	29,599	0	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

The fair values shown in the above table were derived from stock exchange prices or determined by applying recognised valuation methods, depending on the class (see section 7.1.3).

Trade account receivables are generally considered to be current or are carried net of any necessary valuation adjustments and, for this reason, fair value generally reflects the carrying amount. The same applies to cash and cash equivalents.

The fair value of financial receivables, loans and other receivables as well as the fair value of the miscellaneous other financial instruments also generally approximates the carrying amount because impairment losses have already been deducted.

The fair value shown in the above table for liabilities from convertible bonds and amounts due to financial institutions was calculated as the present value of future interest and principal payments. The discount rate includes a margin for IMMOFINANZ's own credit risk (debt value adjustment), and the valuation method used to determine fair value therefore represents Level 3 in the fair value hierarchy under IFRS 13. Information on the method used to determine the debt value adjustment is provided in section 7.1.3. The fair value of the corporate bond up to the redemption date on 3 July 2017 was based on the market price and therefore represents Level 1 in the fair value hierarchy under IFRS 13. The discount rates used to calculate the present value of the amounts due to financial institutions were based on the listing shown below, which reflects the market interest rates as of 31 December 2017 and the weighted average credit spreads for the loans in the continuing operations as of the balance sheet date.

Discount rates as of	2017 EUR
1 1 2018	2.100%
1 1 2019	2.280%
1 1 2020	2.506%
1 1 2021	2.777%
1 1 2022	3.066%
1 1 2023	2.821%
1 1 2024	2.941%
1 1 2025	3.054%
1 1 2026	3.161%
1 1 2027	3.267%
1 1 2028	3.352%
1 1 2030	3.434%
1 1 2033	3.634%
1 1 2038	3.794%

The fair value of the miscellaneous other liabilities approximates the carrying amount.

The shares in real estate fund and the derivative financial liabilities classified as held for sale as of 31 December 2016 represent Level 3 in the valuation hierarchy under IFRS 13. 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 2017 Carrying amount	31 12 2016 Carrying amount
Financial assets		
Loans and receivables	355	61,015
At fair value through profit or loss – fair value option	0	6,293
Available for sale	0	700
Financial liabilities		
At amortised cost	720	913,815
Held for trading	0	2,042
Cash and cash equivalents	1,378	16,941

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 2017
							Net gain/loss
AFS	0	0	462	0	0	36	498
Thereof recognised to the consolidated income statement	0	0	462	0	0	36	498
FA@FV/P&L	15,586	0	0	0	0	523	16,109
Thereof fair value option	14,208	0	0	0	0	523	14,731
Thereof HFT	1,378	0	0	0	0	0	1,378
L&R	0	-3,157	697	0	0	928	-1,532
FL@FV/P&L	6,939	0	0	0	0	-84	6,855
Thereof HFT	6,939	0	0	0	0	-84	6,855
FLAC	0	0	0	0	-37,661	1,412	-36,249

AFS: available for sale

FA@FV/P&L: financial assets at fair value through profit or loss

FL@FV/P&L: financial liabilities at fair value through profit or loss

FLAC: financial liabilities 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	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

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				31 12 2017
	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Real estate fund shares	-	-	206	206
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	-	-	4,728	4,728
Miscellaneous other financial instruments	19,820	-	-	19,820
Held for trading				
Derivatives	-	-	2,206	2,206
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	-	-	10,929	10,929

All amounts in TEUR				31 12 2016
	Level 1	Level 2	Level 3	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

The following table reconciles the beginning and ending balances of the financial instruments classified under Level 3:

All amounts in TEUR	Real estate fund shares		Derivatives		Total	
	2017	2016A	2017	2016A	2017	2016A
Beginning balance	4,253	8,405	-28,414	-47,154	-24,161	-38,749
Recognised in the consolidated income statement	3,383	-2,731	8,317	11,596	11,700	8,865
Disposals	-3,097	-1,920	11,374	7,144	8,277	5,224
Reclassification from/to assets held for sale	395	499	0	0	395	499
Ending balance	4,934	4,253	-8,723	-28,414	-3,789	-24,161

Of the EUR 11.7 million (2016A: EUR 8.9 million) in results recognised in profit or loss and reported in the above table, EUR 7.5 million are attributable to financial instruments that were held at the end of the 2017 financial year (31 December 2016: EUR 10.7 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: 9.10% to 13.95%
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: 2.38%

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 0.2 million (31 December 2016: EUR 0.6 million) attributable to default risk; the change in 2017 equalled EUR -0.3 million (2016A: EUR -0.2 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 3,957.7 million (31 December 2016: EUR 4,894.6 million) was pledged as collateral for long-term financing of EUR 1,676.5 million (31 December 2016: EUR 2,401.6 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 532.0 million (31 December 2016: EUR 453.4 million) and real estate inventories with a carrying amount of EUR 67.5 million (31 December 2016: EUR 98.5 million) also serve as collateral. The corresponding financial liabilities total EUR 312.4 million (31 December 2016: EUR 154.0 million) and EUR 70.7 million (31 December 2016: EUR 88.9 million).

For property financing concluded by IMMOFINANZ, shares in the respective subsidiary serve as additional collateral to the mortgages 54 cases (31 December 2016: 85 cases). The limitations on disposal end when the financial liability is repaid or when other collateral is provided.

