



IMMOFINANZ AG
ANNUAL FINANCIAL REPORT
2018

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KEY FIGURES

Earnings Data

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

¹ See calculation in chapter *Business Development*

² The comparative data were adjusted.

Asset Data

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

Property Data

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

¹ Gross return based on invoiced rents; this information is provided to improve comparability with the peer group.

² Gross return, adjusted for the completion of the *trivago Campus* and the *STOP SHOP* acquisitions in 2018

EPRA Indicators¹

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

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

1 See calculations in chapter *Business Development*

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

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

4 The comparative data were adjusted.

Stock Exchange Data

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

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

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

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

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



VIVO!



myhive



**STOP
SHOP**

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

HIGHLIGHTS 2018



JANUARY

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



FEBRUARY

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

MARCH

- Results of operations double to MEUR 35.5 by the end of Q1 2018

- Start of the share buyback programme 1/2018 for up to 1.5 million shares

APRIL

- Share purchase contracts signed for approx. 29.1% of S IMMO

- Opening of two fully rented STOP SHOP retail parks in Serbia





MAY

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

JUNE

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

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



JULY

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

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



SEPTEMBER

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

- Acquisition of a 29.1% investment in S IMMO completed



NOVEMBER

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



DECEMBER

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

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

- Occupancy rate reaches new high of 95.8%

157

STANDING INVESTMENTS

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

3.7

CARRYING AMOUNT IN EUR BILLION

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

1.9

RENTABLE SPACE IN MILLION SQM

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

95.8

OCCUPANCY RATE IN %

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



Polus City Center
Bratislava | SK |
approx. 25,000 sqm
rentable space

OUR COMPANY AT A GLANCE

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

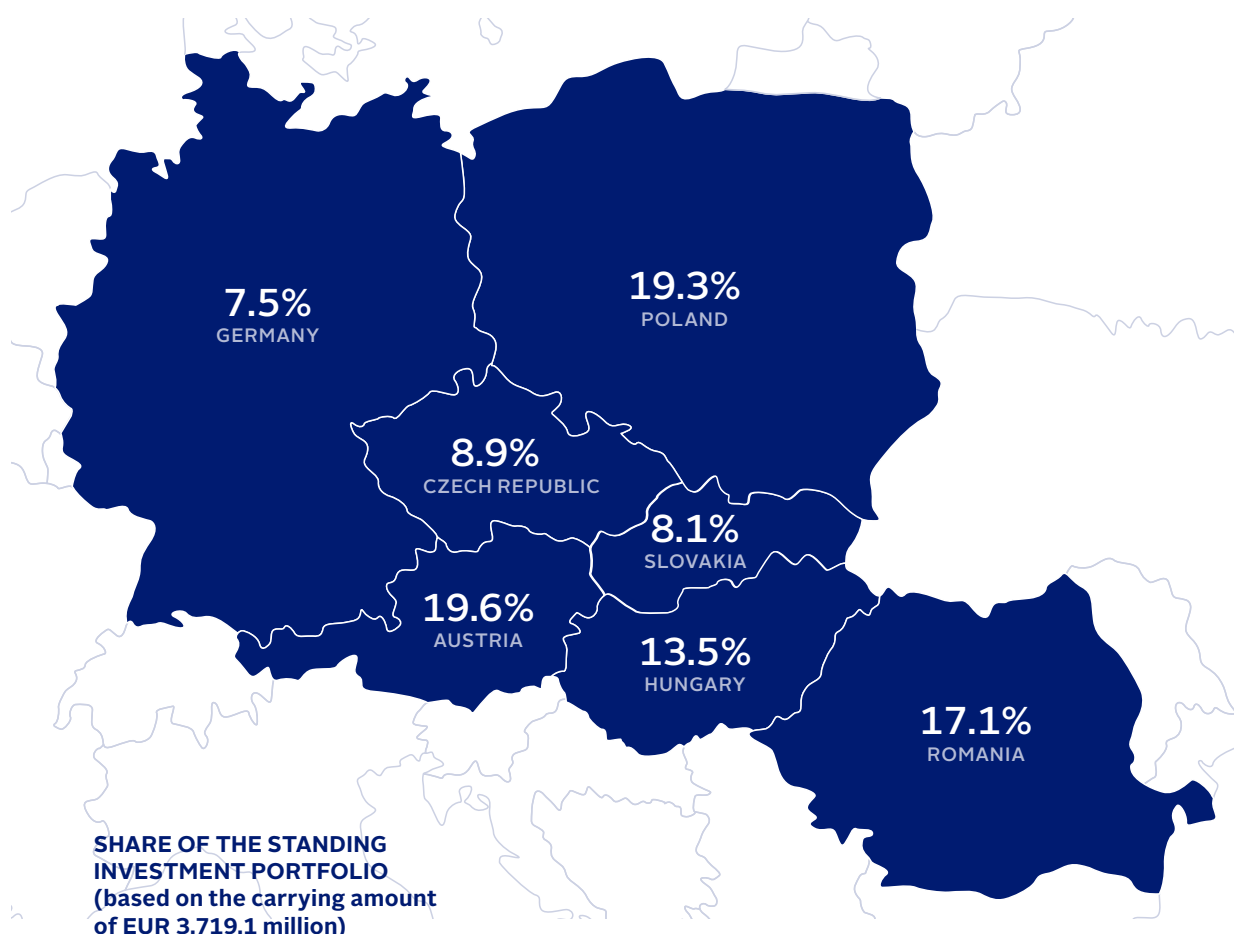
Our real estate portfolio had a carrying amount of roughly EUR 4.3 billion and covered 226 properties as of 31 December 2018. Seven core markets represent the geographical focus of our business activities: Austria, Germany, Poland, Czech Republic, Slovakia, Romania and Hungary. Our local teams in each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



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



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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

INTRODUCTION

A SIGNIFICANTLY STRONGER PLAYER ON THE EUROPEAN MARKET

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

Dear Shareholders,

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

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

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

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



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

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

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

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

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

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

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

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

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

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



DIETMAR
REINDL,
COO

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

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

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

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

What new developments do you see for myhive?

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

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

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

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

How important is the size of your retail platform?

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

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

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



OLIVER SCHUMY,
1 APRIL 2019

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



**STEFAN
SCHÖNAUER,**
CFO

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

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

What do the rating and the issue mean in detail?

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

Were the bond proceeds used primarily to repay property financing?

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

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

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

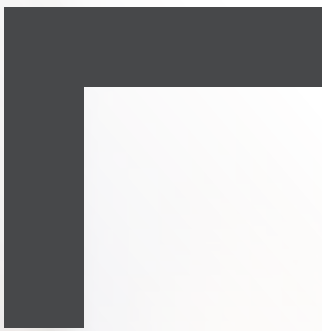
This comfortable liquidity buffer is, among others, a result of the very profitable sale of our CA Immo investment in September 2018. The price for the sale of our share package totalled EUR 757.9 million. After the repayment of credit financing related to the investment, our net cash inflow amounted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

What progress have you made in simplifying the corporate structure?

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

**FOR THE INSPIRATION
WE SHARE.**





myhive

“

We want our employees to feel well in our offices. The myhive concept with its many different benefits and services fits perfectly with this corporate philosophy.

”

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



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



OUR BRANDS

myhive

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



23

STANDING INVESTMENTS

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

1,129.4

CARRYING AMOUNT IN EUR MILLION

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

94.6

OCCUPANCY RATE IN %

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

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

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

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



myhive – OFFICES FOR A COMFORTABLE FEELING AND GOOD NETWORKING



myhive

myhive LOCATIONS BY COUNTRY

POLAND 7

Rentable space in sqm approx. 141,000

AUSTRIA 5

Rentable space in sqm approx. 131,000

HUNGARY 5

Rentable space in sqm approx. 114,000

ROMANIA 3

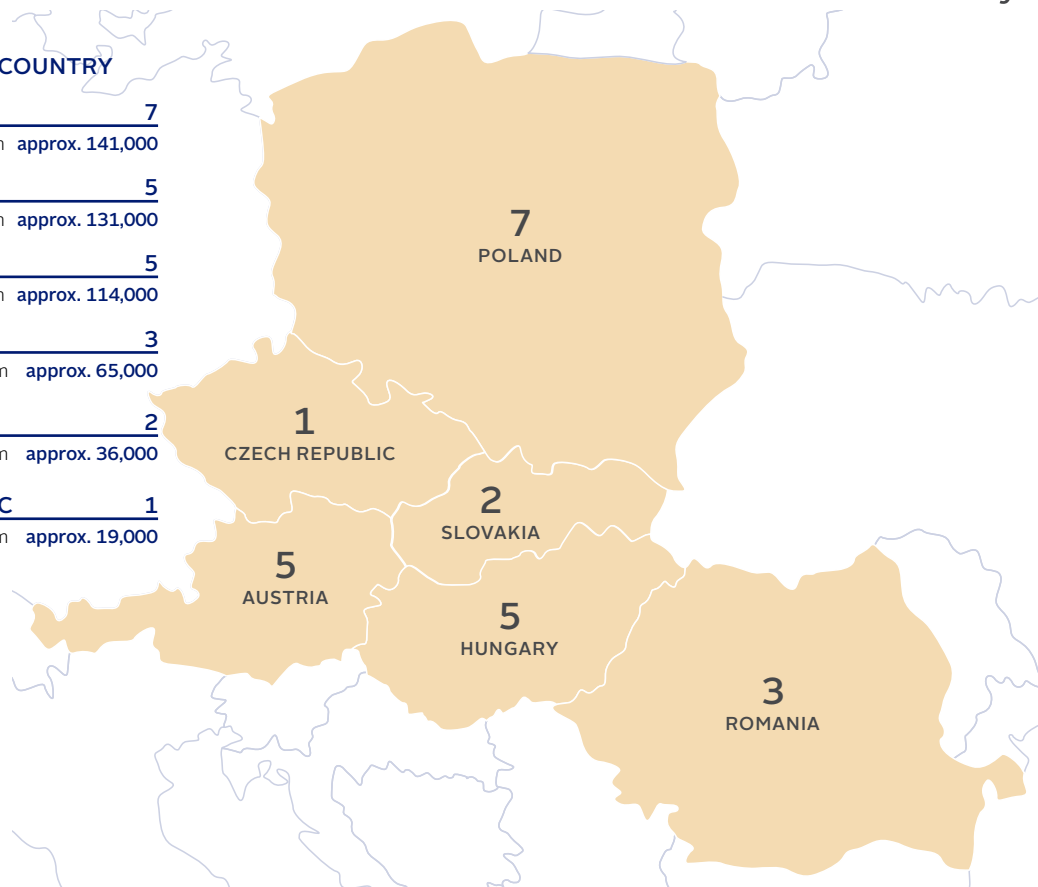
Rentable space in sqm approx. 65,000

SLOVAKIA 2

Rentable space in sqm approx. 36,000

CZECH REPUBLIC 1

Rentable space in sqm approx. 19,000



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

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

Over 504,000 sqm of rentable space

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

**FOR THE GROWTH
WE MAKE POSSIBLE.**





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



Magdalena Nazarewicz,
Expansion Director PEPCO
Poland



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



OUR BRANDS VIVO!

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

10

STANDING INVESTMENTS

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

656.0

CARRYING AMOUNT IN EUR MILLION

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

97.9

OCCUPANCY RATE IN %

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



VIVO! STALOWA WOLA

PL |
approx. 23,000 sqm
rentable space

VIVO! KROSNO

PL |
approx. 21,200 sqm
rentable space

VIVO! LUBLIN

PL |
approx. 39,000 sqm
rentable space

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



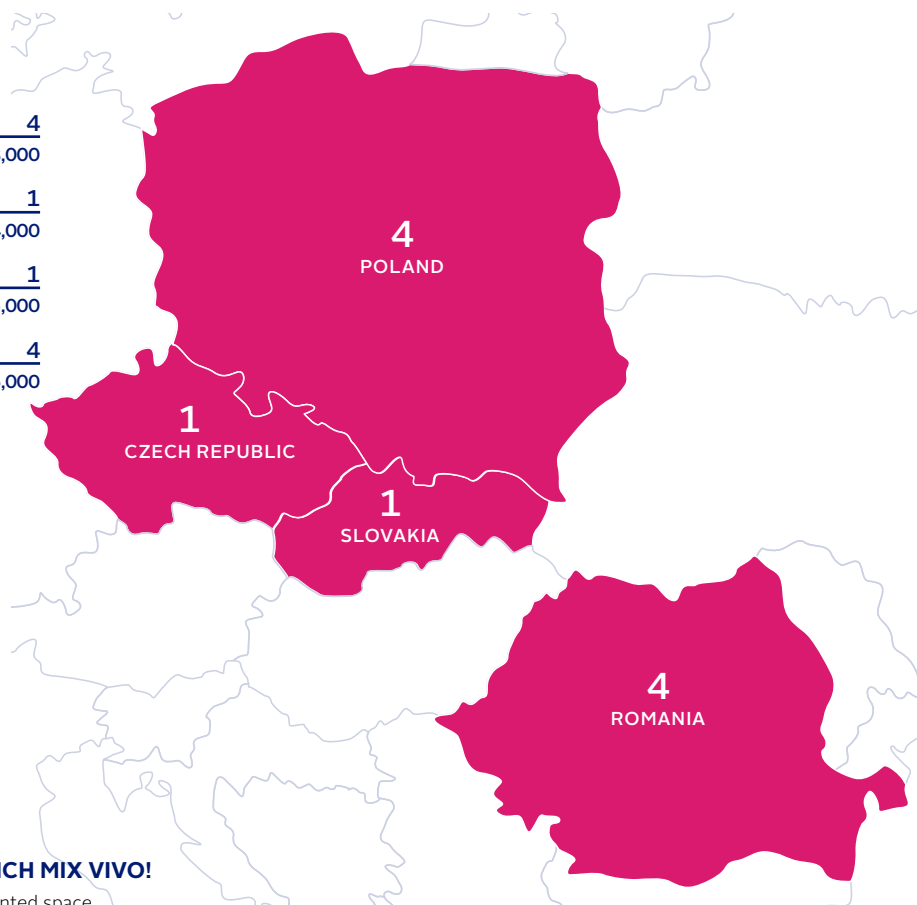
VIVO! LOCATIONS BY COUNTRY

POLAND 4
Rentable space in sqm approx. 108,000

CZECH REPUBLIC 1
Rentable space in sqm approx. 24,000

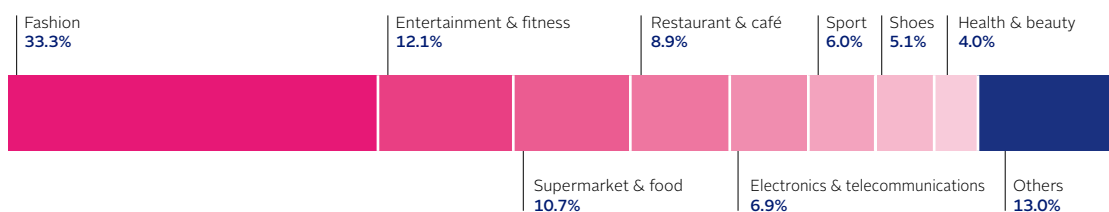
SLOVAKIA 1
Rentable space in sqm approx. 25,000

ROMANIA 4
Rentable space in sqm approx. 146,000



BRANCH MIX VIVO!

Only rented space



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

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

Over 304,000 sqm of rentable space

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

FOR THE SIMPLICITY
WE SHARE.





**STOP
SHOP**

“

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

”

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



OUR BRANDS STOP SHOP

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

80

STANDING INVESTMENTS

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

802.5

CARRYING AMOUNT IN EUR MILLION

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

98.8

OCCUPANCY RATE IN %

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

STOP SHOP VALJEVO

SRB |
approx. 6,100 sqm
rentable space

STOP SHOP TRENČÍN

SK |
approx. 6,800 sqm
rentable space

STOP SHOP STADLAU

Vienna | AT |
approx. 9,500 sqm
rentable space



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 13
Rentable space in sqm approx. 60,000

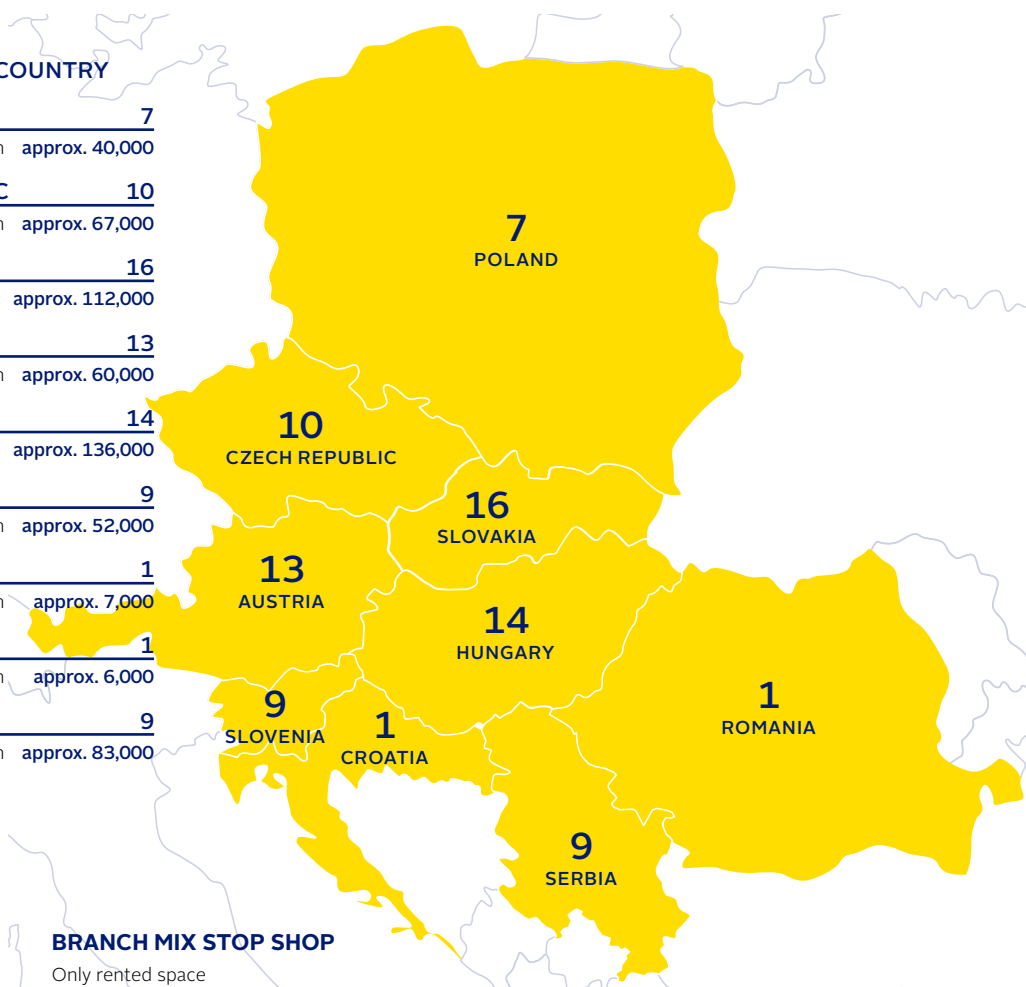
HUNGARY 14
Rentable space in sqm approx. 136,000

SLOVENIA 9
Rentable space in sqm approx. 52,000

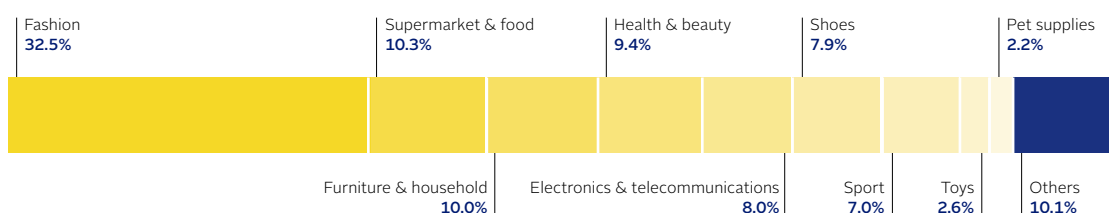
CROATIA 1
Rentable space in sqm approx. 7,000

ROMANIA 1
Rentable space in sqm approx. 6,000

SERBIA 9
Rentable space in sqm approx. 83,000



BRANCH MIX STOP SHOP
Only rented space



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

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

Over 564,000 sqm of rentable space

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

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

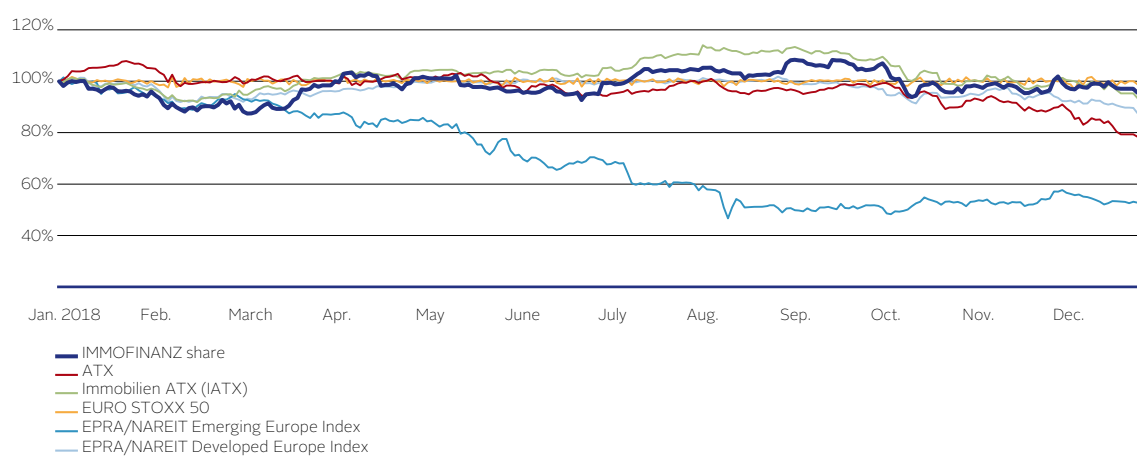
Market developments in 2018 were characterised by a clear three-way split: a roughly one-month phase with a strong rise in share prices, a longer period of highly volatile price fluctuations and a subsequent downward shift on the international stock exchanges. This correction took place at different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