The shares held by IMMOFINANZ in CA Immo also serve as collateral for long-term financing.

In 2017 and in previous financial years, IMMOFINANZ accepted liabilities or guarantees on behalf of third parties with a maximum risk of EUR 246.7 million (31 December 2016: EUR 567.1 million). The probability of occurrence for these contingent liabilities is linked to the fulfilment or non-fulfilment of future conditions and was considered low as of the balance sheet date.

7.2 FINANCIAL RISK MANAGEMENT

7.2.1 GENERAL INFORMATION

IMMOFINANZ has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct influence on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ to support the monitoring, evaluation and control of risks related to the operating business. Risk management is a staff function which reports directly to the Chief Financial Officer. It autonomously monitors the corporate risks, aggregates risk data and reports, and actively supports the department and country organisations in the identification of risks and economically suitable countermeasures. At the department and country organisation levels, the heads of the respective department or country organisation are responsible for risk management. The department heads and country managers report their risk positions to the Executive Board at least once each quarter. Acute risks are reported immediately to the Executive Board. IMMOFINANZ also works to continuously improve the internal control system (ICS) to support the early identification and monitoring of risks. A description of the ICS is provided in the management report.

As an international corporation, IMMOFINANZ is exposed to various financial risks. The most important financial risks for the Group arise from possible changes in foreign exchange rates and interest rates and from the credit standing and solvency of its customers and business partners.

7.2.2 DEFAULT / CREDIT RISK

Default or credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the Group incurs financial damages as a result. The maximum credit risk represents the amounts reported under assets on the balance sheet. Default risk is reflected in appropriate valuation adjustments.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ works together with local project developers. This cooperation can represent a risk for IMMOFINANZ if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, activities and goal attainment are monitored regularly by the Group's development department.

The risk of default on receivables due from tenants is low because tenants are regularly required to provide security deposits – cash deposits for residential properties, bank guarantees or cash deposits for commercial properties – and their credit standing is monitored on a regular basis. Individual valuation adjustments are generally recorded to receivables that are exposed to an increased risk of default.

The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. The counterparty default risk is limited by continuous monitoring, fixed investment limits and the diversification of financial institutions.

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 2017
Liabilities from convertible bonds	23,614	318,004	0	341,618	313,217
Amounts due to financial institutions	524,727	1,657,934	283,737	2,466,398	2,305,028
Miscellaneous	136,951	18,978	13,773	169,702	194,393
Total non-derivative financial liabilities	685,292	1,994,916	297,510	2,977,718	2,812,638
Derivative financial instruments (liabilities)	7,949	9,661	0	17,610	10,929
Total derivative financial liabilities	7,949	9,661	0	17,610	10,929
Total	693,241	2,004,577	297,510	2,995,328	2,823,567

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

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 2017, all liabilities to financial institutions were denominated in the Euro.

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 2017	31 12 2016
EUR	381,904	95,616
USD	7,547	42,468
HUF	20,430	8,482
PLN	20,581	11,357
CZK	8,248	5,823
RON	34,556	22,801
RUB	569	48
Other	4,054	2,692
Total	477,889	189,287

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 (including convertible bonds) by type of interest rate is shown in the following table:

All amounts in TEUR	31 12 2017	31 12 2016
Fixed interest financial liabilities	477,876	681,773
Floating rate financial liabilities	2,141,759	1,963,286
Total interest-bearing financial liabilities	2,619,635	2,645,059

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 2017 to hedge interest rate and foreign exchange risk:

	Type	Reference value as of 31 12 2017 in TEUR	Market value incl. interest in TEUR ¹	Maturity
Interest rate up to 0.50%	Interest rate swap	6,237	-9	2018
	Interest rate swap	49,529	-219	2019
	Interest rate swap	41,752	-411	2020
	Interest rate swap	185,983	-75	2021
	Interest rate swap	387,666	-553	2022
	Interest rate swap	114,000	2,123	2026
Number of derivatives: 43		785,167	856	
Interest rate from 0.50% to 1.00%	Interest rate swap	112,050	-1,143	2018
	Interest rate swap	2,397	-57	2021
	Interest rate swap	147,242	-3,331	2022
	Interest rate swap	18,031	-224	2031
Number of derivatives: 16		279,720	-4,755	
Interest rate over 1.00%	Interest rate swap	5,739	-93	2018
	Interest rate swap	2,700	-83	2019
	Interest rate swap	109,389	-4,617	2020
Number of derivatives: 7		117,828	-4,793	
Total number of derivatives: 66 ²		1,182,715	-8,692	

¹ Fair value includes a credit risk adjustment

² As of the balance sheet date, 64 derivatives with a total negative value of EUR -10.9 million and 2 derivatives with a positive market value of EUR 2.2 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; 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 2017	Δ +10 basis points	Δ +25 basis points
Fair value based on increase in interest rate	-8,826	-5,769	744

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

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 2017. 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: -0.329%), a sensitivity analysis was not prepared for falling interest rates during the 2017 financial year or the previous financial year.

Sensitivity of interest expense		Interest rate	
All amounts in TEUR	2017	Δ +50 basis points	Δ +100 basis points
Interest expense	94,852	99,876	104,694

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

Details on the conditions of financial liabilities are provided in section 4.13.