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

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

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 January 2018



PERFORMANCE COMPARISON

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

KEY DATA ON THE SHARE

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

INFORMATION ON THE IMMOFINANZ SHARE

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

1 See the calculation under *Business development*

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

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

4 Adjusted

REVERSE STOCK SPLIT AND SHARE CAPITAL

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

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

Reverse stock split at a ratio of 10:1

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

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

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

*Dividend of
EUR 0.85/share
planned for 2018*

DISTRIBUTION POLICY

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

Sustainable dividend policy

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

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

Share buyback programmes

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

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

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

25TH ANNUAL GENERAL MEETING

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

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

PARTIAL PUBLIC TAKEOVER OFFER

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

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

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

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

SHAREHOLDER STRUCTURE

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

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

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

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

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

¹ Includes shares and other financial instruments of IMMOFINANZ

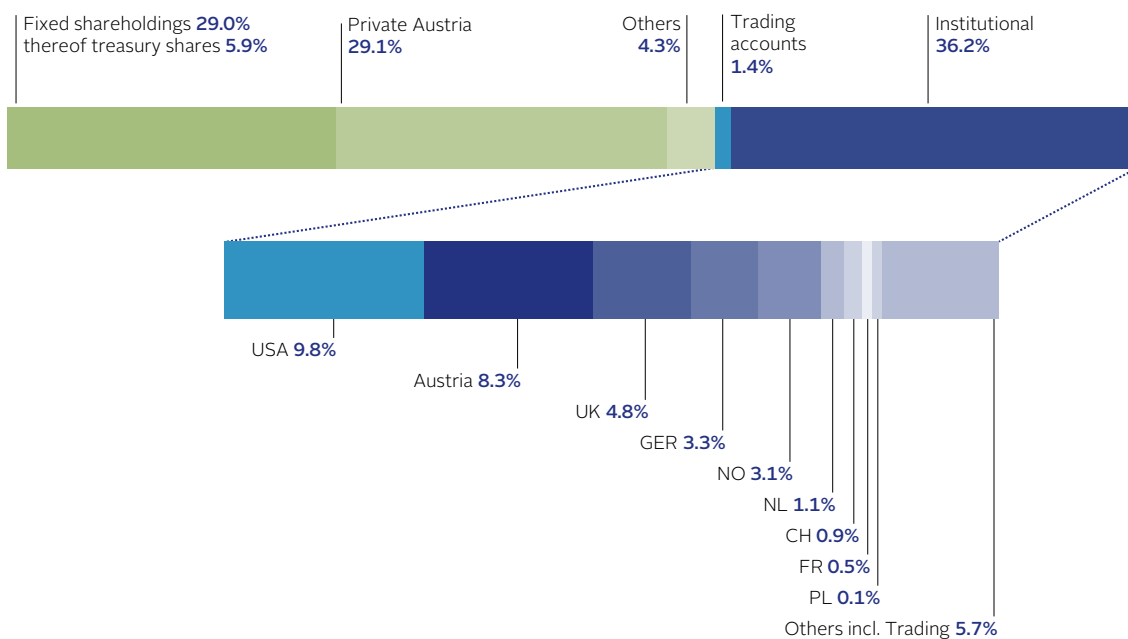
² Based on an announcement dated 13 February 2019 – i.e. after the end of the reporting year – Erste Asset Management GmbH, together with controlled companies, held 4,389,909 shares representing 3.9% of IMMOFINANZ.

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

Detailed analysis

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

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



Source: IPREO, February 2019 (Presentation adjusted)

IMMOFINANZ BONDS AND INVESTMENT GRADE RATING

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

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

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

ANALYSTS' RECOMMENDATIONS

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

INVESTOR RELATIONS ACTIVITIES

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

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

YOUR IR CONTACT

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

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investor@immofinanz.com

Simone Korbilius

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Report of the Supervisory Board

DEAR SHAREHOLDERS,

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

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

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

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

The following subjects formed the focal points of discussions:

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

EFFICIENT WORK IN THREE COMMITTEES

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

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

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

APPROVAL OF THE 2018 FINANCIAL STATEMENTS

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

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

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

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

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

Vienna, 10 April 2019

A handwritten signature in black ink, appearing to read 'M. Knap', written in a cursive style.

Michael Knap
Chairman

Corporate Governance

Corporate Governance Report expanded to include the Consolidated Corporate Governance Report

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

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

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

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

CORPORATE BODIES AND REMUNERATION

THE EXECUTIVE BOARD

Oliver Schumy, Chief Executive Officer

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

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

Stefan Schönauer

- > Member of the Executive Board since 11 March 2016
- > Appointed up 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 the IMMOFINANZ subsidiary IMBEA. He resigned from the supervisory board of CA Immobilien Anlagen Aktiengesellschaft (CA Immo) as of 27 September 2018.

Dietmar Reindl

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

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

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



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

THE SUPERVISORY BOARD

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

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

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



Experience

Extensive experience in the areas of capital markets, corporate governance, financial analysis and investor representation; many years of management experience in the banking and insurance sector

Extensive experience in the areas of corporate and company law as well as real estate

Many years of management experience in the financial and insurance sector (pension funds)

Many years of management and supervisory board experience in the banking sector and in real estate companies; served as CEO of EPRA from 2000 to 2008

Extensive management experience in the food products and retail sectors

Many years of management and supervisory board experience in the industrial sector

Currently serves as a system expert in the IMMOFINANZ consolidation department

Currently serves as a research manager and previously as a senior controller at IMMOFINANZ

Currently serves as a risk manager at IMMOFINANZ

Currently serves as a group asset manager in the retail business at IMMOFINANZ

Other functions

> Vice-president of IVA Interessenverband für Anleger, Vienna

> Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden
> Attorney, partner in Eckert Fries Prokopp Rechtsanwälte GmbH, Baden

> 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

Member of the supervisory boards of:
> W.P. Carey & Co. LLC, USA
> Allianz Nederland Group N.V., Netherlands
> Allianz Benelux SA, Belgium
> Brack Capital Properties N.V., Israel

Holds no other supervisory board positions

Member of the supervisory boards of:
> Vice-chairman of the supervisory board of KBA-MÖDLING GmbH, Mödling
> Kostwein Holding GmbH, Klagenfurt

Delegated by the IMMOFINANZ Works' Council

Delegated by the IMMOFINANZ Works' Council

Delegated by the IMMOFINANZ Works' Council

Delegated by the IMMOFINANZ Works' Council

MEMBERS OF THE SUPERVISORY BOARD COMMITTEES

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

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

Audit Committee

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

Strategy Committee

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

Personnel and Nominating Committee

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

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

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

REMUNERATION OF THE EXECUTIVE BOARD

The contracts with the members of the IMMOFINANZ Executive Board include fixed and variable remuneration components. The performance-based remuneration is linked, in particular, to sustainable, long-term and multi-year criteria and includes both qualitative and quantitative goals – for example, the fulfilment of budget targets, cash flow, annual results, implementation of a digitalisation concept, sale of non-strategic properties, optimisation of property financing, attainment of a specific rating level (target: investment grade) and occupancy rate. The variable component of the Executive Board remuneration is dependent on the target attainment in the respective financial year and is limited to 100% of the fixed remuneration. In accordance with a resolution of the Personnel and Nominating Committee, the target attainment for 2018 equals 100% for all three Executive Board members based on a resolution by the Personnel and Nominating Committee on 10 April 2019.

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

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

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

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

EXECUTIVE BOARD REMUNERATION FOR THE 2018 FINANCIAL YEAR

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

¹ Defined contribution commitments

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

SUPERVISORY BOARD REMUNERATION

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

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

RECOMMENDED REMUNERATION FOR 2018

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

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

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

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

WORKING PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

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

Independence and avoidance of conflicts of interest

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

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

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

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

Criteria for the independence of the Supervisory Board

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

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

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

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

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

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

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

DIVERSITY CONCEPT

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

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

EXTERNAL EVALUATION

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

Vienna, 1 April 2019

The Executive Board



Stefan Schönauer CFO



Oliver Schumy CEO



Dietmar Reindl COO

GROUP MANAGEMENT REPORT

Economic Overview and Property Markets

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

AUSTRIA

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

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

OFFICE

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

RETAIL

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

GERMANY

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

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

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

OFFICE

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



POLAND

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

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

OFFICE

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

RETAIL

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

ROMANIA

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

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

OFFICE

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

RETAIL

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

SLOVAKIA

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

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

OFFICE

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

RETAIL

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

CZECH REPUBLIC

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

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

OFFICE

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

RETAIL

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

HUNGARY

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

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

OFFICE

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

RETAIL

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

Portfolio Report

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

**Portfolio value of
EUR 4.3 billion**

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

**Clear brand
strategy**

STRUCTURE OF THE PROPERTY PORTFOLIO

Total carrying amount: MEUR 4,338.0



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

PROPERTY PORTFOLIO BY CORE MARKET AND CLASSIFICATION

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

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

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

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

SALE OF NON-STRATEGIC PROPERTIES

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

Property sales of
MEUR 317.8

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

PROPERTY ACQUISITIONS

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

INVESTMENTS

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

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

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



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

PROPERTY PORTFOLIO BY BRAND AND CLASSIFICATION

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

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

STANDING INVESTMENTS

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

Standing investments are the most important source of earnings

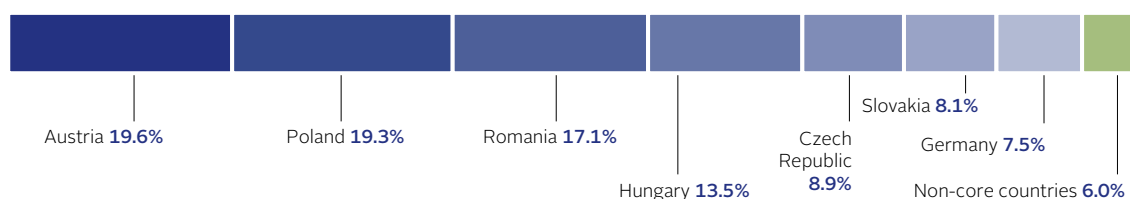
The 157 standing investments had a combined carrying amount of EUR 3,719.1 million as of 31 December 2018 (31 December 2017: 153 investments and EUR 3,527.2 million). Of this total, 60.1% are attributable to office properties and 39.7% to retail properties. The focal point of the standing investments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

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

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

New record: occupancy rate rises to 95.8%

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



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

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

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

STANDING INVESTMENTS BY CORE MARKET

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

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

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

| | | | | | | |
|--|--|--|----------------|--|--|----------------|
| Market value property portfolio | | | | | | 4,338.0 |
| EPRA NAV S IMMO shares (19.5 million shares) ⁵ | | | | | | 414.4 |
| Cash and cash equivalents ⁶ | | | -632.0 | | | |
| Properties/liabilities held for sale (asset & share deals) | | | 30.3 | | | 56.7 |
| IMMOFINANZ | | | 1,793.5 | | | 4,809.1 |
| Net LTV | | | | | | 37.3% |

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

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

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

4 Financing costs based on nominal outstanding liability

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

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

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

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

FURTHER INCREASE IN LIKE-FOR-LIKE RENTAL INCOME

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

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

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

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

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

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

OFFICE STANDING INVESTMENTS

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

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

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

**myhive office
occupancy rate:
94.6%**

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

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

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

KEY DATA ON THE OFFICE STANDING INVESTMENTS BY CATEGORY

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

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

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

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

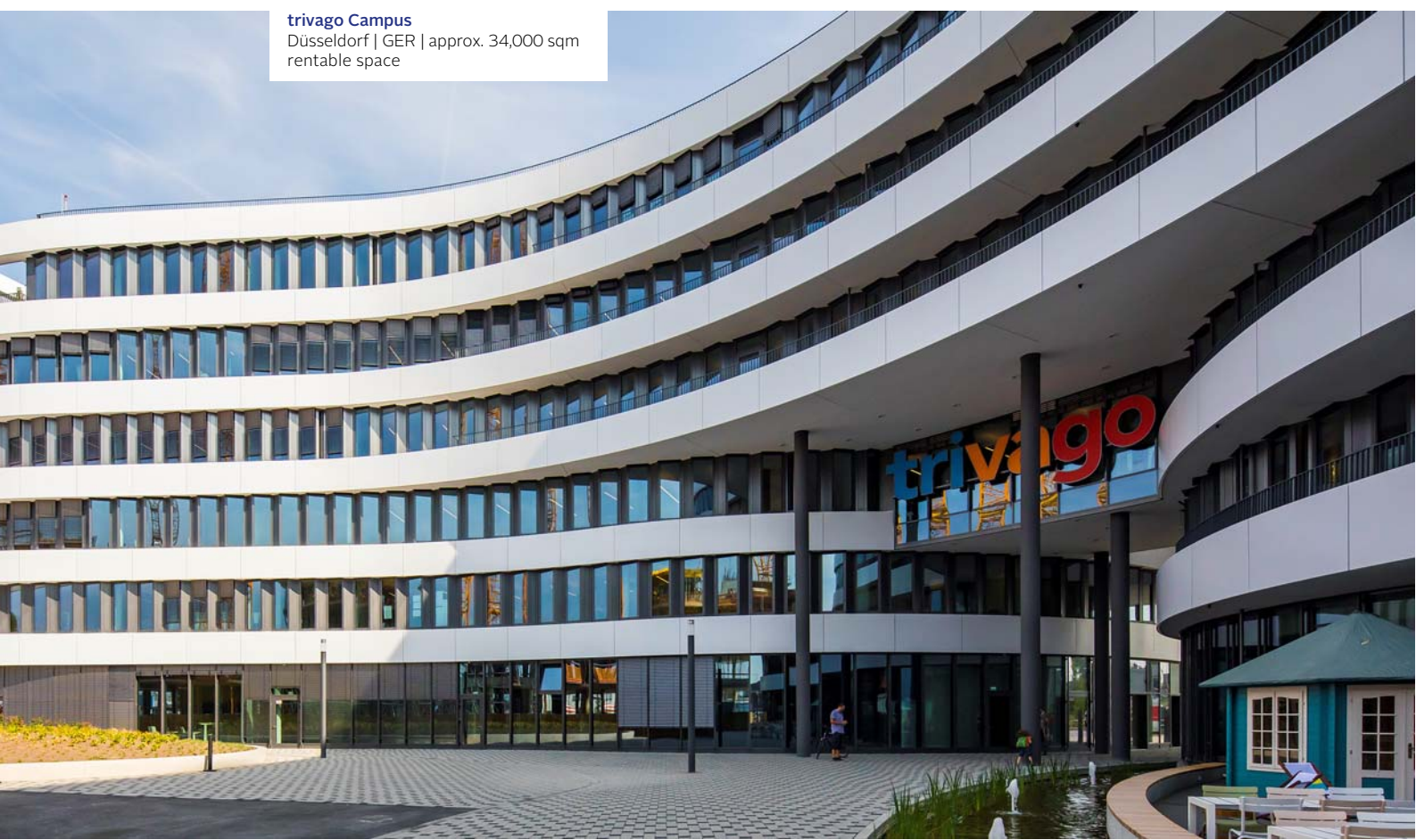
3 Return based on invoice rent; information provided to improve comparability with the peer group.

4 Financing costs based on nominal outstanding liability

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

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

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





THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

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

12.2%
GERMANY

20.2%
POLAND

8.7%
CZECH REPUBLIC

2.5%
SLOVAKIA

27.4%
AUSTRIA

13.6%
HUNGARY

14.2%
ROMANIA

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

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

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

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

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

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

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

| NON-CORE COUNTRIES⁴ | | 1.3% |
|--|-----------------------------|-------------|
| Number of properties | 1 | |
| Carrying amount in MEUR | 28.5 | |
| Rentable space in sqm | 15,995 | |
| Occupancy rate | 99.1% (99.1% ¹) | |
| Rental income Q1-4 2018 in MEUR ² | 1.7 | |
| Gross return in % | 5.9% | |

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

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

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

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

4 Croatia

RETAIL STANDING INVESTMENTS

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

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

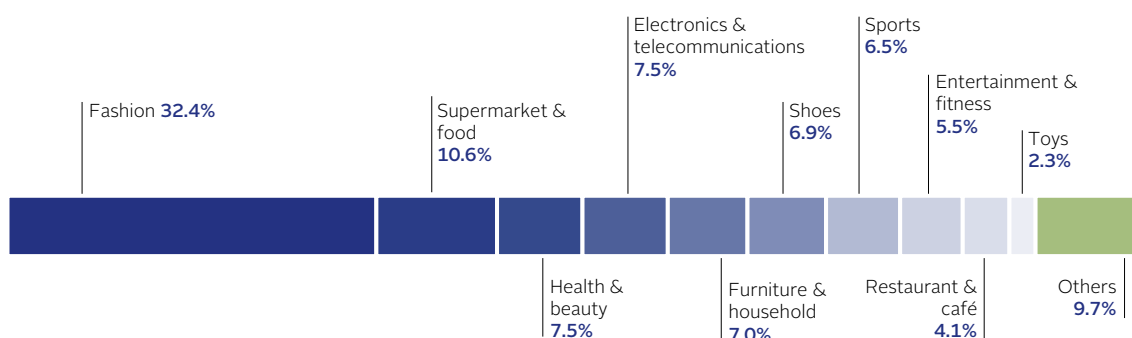
**Retail portfolio
fully rented
at 98.2%**

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

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

BRANCH MIX – RETAIL

Only rented space in standing investments as of 31 December 2018



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

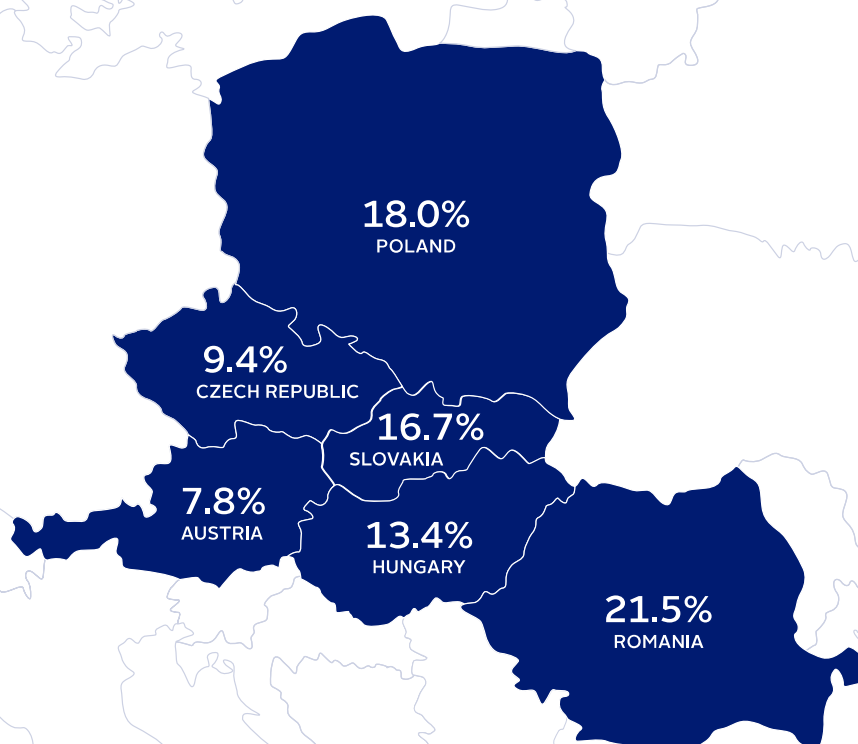
* Gross return, adjusted for the STOP SHOP acquisitions in 2018.

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



THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

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



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

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

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

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

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

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

| NON-CORE COUNTRIES³ | | 13.1% |
|--|-----------------------------|--------------|
| Number of properties | 19 | |
| Carrying amount in MEUR | 193.6 | |
| Rentable space in sqm | 142,369 | |
| Occupancy rate | 99.6% (99.6% ¹) | |
| Rental income Q1-4 2018 in MEUR ² | 9.8 | |
| Gross return in % | 8.4% ⁴ | |