In addition to financial liabilities, securities and other receivables – above all financing receivables (loans granted to third parties) – can be sensitive to interest rate changes. The financing receivables generally carry fixed interest rates, and the Group is therefore exposed to no risk or only limited risk of a changing interest rate from these items.

7.2.6 CAPITAL MANAGEMENT

The goals of IMMOFINANZ's management are to protect the Group's short-, medium- and long-term liquidity at all times and to create and maintain a strong capital base in order to earn the trust of investors, creditors and the markets and safeguard the Group's sustainable positive development. The Executive Board regularly monitors the development of the share price, the discount of the share price to the net asset value (NAV) and the amount of dividends paid to the shareholders of IMMOFINANZ AG. The IMMOFINANZ share is positioned as a dividend stock, and the Executive and Supervisory Boards are committed to achieving and maintaining a sustainable dividend policy. Details on the planned dividend policy can be found in section 4.11. Through share buybacks, management signals to the capital market that the share is trading substantially below its intrinsic value – the discount to the NAV equalled 24.8% as of 31 December 2017 (31 December 2016: 40.7%). The timing of these buybacks is dependent on the market price and available liquidity. The share buybacks lead to an increase in value, which benefits the remaining shareholders of IMMOFINANZ AG.

The Group's capital structure is determined by financial liabilities, including convertible bonds, and by equity, excluding treasury shares. IMMOFINANZ intends to further optimise its capital structure by arranging for new financing, by terminating, extending or restructuring old financing and, where appropriate, issuing new

debt securities (see section 7.6). The average financing costs for the Group, including derivatives, used for interest rate hedging, equalled 2.3% in 2017 (2016A: 4.0%).

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, the market value of the BUWOG shares and the proportional EPRA NAV of the CA Immo Group. The LTV ratio equalled 40.8% as of 31 December 2017 (31 December 2016: 52.2%). IMMOFINANZ's target for the LTV ratio is a range of 40% to 45%. IMMOFINANZ is not subject to any external minimum capital requirements.

7.3 FINANCIAL OBLIGATIONS

7.3.1 CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities represent possible or existing obligations arising from past events, in cases where it is not probable that an outflow of resources will be required to settle the obligation (also see section 7.1).

The contingent liabilities arising from sureties, guarantees and other liabilities that are not recognised on IMMOFINANZ's balance sheet are evaluated regularly with respect to the probability of their occurrence. If an outflow of resources embodying economic benefits is neither sufficiently probable to require the recognition of a provision nor improbable, the obligations are recognised as contingent liabilities. The estimates are made by IMMOFINANZ specialists based on market-related inputs (where possible) and expert opinions (in individual cases).

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 a/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 80.8 million) as of 31 December 2017 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	2017	2016A
Outstanding construction costs	151,923	200,472
Contracted maintenance	3,037	7,215
Contractual obligations for the construction or acquisition of properties	3,781	4,962
Total	158,741	212,649

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 2017 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 2017 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 2017	31 12 2016
Relations with joint ventures		
Receivables	30,185	33,741
Thereof allowance for bad debt	-10,838	-18,265
Liabilities	386	23,616
Relations with associated companies		
Receivables	3,372	1,925
Thereof allowance for bad debt	-6,621	-5,158
Liabilities	320	1,006
All amounts in TEUR	2017	2016A
Relations with joint ventures		
Other income	597	22
Interest income	2,108	2,136
Interest expense	0	-352
Write-downs for bad debt	3,024	6,182
Thereof results that increase or reduce the net investment	2,254	3,274
Income taxes	-172	29
Relations with associated companies		
Other income	733	1,167
Other expenses	-4,460	-5,016
Interest income	398	418
Write-downs for bad debt	-1,469	-761
Thereof results that increase or reduce the net investment	-896	-360
Income taxes	-23	0

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.

IMMOKRON Immobilienbetriebsgesellschaft m.b.H. distributed EUR 17.7 million of profits in 2017. The resulting receivable was offset against outstanding liabilities with the joint venture.

There were no reportable transactions with closely related parties of IMMOFINANZ during the 2017 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 following persons were delegated by Works Council of IMMOFINANZ AG to the Supervisory Board:

Philipp Amadeus Obermair

Werner Ertelthalner

Larissa Lielacher (since 23 May 2017)

The members of management in key positions received the following remuneration:

All amounts in TEUR	2017			2016A		
	Supervisory Board	Executive Board	Total	Supervisory Board	Executive Board	Total
Short-term employee benefits	261	2,535	2,796	261	1,832	2,093
Post-employment benefits	-	179	179	-	121	121
Total	261	2,714	2,975	261	1,953	2,214

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 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 70,619,237 IMMOFINANZ shares as of 31 December 2017 (31 December 2016: 70,404,043 shares). No advances or loans were granted to the members of the Executive Board or Supervisory Board. Moreover, there is no share-based remuneration for the members of the Executive Board.

7.5 AUDITOR'S FEES

The fees charged by Deloitte Österreich for services provided in 2017 comprise TEUR 444.1 (2016A: TEUR 477) for the audit of the individual and consolidated financial statements, TEUR 95.3 (2016A: TEUR 120) for other assurance services, TEUR 27.0 (2016A: TEUR 29) for tax advising and TEUR 79.9 (2016A: TEUR 168) for other services.