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

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

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

3 Slovenia, Serbia and Croatia

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

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

KEY DATA ON THE RETAIL STANDING INVESTMENTS BY CATEGORY

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

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

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

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

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

4 Financing costs based on nominal outstanding liability

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

DEVELOPMENT PROJECTS

Active development projects with a carrying amount of MEUR 277.5

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

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

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

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

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

GERMANY Düsseldorf

Development projects focused on Germany

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

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

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

AUSTRIA

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

myhive am Wienerberg: office building conversion

CZECH REPUBLIC

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

POLAND

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

The STOP SHOP portfolio continues to grow

SERBIA

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

DEVELOPMENT PROJECTS BY CORE MARKET

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

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

² Serbia

ACTIVE DEVELOPMENT PROJECTS BY BRAND

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

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

REAL ESTATE INVENTORIES

Real estate inventories with an expected fair value of MEUR 47.5

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

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

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

PIPELINE PROJECTS

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

Pipeline projects with a carrying amount of MEUR 174.5

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

PIPELINE PROJECTS BY CORE MARKET

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

ASSETS HELD FOR SALE

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

Property Valuation

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

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

Independent, external property valuation by CBRE and BNPP REC

DEVELOPMENT OF PROPERTY VALUATION IN 2018

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

Revaluations of MEUR 24.9

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

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

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

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

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

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

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

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

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

STOP SHOP ŻARY
PL | approx. 3,600 sqm
rentable space



Financing

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

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

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

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

Investment grade rating received

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

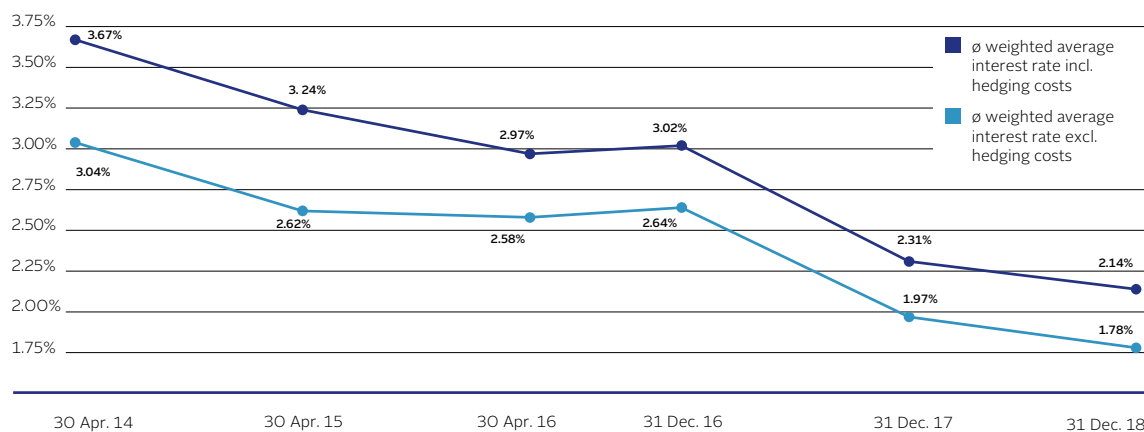
Robust balance sheet structure

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

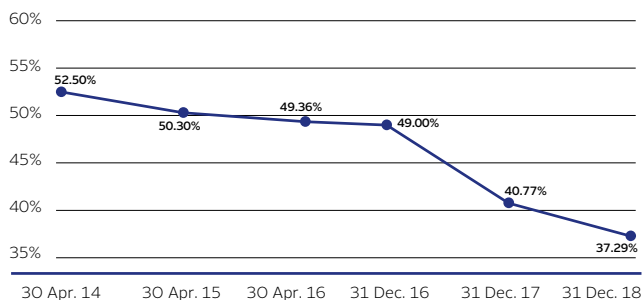
Net loan-to-value ratio of 37.3%

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

DEVELOPMENT OF AVERAGE FINANCING COSTS



DEVELOPMENT OF NET LTV



CALCULATION OF NET LTV AS OF 31 DECEMBER 2018

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

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

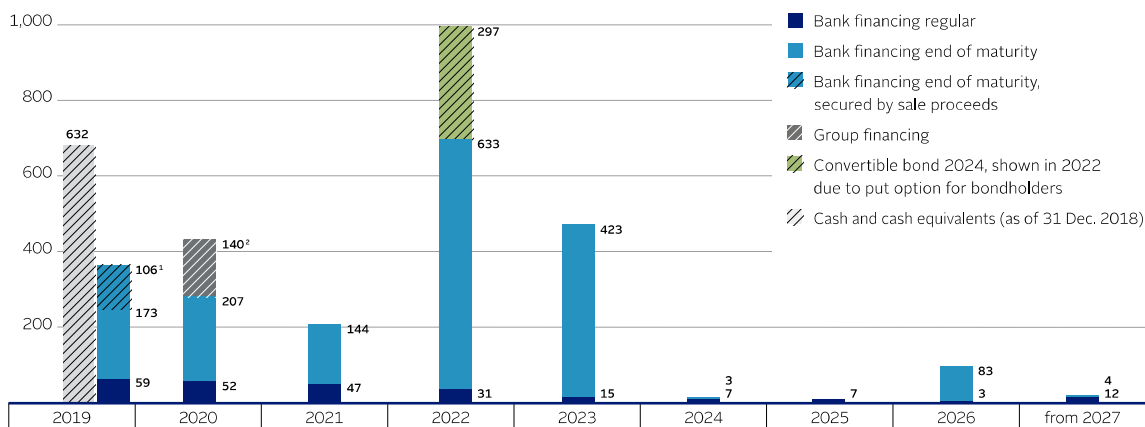
Further reduction in financing costs

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

Term structure

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

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



¹ Maturing financing, exclusively from sold properties, which will be repaid from the sale proceeds by the end of 2019
² A margin loan on the S IMMO shares which was repaid during the first quarter of 2019

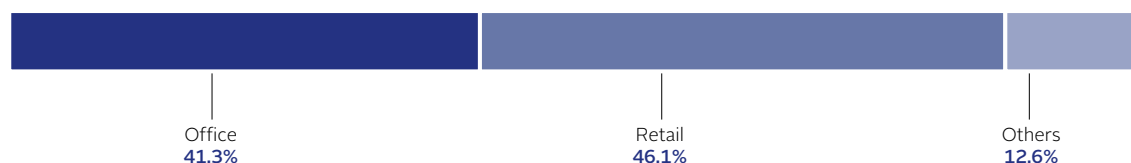
Unencumbered property

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

17.0% of property carrying amount unencumbered

UNENCUMBERED PROPERTY BY ASSET CLASS

Unencumbered property in total: MEUR 749.0



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

Before repayment from the corporate bond



After repayment from the corporate bond



COMPOSITION OF FINANCIAL LIABILITIES

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

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

¹ Calculation basis: actual remaining debt (nominal amount)

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

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

BANK LIABILITIES

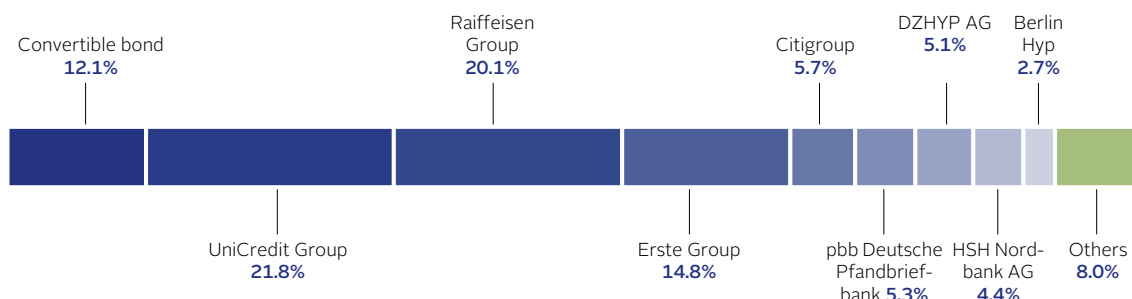
The total volume of refinancing, long-term extensions and new financing from bank liabilities amounted to EUR 735.3 million in 2018.

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

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

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

FINANCING BANKING GROUPS AS OF 31 DECEMBER 2018



DERIVATIVES

73.8% of financial liabilities hedged against interest rate risk

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

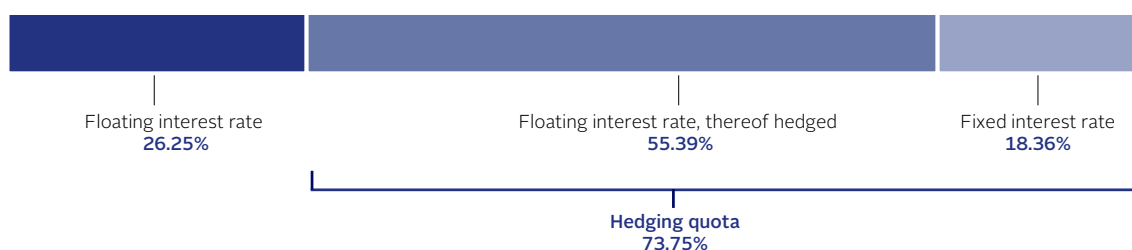
| Derivatives ¹ | Floating leg | Market value incl. interest & CVA/DVA as of 31 Dec. 2018 in TEUR | Notional amount in TEUR | Average hedged reference interest rate |
|--------------------------|--------------|--|-------------------------|--|
| Interest rate swap | 3-M-EURIBOR | -11,460.8 | 1,144,274.8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

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

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

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

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 31 DECEMBER 2018



BONDS

Convertible bond with a nominal value of MEUR 297.2 outstanding

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

The development of the convertible bonds is as follows:

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

¹ Maturity at put option; term ends in 2024

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

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



myhive Átrium Park
Budapest | HU | approx. 39,000 m²
rentable space

Business Development

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

INCOME STATEMENT

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

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

¹ The comparative data were adjusted.

RESULTS OF ASSET MANAGEMENT

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

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

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

RESULTS OF PROPERTY SALES AND PROPERTY DEVELOPMENT

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

RESULTS OF OPERATIONS

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

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

REVALUATION

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

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

FINANCIAL RESULTS AND TAXES

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

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

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

NET PROFIT

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

FUNDS FROM OPERATIONS (FFO)

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

FUNDS FROM OPERATIONS (FFO)

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

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

BALANCE SHEET

The condensed balance sheet is shown below:

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

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

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

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

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

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

EPRA INDICATORS

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

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

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

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

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

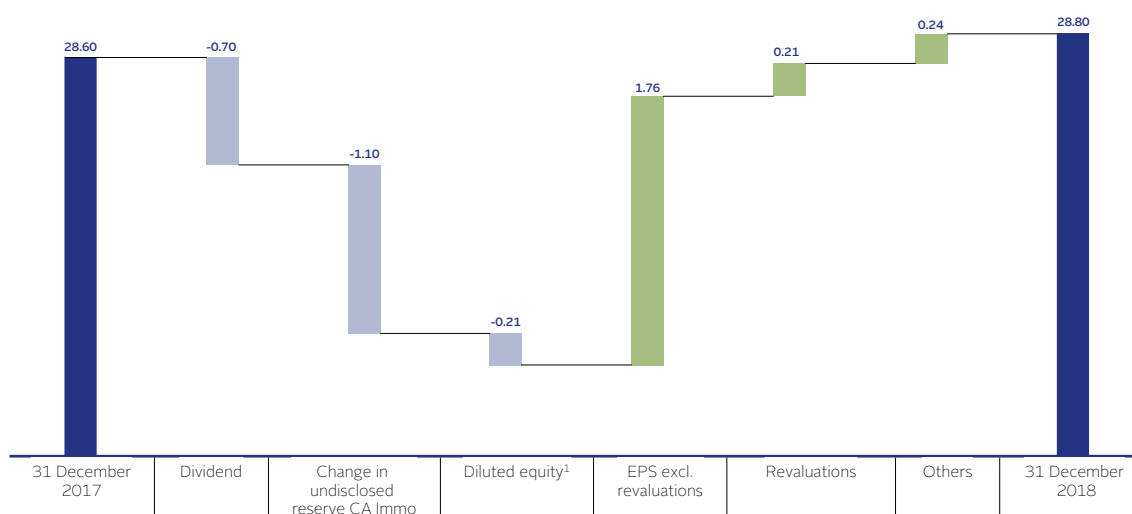
| | 30 December 2018 | | 31 December 2017 | |
|---|------------------|------------------|------------------|------------------|
| | in TEUR | in EUR per share | in TEUR | in EUR per share |
| Equity excl. non-controlling interests | 2,816,934 | | 2,821,521 | |
| Diluting effects of convertible bonds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

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

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

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

EPRA NAV BRIDGE



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

EPRA EARNINGS PER SHARE

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

¹ The comparative data were adjusted.