7.6 SUBSEQUENT EVENTS

On 28 February 2018 the Supervisory Board and Executive Board of IMMOFINANZ decided to keep the discussions over a possible merger between CA Immobilien Anlagen AG and IMMOFINANZ suspended for the time being and to evaluate further strategic options. Among others, these options include the possible sale of the CA Immo investment (see section 4.4.1).

On 8 March 2018 the Supervisory Board and Executive Board decided to utilise the authorisation provided by the 24th annual general meeting on 1 June 2017 in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act to launch a buyback programme with a volume of up to 15 million shares. This share buyback started on 14 March 2018 and can be carried out directly by IMMOFINANZ or by one of its subsidiaries.

On 22 March 2018, SOF-11 Starlight 10 EUR S.à.r.l.,Luxemburg announced a voluntary, public partial takeover will offer to the shareholders of IMMOFINANZ AG in accordance with §§ 4 ff of the Austrian Takeover Act. This takeover offer to IMMOFINANZ shareholders is directed to the purchase of up to 55,831,570 bearer shares of IMMOFINANZ, which represent an investment of up to 5% in the bearer shares issued by IMMOFINANZ. The shareholders of IMMOFINANZ AG are offered a price of EUR 2.10 per IMMOFINANZ share, whereby the offer price is understood to include the dividend. However, in view of the sustainable and steady improvement in corporate indicators and the positive outlook for IMMOFINANZ's business development, the Executive Board considers the announced offer price of EUR 2.10 per share to be inappropriate. The Executive Board will issue a well-founded statement on the offer in accordance with the Austrian Takeover Act after the offer documents have been published. At the same time, a voluntary, public partial takeover offer was issued to the shareholders of CA Immobilien Anlagen AG ("CA Immo") in accordance with §§ 4 ff of the Austrian Takeover Act. This takeover offer to CA Immo shareholders is directed to the purchase of up to 25,690,167 bearer shares of CA Immo, which represent an investment of up to 26.00% in the bearer shares issued by CA Immo. CA Immo shareholders were offered a price of EUR 27.50 per CA Immo share, whereby the offer price is understood to include the dividend. These two offers were made independent of each other.

8. Group Companies

The following list covers the subsidiaries, joint ventures and associates of IMMOFINANZ AG. It was prepared in accordance with § 245a (1) of the Austrian Commercial Code in connection with § 265 (2) of the Austrian Commercial Code. This list also includes individual subsidiaries that were not fully consolidated for materiality reasons and joint ventures that were not included at equity as well as associates and other investments held by IMMOFINANZ with a share of $\geq 20.00\%$.

The companies deconsolidated or attributed to discontinued operations during the financial year (see section 2.4) are reported in the column "type of consolidation" as sold, liquidated, merged, logistics or retail portfolio Moscow (retail portfolio).

Company	Country	Headquarters	Interest in capital	2017	Interest in capital	2016A
				Type of consolidation		Type of consolidation
"Wienerberg City" Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
AAX Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
ABSTEM Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
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 Business Center, s.r.o.	CZ	Prague	100.00%	F	0.00%	n.a.
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	0.00%	n.a.
Antim Tower EOOD	BG	Sofia	0.00%	Sold	0.00%	n.a.
AO Kashirskij Dvor-Severyanin	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
Appartement im Park ErrichtungsGmbH in Liqu.	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. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
ARMONIA CENTER ARAD S.R.L.	RO	Bucharest	100.00%	F	100.00%	F
ARO Eferding Immobilien GmbH	AT	Vienna	0.00%	Merged	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	0.00%	Sold	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 i.A.	AT	Vienna	100.00%	F	100.00%	F
BA/Energetika/, s.r.o. in Liqu.	SK	Bratislava	0.00%	Liquidated	100.00%	F
Banniz Ltd	CY	Nicosia	100.00%	F	100.00%	F
Barby Holding Sàrl	LU	Valletta	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 GAMMA, 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	Interest in capital	2017	Interest in capital	2016A
				Type of consolidation		Type of consolidation
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	0.00%	Liquidated	100.00%	F
Best Construction LLC	UA	Kiev	0.00%	Sold	98.71%	F
Bivake Consultants Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Bloczek Ltd	CY	Nicosia	100.00%	F	100.00%	F
Blue Danube Holding Ltd. in Liqu.	MT	Valletta	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
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	4.21%	NC	10.00%	E-AS
BUWON, s.r.o.	SK	Bratislava	0.00%	Sold	50.00%	E-JV
C.E. Immobilienprojekte und Beteiligungs GmbH	AT	Vienna	100.00%	F	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	26.00%	E-AS
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	0.00%	Merged	100.00%	F
CENTER INVEST Gödöll Kft.	HU	Budapest	0.00%	Merged	100.00%	F
CENTER INVEST INTERNATIONAL Kft.	HU	Budapest	0.00%	Merged	100.00%	F
CENTER INVEST KESZT Kft.	HU	Budapest	0.00%	Merged	100.00%	F
CENTER INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
CENTER INVEST NKANIZSA Kft.	HU	Budapest	0.00%	Merged	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	0.00%	Sold	30.75%	E-JV
CGS Gamma Immobilien Vermietung GmbH in Liqu.	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	0.00%	Liquidated	100.00%	F
Chronos Immobilien 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. in Liqu.	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
CPB Advisory GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB ALPHA Anlagen Leasing GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Anlagen Leasing Gesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB BETA Anlagen Leasing GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Beteiligungs GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB DELTA Anlagen Leasing GmbH	AT	Vienna	100.00%	E-JV	100.00%	E-JV
CPB DREI Anlagen Leasing GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Enterprise GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB EPSILON Anlagen Leasing GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB GAMMA Anlagen Leasing GmbH in Liqu.	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	2017 Type of consolidation	Interest in capital	2016A Type of consolidation
CPB Gesellschaft für Unternehmensbeteiligungen m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Grundstücks und Mobilien Vermietungs GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Investitionsgüter Leasing GmbH in Liqu.	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. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB Mobilien Leasing Gesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB OMIKRON Anlagen Leasing GmbH in Liqu.	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 in Liqu.	AT	Vienna	100.00%	F	100.00%	F
CPB TERTIA Anlagen Leasing GmbH in Liqu.	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. II sp.k.	PL	Warsaw	0.00%	Liquidated	100.00%	F
Debowe Tarasy Sp. z o.o. III sp.k. in Liqu.	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
Debowe Tarasy Sp. z o.o. w likwidacji	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	0.00%	Sold	100.00%	F
DUS Plaza GmbH	DE	Cologne	100.00%	F	100.00%	F
Ebulliente Holdings Ltd	CY	Nicosia	100.00%	F	100.00%	F
EFSP Immobilienentwicklung GmbH	AT	Vienna	100.00%	F	100.00%	F
EHL Immobilien Bewertung GmbH	AT	Vienna	49.00%	E-AS	0.00%	n.a.
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	Istanbul	49.00%	E-AS	49.00%	E-AS
Elmore Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Emolu Trading Ltd.	CY	Nicosia	99.00%	F	99.00%	F
ENIT Lublin Sp. z o.o.	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	0.00%	Liquidated	100.00%	F
ESCENDO Liegenschaftshandels-gesellschaft m.b.H. & Co KG	AT	Vienna	100.00%	F	100.00%	F
E-stone Central Europe AT Holding GmbH	AT	Vienna	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
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	0.00%	Retail portfolio	100.00%	Retail portfolio
GENA DREI Immobilienholding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
GENA ELF Immobilienholding GmbH	AT	Vienna	100.00%	F	0.00%	n.a.
GENA NEUN Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	F	100.00%	F

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Company	Country	Headquarters	Interest in capital	2017	Interest in capital	2016A
				Type of consolidation		Type of consolidation
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	100.00%	F
Gendana Ventures Ltd.	CY	Nicosia	100.00%	F	100.00%	F
GF Amco Development srl	RO	Ilfov	22.00%	NC	22.00%	NC
Gila Investment SRL	RO	Bucharest	100.00%	F	100.00%	F
Global Emerging Property Fund L.P.	GB	Jersey	25.00%	Fonds	25.00%	Fonds
Global Trust s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Globe 13 Kft.	HU	Budapest	100.00%	F	100.00%	F
Globe 3 Ingatlanfejlesztő Kft.	HU	Budapest	100.00%	F	100.00%	F
GORDON INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
Gordon Invest Netherlands B.V.	NL	Amsterdam	100.00%	F	100.00%	F
Grand Centar d.o.o.	HR	Zagreb	100.00%	F	100.00%	F
GVG Gewerbepark Langen GmbH & Co KG	DE	Frankfurt	60.00%	NC	60.00%	NC
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. in Liqu.	LU	Luxembourg	0.00%	Liquidated	64.89%	F
Herva Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IA Holding 1 Kft.	HU	Budapest	0.00%	Merged	100.00%	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
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	Cologne	100.00%	F	100.00%	F
IMF Königskinder GmbH	DE	Cologne	100.00%	F	100.00%	F
IMF PRIMA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMF QUARTA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMF SECUNDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOASIA Beteiligungs GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOASIA IMMOBILIEN ANLAGEN GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Immobilien Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOBILIA Immobilienhandels GmbH & Co KG	AT	Vienna	100.00%	F	100.00%	F
Immobilien L Liegenschafts Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immobilien L Liegenschafts Vermietungs GmbH & Co Bischoffgasse 14/Rosasgasse 30 KG	AT	Vienna	100.00%	NC	100.00%	NC
Immobilien 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. S.k.a. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F

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IMMOEAST Polonia Sp. z o.o. 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 in Liqu.	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 in Liqu.	AT	Vienna	100.00%	F	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 in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Barbarina Holding GmbH in Liqu.	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 in Liqu.	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 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 in Liqu.	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 in Liqu.	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 in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Narbal Holding GmbH	AT	Vienna	100.00%	F	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 Omega Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Pantheus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Quartus Holding GmbH in Liqu.	AT	Vienna	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 Secundus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Semos Holding GmbH	AT	Vienna	100.00%	F	100.00%	F