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

EPRA NET INITIAL YIELD

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

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

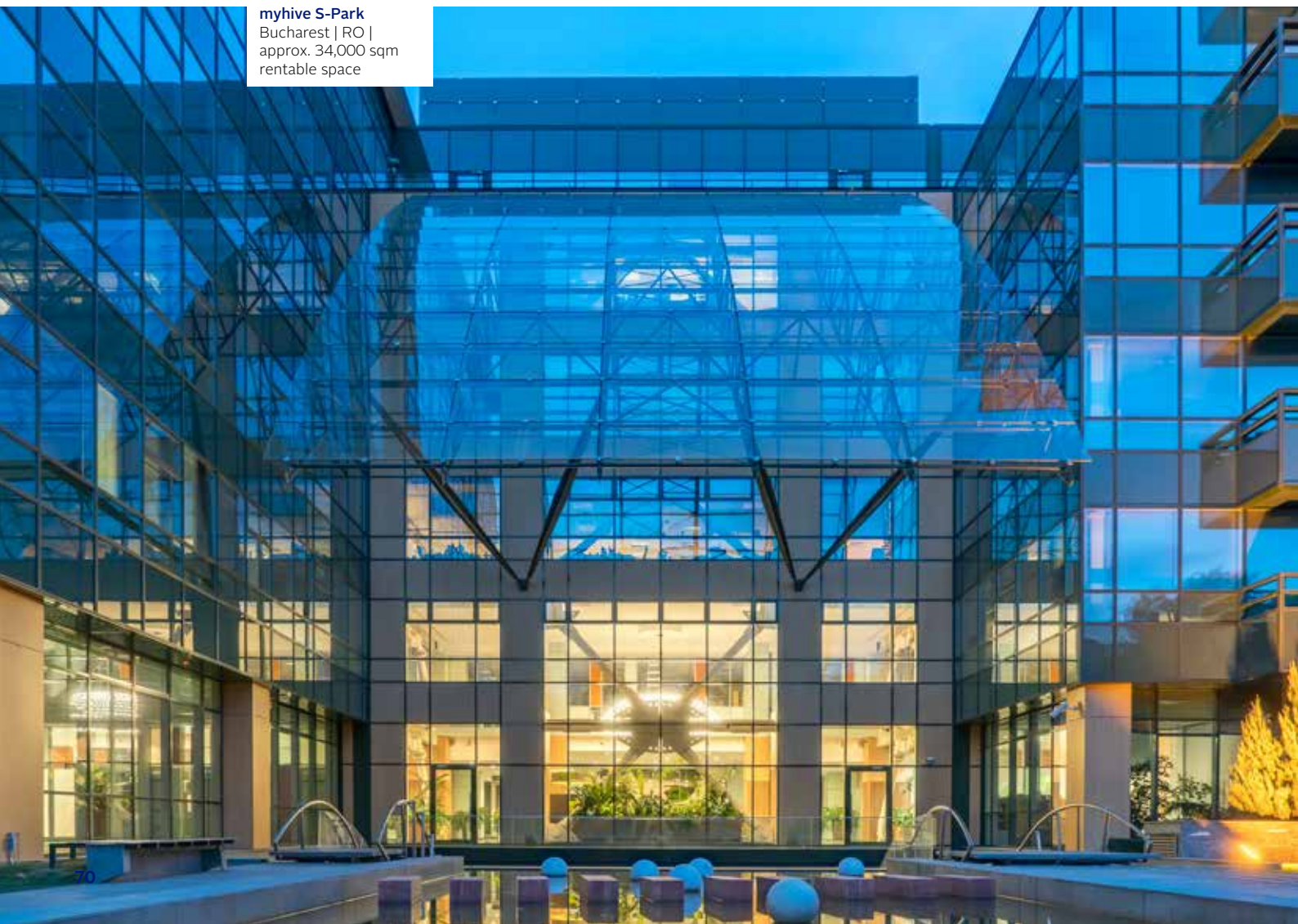
Consolidated Non-financial Statement for the 2018 Financial Year

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

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

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

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



MATERIALITY ANALYSIS

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

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

The following individual areas of responsibility were defined:

> Environment

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

> Customers/tenants

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

> Employees

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

> Responsible business practices

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

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

RESPONSIBILITY TOWARDS THE ENVIRONMENT

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

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

SUSTAINABILITY CERTIFICATIONS

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

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

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

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

Example

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



SUSTAINABLE ENERGY MANAGEMENT

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

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

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

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

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

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

¹ Hot water and gas

² KW data excluding electricity purchased by tenants

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

FURTHER MEASURES

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

POTENTIAL RISKS FOR THE ENVIRONMENT AND SOCIETY

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

SUMMARY AND OUTLOOK

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

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

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

RESPONSIBILITY TOWARDS TENANTS AND CUSTOMERS

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

BRAND POLICY AND INVESTMENTS IN QUALITY

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

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

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

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

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

EVALUATION OF CUSTOMER SATISFACTION

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

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

CUSTOMER ORIENTATION

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

POTENTIAL RISKS

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

SUMMARY AND OUTLOOK

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

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

RESPONSIBILITY TOWARDS EMPLOYEES

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

CONTINUOUS HUMAN RESOURCES DEVELOPMENT

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

IMMOFINANZ ACADEMY

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



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

TRAINING PROGRAMMES

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

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

HEALTH MANAGEMENT AND WORK-LIFE BALANCE

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

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

ATTRACTIVE EMPLOYER

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

KUNUNU SCORES IN COMPARISON

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

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



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

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

EMPLOYEE STRUCTURE

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

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

2018

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



2017

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



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

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

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

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

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

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

SOCIAL DIALOGUE

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

POTENTIAL RISKS

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

DIVERSITY CONCEPT

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

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

RESPONSIBLE BUSINESS PRACTICES

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

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

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

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

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

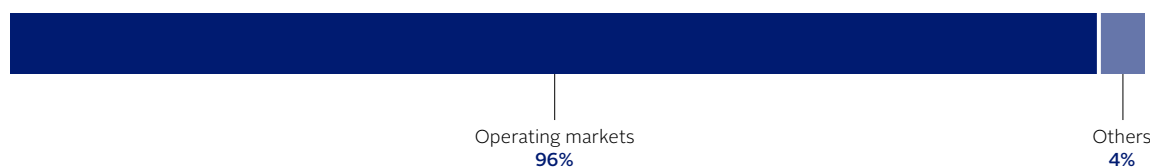
Regular training courses are held to familiarise IMMOFINANZ employees with the principles underlying these guidelines.

SUSTAINABLE PROCUREMENT POLICY

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

IMMOFINANZ'S SUPPLIERS

Origin



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

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

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

RESPECT FOR HUMAN RIGHTS

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

FIGHT AGAINST CORRUPTION AND BRIBERY

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

POTENTIAL RISKS

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

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

DATA SECURITY

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

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

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

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

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



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

Risk Report

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

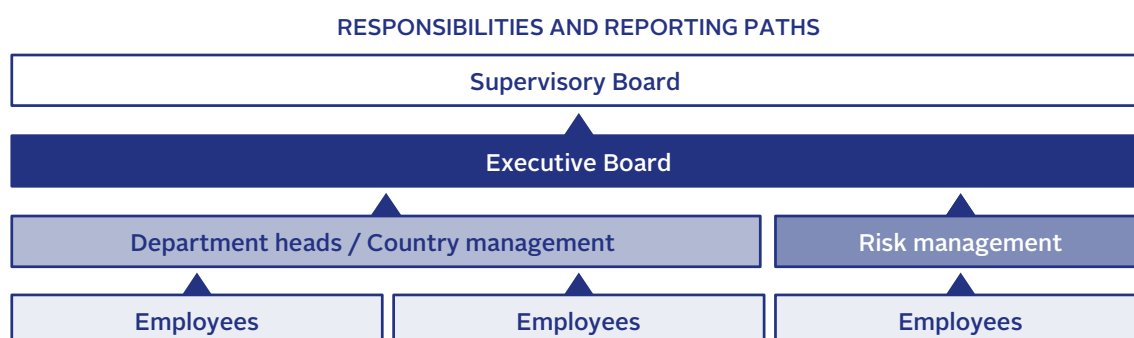
Based on the hedging and management instruments currently in use, no material risks can be identified at the present time that could endanger the company's standing as a going concern. An overall evaluation of the risk situation for the 2018 financial year and the beginning of the 2019 financial year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

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

STRUCTURE OF RISK MANAGEMENT

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

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



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

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

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

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

Risk management process

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

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

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

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

Risk classification

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

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

MARKET AND PROPERTY-SPECIFIC RISKS

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

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

MAJOR MARKET AND PROPERTY-SPECIFIC RISKS

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

MAJOR BUSINESS AND OTHER RISKS

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

Monitoring and control of the risk management system

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

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

Evaluation of the functionality of the risk management system

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

RISKS IN THE 2018 FINANCIAL YEAR

MARKET AND PROPERTY-SPECIFIC RISKS

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

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

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

BUSINESS AND OTHER RISKS

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

Information security risks

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

Other legal proceedings

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

Risk arising from the Austrian Sustainability and Diversity Improvement Act

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

Investments

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

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

FEATURES OF THE INTERNAL CONTROL SYSTEM

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

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

Monitoring by internal audit

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

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

Information on Equity

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

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

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

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

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

TREASURY SHARES

HOLDING AND BUYBACK OF TREASURY SHARES

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

Share buyback programme 1/2018

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

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

Share buyback programme 2018/2019

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

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

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

DEVELOPMENT OF TREASURY SHARES DURING THE 2018 FINANCIAL YEAR

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

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

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

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

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

AUTHORISED CAPITAL

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

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

CHANGE OF CONTROL

Convertible bond 2024

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

Corporate bond 2023

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

Margin loan

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

Executive Board and Supervisory Board

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

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

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

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

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

SIGNIFICANT HOLDINGS

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

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

Research & Development

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

Outlook

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

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

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

STANDING INVESTMENTS AND PROJECT DEVELOPMENT

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

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

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

FINANCING AND THE CAPITAL MARKET

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

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

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

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

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

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

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

Vienna, 1 April 2019

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Balance Sheet

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

Consolidated Income Statement

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

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

Consolidated Statement of Comprehensive Income

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

Consolidated Cash Flow Statement

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

Consolidated Statement of Changes in Equity

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Principles

1.1 REPORTING COMPANY

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

1.2 BASIS OF REPORTING

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

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

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

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

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

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

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

1.3 JUDGMENTS AND ESTIMATION UNCERTAINTY

1.3.1 JUDGMENTS

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

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

1.3.2 ASSUMPTIONS AND ESTIMATES

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

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

1.4 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

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

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

IFRS 9: Financial Instruments

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

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

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

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

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

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

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

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

Assets

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

Equity and liabilities

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

AC: financial assets/liabilities measured at amortised cost

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

L&R: loans and receivables

AFS: available for sale

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

HFT: held for trading

FLAC: financial liabilities measured at amortised cost

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

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

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

IFRS 15: Revenue from Contracts with Customers

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

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

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

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

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

The initial application effects of IFRS 15 as of 1 January 2018 which were reported in the first and second quarter of 2018 included a calculation error. The values presented in the interim financial statements as of 31 March 2018 and 30 June 2018 were therefore adjusted. The adjustment to contractual assets as of 1 January 2018 which was reported under trade receivables in the first and second quarter of 2018 was increased by EUR 3.3 million from EUR 5.9 million to EUR 9.2. At the same time, the adjustment to real estate inventories reported as of 1 January 2018 was increased by EUR -3.3 million from EUR -26,4 million to EUR -29.7 million. There was no related effect on earnings.