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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 in Liqu.	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	0.00%	Merged	100.00%	F
IMMOFINANZ ALPHA Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Artemis Immobilien Vermietung GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ BETEILIGUNGS GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ BETEILIGUNGS GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ CAMPUS GmbH & Co. KG	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Carlsquartier GmbH	DE	Düsseldorf	100.00%	F	100.00%	F
Immofinanz Center Management Poland Sp. z o.o. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
Immofinanz Center Management Romania SRL	RO	Bucharest	100.00%	F	100.00%	F
Immofinanz Corporate Finance Consulting GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Deutschland GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Enodia Realitäten Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Epsilon Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	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	92.70%	F
IMMOFINANZ Friesenquartier II GmbH	DE	Cologne	92.70%	F	92.70%	F
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Gesellschaft für Unternehmensbeteiligungen GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Hungária Harmadik Kft.	HU	Budapest	100.00%	F	100.00%	F
IMMOFINANZ Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Ismene Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ JOTA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ KAPPA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	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. in Liqu.	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	0.00%	Merged	100.00%	F
IMMOFINANZ MONTAIGNE Liegenschaftsvermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ OMEGA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ OMIKRON Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	100.00%	F	100.00%	F

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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. in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz TCT Liegenschaftsverwertungs GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOFINANZ USA REAL ESTATE Inc. II	US	Wilmington	0.00%	Liquidated	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
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
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
Karam Enterprise Sp. z o.o. w likwidacji	PL	Warsaw	0.00%	Liquidated	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 in Liqu.	AT	Vienna	100.00%	F	100.00%	F
LeasCon Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
LeasCon Maschinen Leasing und Handels GmbH in Liqu.	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	0.00%	Sold	100.00%	F
Leurax Consultants Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Leutselinge Ltd	CY	Nicosia	100.00%	F	100.00%	F
Lonaretia Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
Loudaumcy Investments Ltd	CY	Nicosia	100.00%	F	100.00%	F
LUB Leasing- und Unternehmensbeteiligungs GmbH in Liqu.	AT	Vienna	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

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	Interest in capital	2017	Interest in capital	2016A
				Type of consolidation		Type of consolidation
Malemso Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
MARINA Handelsgesellschaft m.b.H. 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	Amsterdam	100.00%	F	100.00%	F
Metropol Consult SRL	RO	Bucharest	100.00%	F	100.00%	F
Mill Holding Kft.	HU	Budapest	38.90%	E-AS	38.90%	E-AS
Mollardgasse 18 Projektentwicklungs GmbH	AT	Vienna	50.00%	E-JV	50.00%	E-JV
MONESA LIMITED	CY	Nicosia	0.00%	Liquidated	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
Norden Maritime Services Limited	CY	Nicosia	100.00%	F	100.00%	F
Norden Maritime SRL	RO	Bucharest	100.00%	F	100.00%	F
NP Investments a.s.	CZ	Prague	50.00%	E-JV	50.00%	E-JV
Nuptil Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
Nutu Limited	CY	Nicosia	100.00%	F	100.00%	F
OBJ Errichtungs- und Verwertungsgesellschaft m.b.H.	AT	Vienna	0.00%	Sold	100.00%	F
Objurg Consultants Ltd	CY	Nicosia	100.00%	F	100.00%	F
Obrii LLC	UA	Kiev	0.00%	Sold	98.71%	F
OCEAN ATLANTIC DORCOL DOO	RS	Belgrade	80.00%	F	80.00%	F
Octo Immobilienanlagen GmbH	AT	Vienna	0.00%	Merged	100.00%	F
OFFICE CAMPUS BUDAPEST Kft.	HU	Budapest	75.00%	F	75.00%	F
OOO Berga Development	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
OOO Comcenter Podolsk	RU	Moscow	0.00%	Retail portfolio	100.00%	F
OOO Fenix Development	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
OOO IMMO Management	RU	Laibach	0.00%	Liquidated	100.00%	Retail portfolio
OOO IMMOconsulting	RU	Moscow	100.00%	F	100.00%	Retail portfolio
OOO Krona Design	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
OOO Log center Terekhovo	RU	Moscow	0.00%	Liquidated	100.00%	F
OOO Real Estate Investment Management	RU	Moscow	100.00%	F	100.00%	Retail portfolio
OOO Torgoviy Dom Na Khodinke	RU	Moscow	0.00%	Retail portfolio	100.00%	Retail portfolio
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
Pivuak Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Polluks Real Sp. z o.o. in Liqu.	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	0.00%	Sold	98.71%	F
Quixotic Trading Ltd	CY	Nicosia	100.00%	F	100.00%	F
Real Habitation s.r.l.	RO	Bucharest	100.00%	F	100.00%	F

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Company	Country	Headquarters	Interest in capital	2017	Interest in capital	2016A
				Type of consolidation		Type of consolidation
Rekan Estate d.o.o. in Liquidation	HR	Zagreb	100.00%	F	100.00%	F
Rekramext Holdings Ltd in Liqu.	CY	Nicosia	0.00%	Sold	100.00%	Liquidated
Remsing Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
RentCon Handels- und Leasing GmbH	AT	Vienna	100.00%	F	100.00%	F
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. in Liqu.	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 in Liqu.	AT	Vienna	100.00%	F	100.00%	F
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
Septima Immobilienanlagen GmbH	AT	Vienna	0.00%	Merged	100.00%	F
Severin Schreiber-Gasse 11-13 Liegenschaftsverwertungs 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.	HU	Budapest	100.00%	F	100.00%	F
Sigalit Ltd.	CY	Nicosia	0.00%	Sold	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	Warsaw	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	0.00%	Merged	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	100.00%	F
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	0.00%	Merged	100.00%	F
STOPSHOP BCS Kft.	HU	Budapest	0.00%	Merged	100.00%	F
STOPSHOP GNS Kft.	HU	Budapest	100.00%	F	100.00%	F
STOPSHOP Kiszvárdá 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

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Company	Country	Headquarters	Interest in capital	2017	Interest in capital	2016A
				Type of consolidation		Type of consolidation
STOP.SHOP TB Kft.	HU	Budapest	100.00%	F	100.00%	F
STOP.SHOP. DOLNY KUBIN s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. Dubnica s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. Hranice s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP. Kladno s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP. Liptovský Mikuláš s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP. Lucenec s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. Nové Zámky s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. POPRAD s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. PUCHOV s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. Rakovník s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP. Trenčín s.r.o.	SK	Bratislava	0.00%	Merged	100.00%	F
STOP.SHOP. Uherské Hradiště s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP. Ústí nad Orlicí s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP. Zatec s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP. Znojmo s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
Stop.Shop.5 d.o.o.	RS	Belgrade	100.00%	F	100.00%	F
STOP.SHOP.CZ s.r.o.	CZ	Prague	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.Příbram s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
STOP.SHOP.Ruzomberok s.r.o.	SK	Bratislava	0.00%	Merged	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	0.00%	Merged	100.00%	F
Sunkta Ltd	CY	Nicosia	100.00%	F	100.00%	F
SZÉPVÖLGYI BUSINESS PARK Kft.	HU	Budapest	100.00%	F	100.00%	F
Taifun Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Talia Real Sp. z o.o.	PL	Warsaw	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	0.00%	Sold	99.35%	F
TOV Vastator Ukraine	UA	Kiev	0.00%	Sold	99.35%	F
TradeCon Leasing- und Unternehmensbeteiligungs GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Trevima Ltd.	CY	Nicosia	0.00%	Liquidated	100.00%	F
Tripont Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Utility Park West s.r.o.	CZ	Prague	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. 1 Sp.k.	PL	Warsaw	100.00%	F	100.00%	F
Vertano Residence Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
Village Management LLC	UA	Kiev	0.00%	Sold	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	0.00%	Liquidated	50.00%	E-JV
W zehn Betriebs- & Service GmbH	AT	Vienna	100.00%	F	100.00%	F
Wakelin Promotions Limited	CY	Nicosia	0.00%	Retail portfolio	100.00%	Retail portfolio
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
Xantium Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F

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9. Release of the Consolidated Financial Statements

These consolidated financial statements were completed and signed by the Executive Board of IMMOFINANZ AG on 30 March 2018 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, 30 March 2018

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



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, 2017, 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, 2017, 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 Regulation (EU) No. 537/2014 (in the following EU-Reg.) and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revaluation of investment property

Audit matters and related information

(See sections 4.1, 4.8, 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 2017 financial year totalled EUR 6 million based on a carrying amount of EUR 3,730 million, which represents the most important asset position on the balance sheet.

In order to determine the fair value of each property as of the balance sheet date, management uses independent appraisers for nearly all properties. The input parameters for these valuations include data supplied by the Company as of the balance sheet as well as numerous assumptions by the Executive Board and the appraisers for various "input factors", above all concerning market rents, expected vacancies, future new rentals and the resulting realisable rents and the discount rates based on the yields for comparable properties, all of which are intended to best depict the future earnings potential of the respective property. These estimates have a material influence on property valuation 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 analysis of the process used to value investment property with regard to the general procedures, design and functioning of controls in processing the results,

- > An evaluation of the professional suitability and objectivity of the appraisers appointed by the Executive Board,
- > The sampling of property appraisals based on the size of the property, the change in the fair value of the property above a defined scope and properties with changes in material input factors without the expected change in fair value,
- > A critical assessment of the methods and key assumptions in the expert opinions for the sampling through comparison with current publicly available data and market developments,
- > Communication with the external appraisers and asset managers to clarify any implausibility arising from the above-mentioned audit procedures
- > An analysis of the disclosures in the notes on investment property with regard to the appropriateness of the information on estimation uncertainty and sensitivities.

Deferred tax assets

Audit matters and related information

(See sections 4.7. and 5.10. of the notes to the consolidated financial statements)

Deferred tax assets (before offset: EUR 922 million) and deferred tax liabilities (before offset: EUR 1,242 million) are recognised, on the one hand, for temporary differences which could lead to taxable or deductible amounts and, on the other hand, for future tax receivables resulting from the utilisation of loss carryforwards. The recognition of deferred tax liabilities includes all taxable temporary differences, while deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.

The IMMOFINANZ Group is active in various tax jurisdictions and has a complex corporate and financing structure. This corporate structure is subject to continuous change, in particular through the project to simplify the corporate structure which was launched in 2017. This has appropriate effects on the future development of earnings and the tax burden in the individual Group companies.

The valuation of deferred 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.