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

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

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

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

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

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

IFRIC 22: Foreign Currency Transactions and Advance Consideration

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

1.5 STANDARDS AND INTERPRETATIONS APPLICABLE IN THE FUTURE

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

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

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

IFRS 16: Leases

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

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

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

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

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

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

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

IFRIC 23: Uncertainty over income tax treatment

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

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

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

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

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

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

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

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

1.6 CHANGES IN COMPARATIVE INFORMATION

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

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

2. Scope of Consolidation

2.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

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

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

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

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

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

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

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

2.2 CONSOLIDATION METHODS

2.2.1 BASIS OF CONSOLIDATION

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

2.2.2 FULL CONSOLIDATION

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

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

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

2.2.3 EQUITY METHOD

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

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

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

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

2.3 SALE OF SUBSIDIARIES

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

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

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

2.4 DISCONTINUED OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

2.5 FOREIGN CURRENCY TRANSLATION

2.5.1 FUNCTIONAL CURRENCY

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

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

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

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

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

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

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

3. Information on Operating Segments

3.1 INTERNAL REPORTING

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

3.2 TRANSITION FROM OPERATING SEGMENTS TO GROUP RESULTS

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

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

3.3 INFORMATION ON REPORTABLE OPERATING SEGMENTS

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

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

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

3.4 REGIONS AS OPERATING SEGMENTS

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

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

3.5 INFORMATION ON KEY CUSTOMERS

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

3.6 SEGMENT REPORTING

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

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

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

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

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

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

4. Notes to the Consolidated Balance Sheet

4.1 INVESTMENT PROPERTY

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

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

4.1.1 DEVELOPMENT OF INVESTMENT PROPERTY

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

The development of investment property is as follows:

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

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

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

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

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

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

4.1.2 ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

4.1.3 VALUATION ASSUMPTIONS AND EXISTING VALUATION UNCERTAINTY

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

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

This aggregation results in the following classes:

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

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

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

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

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

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

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

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

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

Retail

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

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

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

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

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

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

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

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

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

Office

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

Retail

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

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

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

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

Sensitivity analysis of revaluation results

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

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

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

¹⁾ Capitalisation rate

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

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

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

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

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

¹⁾ Capitalisation rate

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

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

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

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

4.1.4 CONCENTRATION RISK

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

4.2 PROPERTY UNDER CONSTRUCTION

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

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

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

| All amounts in TEUR | 2018 | 2017 |
|----------------------------------|----------------|----------------|
| Beginning balance | 404,064 | 379,036 |
| Deconsolidations (see 2.3) | 0 | -19,083 |
| Currency translation adjustments | 32 | 262 |
| Additions | 128,618 | 159,466 |
| Disposals | -916 | -10,900 |
| Revaluation | 17,388 | 23,073 |
| Reclassifications | -134,146 | -130,230 |
| Reclassification from IFRS 5 | 0 | 44,181 |
| Reclassification to IFRS 5 | -17,500 | -41,741 |
| Ending balance | 397,540 | 404,064 |

The additions are related primarily to the FLOAT development project in Düsseldorf as well as investments in the Wienerberg location and STOP SHOP retail parks.

The reclassifications involve, above all, transfers of EUR 47.8 million (2017: EUR 56.9 million) from investment property to property under construction and transfers of EUR -182.5 million (2017: EUR -190.8 million) from property under construction to investment property.

The reclassifications to assets held for sale involve one office property in Bucharest.

The residual value method is generally used to value property under construction. Standing investments that were transferred to property under construction due to upcoming refurbishment or upgrading are valued with hardcore and top slice method until detailed redevelopment plans are available. As soon as these plans are available, valuation is based on the residual value method. Residual value is understood to represent the amount remaining after the deduction of all project development costs and the imputed project development profit (developer profit) from the property's estimated selling price after completion. The unrealised imputed project development profit declines with the progress on the project. The most important input factors for this valuation method are the future rental income from the project, the discount rate (these two parameters generally determine the estimated fair value on completion) and the outstanding project development costs. The capitalisation rates for IMMOFINANZ's development projects range from 3.6% to 11.2% (2017: 3.6% to 9.8%), while the project development profit ranges from 5.6% to 13.5% (2017: 4.7% to 10.8%). The estimated fair values of the projects on completion range from EUR 0.8 million to EUR 197.4 million (2017: EUR 6.4 million to EUR 198.1 million) and the estimated outstanding construction costs by property range from EUR 0.3 million to EUR 53 million (2017: EUR 1.6 million to EUR 54.3 million).

Of the total carrying amount of property under construction as of 31 December 2018, 60.3% (31 December 2017: 72.7%) is attributable to development projects in Germany.

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

4.3 INTANGIBLE ASSETS

4.3.1 COMPOSITION OF INTANGIBLE ASSETS

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

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|-------------------------|---------------|---------------|
| Goodwill | 24,507 | 24,848 |
| Other intangible assets | 419 | 208 |
| Total | 24,926 | 25,056 |

4.3.2 GOODWILL

The development of goodwill is shown in the following table:

| All amounts in TEUR | 2018 | 2017 |
|---|-------------------|-------------------|
| Acquisition cost - beginning balance | 1,101,638 | 1,018,676 |
| Deconsolidations | -48,647 | 71,898 |
| Currency translation adjustments | 71 | 11,064 |
| Acquisition cost - ending balance | 1,053,062 | 1,101,638 |
| Accumulated depreciation - beginning balance | -1,076,790 | -992,963 |
| Deconsolidations | 48,312 | -71,898 |
| Currency translation adjustments | -77 | -11,062 |
| Impairment losses to continuing operations | 0 | -867 |
| Accumulated depreciation - ending balance | -1,028,555 | -1,076,790 |
| Carrying amount as of the balance sheet date | 24,507 | 24,848 |

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

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

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

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

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

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

| Segment | | Lettable space in sqm | Market rent per sqm and month in EUR | Actual rent per sqm and month in EUR | Capitalisation rate in % | Vacancy rate in % |
|-----------------------------|------------------|--------------------------|--|--|-----------------------------|----------------------|
| Poland | min | 21,264 | 15.99 | 13.20 | 6.85 | 0.00 |
| | max | 21,264 | 15.99 | 13.20 | 6.85 | 0.00 |
| | weighted average | 21,264 | 15.99 | 13.20 | 6.85 | 0.00 |
| | median | 21,264 | 15.99 | 13.20 | 6.85 | 0.00 |
| Czech Republic | min | 4,250 | 7.70 | 7.64 | 5.90 | 0.00 |
| | max | 31,154 | 14.82 | 11.34 | 7.25 | 10.52 |
| | weighted average | 9,725 | 9.98 | 9.57 | 6.99 | 2.17 |
| | median | 5,863 | 9.02 | 9.27 | 7.25 | 0.00 |
| Slovakia | min | 4,433 | 8.45 | 9.28 | 7.50 | 0.00 |
| | max | 6,809 | 9.66 | 11.17 | 9.25 | 10.28 |
| | weighted average | 5,869 | 9.03 | 10.09 | 8.08 | 5.44 |
| | median | 6,366 | 8.97 | 9.82 | 7.50 | 6.03 |
| Hungary | min | 7,210 | 9.78 | 9.35 | 7.00 | 0.00 |
| | max | 38,674 | 14.29 | 10.48 | 7.75 | 16.95 |
| | weighted average | 19,809 | 12.03 | 9.77 | 7.40 | 5.78 |
| | median | 10,060 | 12.37 | 9.79 | 7.50 | 3.38 |
| Romania | min | 16,688 | 8.79 | 5.80 | 7.50 | 0.00 |
| | max | 62,983 | 19.76 | 17.19 | 8.60 | 15.16 |
| | weighted average | 30,955 | 14.97 | 11.97 | 7.97 | 4.20 |
| | median | 20,923 | 15.80 | 12.30 | 7.75 | 0.90 |
| Other non-core countries | min | 5,050 | 7.23 | 7.32 | 7.50 | 0.00 |
| | max | 15,995 | 11.81 | 8.84 | 7.75 | 9.25 |
| | weighted average | 11,125 | 9.27 | 7.89 | 7.65 | 3.39 |
| | median | 12,332 | 8.76 | 7.52 | 7.70 | 0.93 |

Impairment testing of the cash-generating units in IMMOFINANZ's continuing operations which carry goodwill did not indicate any need for the recognition of an impairment loss during 2018.

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

4.4 EQUITY-ACCOUNTED INVESTMENTS

4.4.1 INVESTMENTS IN JOINT VENTURES

IMMOFINANZ's most important joint venture as of 31 december 2018 is NP Investments a.s., which maintains its registered office in Prague. This joint venture is the owner of the *Na Příkopě* office property in the inner city of Prague and was acquired in full during the 2019 financial year (see section 7.6).

With regard to the investments in joint ventures, joint arrangements normally include limitations on the sale of the investment in the form of pre-emptive or purchase rights and tag-along sale rights or obligations. These types of limitations are found, among others, with the stake held in NP Investments a.s.

Mollardgasse 18 Projektentwicklungs GmbH and IMMOKRON Immobilienbetriebsgesellschaft m.b.H. were liquidated during 2018. In The net profit or loss from equity-accounted investments therefore includes disposal and liquidation results of TEUR 23.

The following table provides aggregated financial information on the joint ventures, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements.