Sale of the retail portfolio Moscow

Audit matters and related information

(See section 2.4 of the notes to the consolidated financial statements)

With the closing on 6 December 2017, the Company sold the portfolio of Russian shopping centers which were presented as a discontinued operation (IFRS 5) as of 31 December 2016. The agreed purchase price includes numerous components which involve cash payments at different times. The most important purchase price component is based on the attainment of a defined volume of revenues by each of the Russian shopping centers in 2021 (earn-out clause) and is payable in 2022. The assessment of the value of this purchase price component is dependent to a significant extent on estimates by the Executive Board

concerning the earning power of the sold shopping centers in the relevant year (2021). These estimates have a material influence on the amount of the valuation of the purchase price receivables and, in turn, on the results reported by the IMMOFINANZ Group for the 2017 financial year (net profit or loss from the discontinued operation Russia). The fact that the Russian shopping centers are no longer under the Company's scope of influence and the dependency of the earn-out on future events lead to increased valuation uncertainty.

Therefore, we have defined the recognition and measurement of the sale of the Russian portfolio in the consolidated financial statements as a key audit matter.

Audit Procedures

In connection with our audit of the recognition and measurement of the sale of the Russian portfolio, our audit procedures included, among others, the following material activities:

- > An analysis of the purchase contract to evaluate all relevant agreements concerning the components of the transaction (sale of the investments, transfer of financing, purchase price receivable, etc.) and their recognition and measurement in the consolidated financial statements,
- > An analysis of the calculation of the purchase price (components of the purchase price), in particular with regard to the earn-out clause,
- > An analysis of the assumptions made by the Executive Board concerning the evaluation and measurement of the earn-out (estimates for revenue development in the shopping centers, assumptions for the development of foreign exchange rates, estimates for the credit standing of the buyer),
- > An analysis of the presentation and explanation of the sale in the consolidated financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information contain all information in the consolidated non-financial statement which is included in the consolidated management report and which we received up to the date of our audit report as well as all information in the annual report and annual financial report. However, it does not include the consolidated financial statements, the management report and our auditor's report thereon. The annual report and annual financial report are 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. With regard to the information in the consolidated management report outside the consolidated non-financial statement, we refer to the section "Report on the audit of the consolidated management report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report any conclusions reached on the basis of our work on the other information received prior to the date of this audit report that indicate a material misrepresentation of the other information. We have nothing to report in this connection.

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 the EU-Reg and Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional scepticism 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.
- > Consider the legal and other regulatory framework within which the Group operates when conducting our audit in accordance with the applicable audit standards, but are not responsible for preventing or uncovering violations of laws or other legal regulations by the Group. The unavoidable risk arising from the inherent limits of an audit that certain material misrepresentations in the financial statements may not be uncovered, even though the audit was planned and performed correctly, is greater for violations of other legal regulations. This results, among others, from the large number of laws and other legal regulations which are directed primarily to the operating aspects of a company but are not covered by the Group's accounting-related information systems and, consequently, the possibility that violations of these laws or other legal regulations could be accompanied by conduct which leads to their concealment.
- > 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. Our audit does not cover the consolidated non-financial statement which is included in the consolidated management report; our responsibility in this connection is described more closely in the section "Other Information".

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

OPINION

In our opinion, the consolidated management report 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.

ADDITIONAL DISCLOSURES PURSUANT TO ARTICLE 10 EU-REG.

We were appointed by the annual general meeting on 1 June 2017 as the auditor for the financial year ending on 31 December 2017 and commissioned by the Supervisory Board on 7 November 2017 to perform this audit. We have been the responsible auditor, without interruption, since the financial year ending on 30 April 2011.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is in agreement with the additional report to the audit committee made in accordance with Art 11 EU-Reg.

We confirm that we have not performed any prohibited non-audit services as defined in Art 5 Para. 1 EU-Reg. and that we maintained our independence from the Group during the entire audit performance.

ENGAGEMENT PARTNER

The engagement partner responsible for the audit is Mag. Friedrich Wiesmüller.

Vienna, 30 March 2018

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Friedrich Wiesmüller
Certified Public Accountant

Mag. Nikolaus Schaffer
Certified Public Accountant

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, 30 March 2018

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



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

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

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

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 2018

1 May 2018	Record date for participation in the 25th annual general meeting
11 May 2018	25th annual general meeting
15 May 2018	Expected ex-dividend date ¹
16 May 2018	Expected record date for the determination of dividend rights ¹
17 May 2018	Expected dividend payment date ¹
29 May 2018	Announcement of results for the first quarter of 2018 (after the close of trading)
30 May 2018	Report on the first quarter of 2018
29 August 2018	Announcement of results for the first half of 2018 (after the close of trading)
30 August 2018	Press conference on the first half of 2018
30 August 2018	Report on the first half of 2018
28 November 2018	Announcement of results for the first three quarters of 2018 (after the close of trading)
29 November 2018	Report on the first three quarters of 2018

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

IMPRINT

Photos: IMMOFINANZ, Tomislav Josipovic, Klaus Vynhalek, APA Fotoservice, sop architekten

Concept and Realisation: Mensalia Unternehmensberatung

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Disclaimer

We have prepared this report and verified the data herein with the greatest possible caution. However, errors arising from rounding, transmission, typesetting or printing cannot be excluded. This report contains assumptions and forecasts that were based on information available at the time this report was prepared. If the assumptions underlying these forecasts are not realised, actual results may differ from the results expected at the present time. Automatic data processing can lead to apparent mathematical errors in the rounding of numbers or percentage rates. This report is published in German and English, and can be downloaded from the investor relations section of the IMMOFINANZ website. In case of doubt, the German text represents the definitive version. This report does not represent a recommendation to buy or sell shares in IMMOFINANZ AG.

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

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