The other adjustments included in the transition from the proportional share of equity to the carrying amount reported by IMMOFINANZ are related primarily to coverage for negative carrying amounts. This coverage was achieved through the reduction of receivables which are considered net investments in the joint ventures according to IAS 28 because of their economic content. The other adjustments included in the transition from the proportional share of profit or loss for the period to the share of profit or loss reported by IMMOFINANZ involve impairment losses or the reversal of such losses to the net investment in the joint ventures.

| All amounts in TEUR | NP Investments a.s. 31 12 2018 | Other 31 12 2018 | Total 31 12 2018 |
|---|-----------------------------------|---------------------|---------------------|
| Non-current assets | 110,700 | 2,196 | 112,896 |
| Thereof investment property | 106,480 | 1,690 | 108,170 |
| Current assets | 2,948 | 104 | 3,052 |
| Thereof cash and cash equivalents | 1,517 | 50 | 1,567 |
| Non-current liabilities | 103,357 | 8,658 | 112,015 |
| Thereof non-current financial liabilities | 64,521 | 0 | 64,521 |
| Current liabilities | 4,870 | 2,937 | 7,807 |
| Thereof current financial liabilities | 1,853 | 0 | 1,853 |
| Equity | 5,421 | -9,295 | -3,874 |
| Equity interest of IMMOFINANZ in the investment | 2,710 | -6,435 | -3,725 |
| Other adjustments | 0 | 6,435 | 6,435 |
| Carrying amount as of 31 December 2018 | 2,710 | 0 | 2,710 |
| Losses not recognised during the financial year | 0 | 16 | 16 |
| Cumulative losses not recognised as of 31 December 2018 | 0 | -32 | -32 |
| | 2018 | 2018 | 2018 |
| Rental income | 3,967 | 0 | 3,967 |
| Expenses charged on and other revenue | 536 | 0 | 536 |
| Revenues | 4,502 | 0 | 4,502 |
| Net profit or loss for the period | 10,427 | -408 | 10,019 |
| Thereof interest income | 182 | -33 | 149 |
| Thereof interest expense | -3,848 | -272 | -4,120 |
| Thereof income taxes | -3,062 | 162 | -2,900 |
| Thereof attributable to shareholders of the investment | 10,427 | -408 | 10,019 |
| Share of net profit or loss attributable to IMMOFINANZ | 2,739 | 64 | 2,803 |
| Other adjustments | 2,475 | -348 | 2,127 |
| Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ | 5,214 | -284 | 4,930 |
| Other comprehensive income | -57 | -198 | -255 |
| Thereof attributable to shareholders of the investment | -57 | -198 | -255 |
| Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ | -29 | -128 | -157 |
| Other adjustments | 0 | -128 | -128 |
| Total comprehensive income | 10,370 | -606 | 9,764 |
| Thereof attributable to shareholders of the investment | 10,370 | -606 | 9,764 |
| Share of IMMOFINANZ total comprehensive income for the period | 5,185 | -411 | 4,774 |
| Other adjustments | -2,475 | 348 | -2,127 |
| Dividends received | 0 | 0 | 0 |

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

4.4.2 INVESTMENTS IN ASSOCIATES

S IMMO AG (in short: S IMMO) was IMMOFINANZ's most important associate as of 31 December 2018. The shares of S IMMO are listed on the Vienna Stock Exchange. The contract for the purchase of 19,499,437 bearer shares of S IMMO was signed on 18 April 2018. The purchase price totalled EUR 390 million (EUR 20.00 per share), and the capitalisable transaction costs amounted to EUR 0.7 million. The closing took place on 21 September 2018. Given the brief period between the closing of the transaction and the end of the reporting period, 30 September 2018 was selected as the initial consolidation date for simplification reasons. IMMOFINANZ holds an investment of roughly 29.14% in the capital of S IMMO, which represents 15% of the voting rights based on the issuer's current articles of association. This share package gives IMMOFINANZ significant influence over S IMMO, and the investment is consequently accounted for at equity.

IAS 28.40 requires a company that applies the equity method, including the recognition of the associate's losses, to determine whether there are any objective indications of significant or lasting impairment to its net investment in the associate. Following the rejection by the S IMMO annual general meeting on 3 May 2018 of management's recommendation to cancel the voting an impairment test was performed as of 30 September 2018. This impairment test involved comparing the recoverable value of the share package based on the applicable fair value less selling costs.

The absence of Level 1 fair values for the share package (unit of account), which represents a comparable capital interest, required a discretionary decision concerning the valuation procedure. IFRS do not provide any explicit rules for determining the fair value of such valuation objects in accordance with IFRS 13. IMMOFINANZ's management decided to carry out these valuations as "close to market" as possible. The price on the Vienna Stock Exchange as of the respective balance sheet date, plus a package premium, therefore forms the basis for valuation. IFRS 13 permits the inclusion of premiums under the following conditions: when the premium reflects the economic characteristics of the valuation object; when hypothetical buyers would include the premium in determining a purchase price; and when the inclusion of a premium does not contradict the unit of account (in this case, the equity-accounted investment in S IMMO). In view of these circumstances, the determination of fair value (including the existing voting restriction) included an appropriate premium of 10.8% (EUR 1.86 per share, or EUR 36.2 million) over the share price for the size of the capital investment. The premium was derived from comparable transactions (the purchase of capital investments in European companies from 2009 to 2018) based on capital market data. Since the fair value was ultimately derived from observable and non-observable data, it is classified under level 3 in accordance with IFRS 13.

The recoverable amount determined by this method – which represents the fair value of EUR 371.6 million (EUR 19.1 per share) less selling costs of 1.75% – amounted to EUR 365.1 million as of 30 September 2018. IMMOFINANZ therefore recorded an impairment loss of EUR 25.1 million in results for the period.

As of 31 December 2018, there were no objective indications of significant or lasting impairment to the S IMMO investment.

On 2 July 2018 the IMMOFINANZ Supervisory Board approved the package sale of the CA Immo investment (25,690,163 bearer shares and four registered shares with restricted transferability), and this equity-accounted investment was therefore reclassified from non-current assets to assets held for sale at an amount of EUR 688.4 million as of 30 June 2018. The closing took place on 27 September 2018. The selling price, less transaction costs of EUR 2.6 million, totalled EUR 755.2 million. A book gain of EUR 66.1 million, including the reclassification of EUR 0.8 million in currency translation differences, was realised as of the closing date and is included under the net profit/loss from equity-accounted investments.

The following table provides aggregated financial information on the associates, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements. The other adjustments included in the reconciliation from the proportional share of equity to the carrying amount reported by IMMOFINANZ are related primarily to coverage for negative carrying amounts through the reduction of receivables which are considered to be net investments in the investee according to IAS 28 because of their economic content. The other adjustments to the S IMMO investment are related to impairment losses and the carryforward of fair value adjustments identified in connection with the acquisition of the shares during the purchase price allocation. The other adjustments included in the reconciliation from the proportional share of profit or loss for the period to the share of profit or loss reported by IMMOFINANZ involve impairment losses or the reversal of such losses to the net investment in the investee. The other adjustments to net profit recorded by the CA Immo Group also include the carryforward of fair value

adjustments totalling EUR 0.6 million (2017: EUR -0.3 million) that were recognised in connection with the acquisition of the investment. The other adjustments to the net profit of S IMMO also include the carryforward of fair value adjustments totalling EUR 0.1 million that were identified during the acquisition of the investment. In the segment report, these fair value adjustments are included in the Austria segment.

| | CA Immo Group ¹ | S IMMO ² | Other | Total |
|---|----------------------------|---------------------|----------------|------------------|
| All amounts in TEUR | 31 12 2018 | 31 12 2018 | 31 12 2018 | 31 12 2018 |
| Non-current assets | 0 | 2,572,604 | 24,863 | 2,597,467 |
| Thereof investment property | 0 | 2,081,046 | 22,420 | 2,103,466 |
| Current assets | 0 | 147,530 | 8,847 | 156,377 |
| Non-current liabilities | 0 | 1,361,792 | 36,564 | 1,398,356 |
| Current liabilities | 0 | 246,769 | 8,256 | 255,025 |
| Equity | 0 | 1,111,573 | -11,110 | 1,100,463 |
| Thereof attributable to shareholders of the investment | 0 | 1,108,853 | -11,427 | 1,097,426 |
| Equity interest of IMMOFINANZ in the investment | 0 | 323,120 | -4,319 | 318,801 |
| Other adjustments | 0 | 68,782 | 7,378 | 76,160 |
| Carrying amount as of 31 December 2018 | 0 | 391,902 | 3,059 | 394,961 |
| Losses not recognised during the financial year | 0 | 0 | 60 | 60 |
| Cumulative losses not recognised as of 31 December 2018 | 0 | 0 | -2,350 | -2,350 |
| | 2018 | 2018 | 2018 | 2018 |
| Rental income | 93,761 | 27,781 | 763 | 122,305 |
| Expenses charged on and other revenue | 29,346 | 25,087 | 28,740 | 83,173 |
| Revenues | 123,107 | 52,867 | 29,504 | 205,478 |
| Net profit or loss for the period | 89,579 | 124,444 | 4,114 | 218,137 |
| Thereof attributable to non-controlling interests | 2 | 395 | 0 | 397 |
| Thereof attributable to shareholders of the investment | 89,577 | 124,049 | 4,114 | 217,740 |
| Share of net profit or loss attributable to IMMOFINANZ | 23,437 | 36,148 | 1,952 | 61,537 |
| Other adjustments | 596 | -24,993 | 1 | -24,396 |
| Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ | 24,033 | 11,155 | 1,953 | 37,141 |
| Other comprehensive income | -9,091 | -34,046 | 0 | -43,137 |
| Thereof attributable to shareholders of the investment | -9,091 | -34,046 | 0 | -43,137 |
| Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ | -2,510 | -9,921 | 0 | -12,431 |
| Total comprehensive income | 80,488 | 90,399 | 4,113 | 175,000 |
| Thereof attributable to non-controlling interests | 2 | 395 | 0 | 397 |
| Thereof attributable to shareholders of the investment | 80,486 | 90,004 | 4,113 | 174,603 |
| Share of IMMOFINANZ total comprehensive income for the period | 21,523 | 11,155 | 1,953 | 34,631 |
| Dividends received | 20,552 | 0 | 3,520 | 24,072 |

1 The financial data recorded for the CA Immo Group is based on the CA Immo Group's consolidated financial statements as of 31 December 2018. The income statement data cover the period from 1 January 2018 to 27 September 2018.

2 The financial data recorded for the S Immo Group is based on the S Immo Group's consolidated financial statements as of 31 December 2018. The financial information on the income statement covers the period from 1 October 2018 to 31 December 2018.

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

4.5 TRADE AND OTHER RECEIVABLES

IMMOFINANZ carried trade receivables and other financial receivables at amortised cost. Recognisable individual risks are reflected in appropriate valuation adjustments. Non-financial receivables, e.g. claims against administrative authorities for the reimbursement of input VAT, are also carried at amortised cost after the deduction of any necessary write-downs.

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

| All amounts in TEUR | 31 12 2018 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years | 31 12 2017 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years |
|--|----------------|-------------------------------------|--|-------------------------------------|----------------|-------------------------------------|--|-------------------------------------|
| Rents receivable | 22,823 | 22,823 | 0 | 0 | 18,515 | 18,493 | 22 | 0 |
| Miscellaneous | 33,709 | 33,709 | 0 | 0 | 37,166 | 36,643 | 523 | 0 |
| Total trade accounts receivable | 56,532 | 56,532 | 0 | 0 | 55,681 | 55,136 | 545 | 0 |
| Receivables due from associates | 4,550 | 4,269 | 0 | 281 | 3,371 | 3,109 | 0 | 262 |
| Receivables due from joint ventures | 29,604 | 717 | 28,837 | 50 | 30,184 | 893 | 29,172 | 119 |
| Receivables due from equity-accounted investments | 34,154 | 4,986 | 28,837 | 331 | 33,555 | 4,002 | 29,172 | 381 |
| Receivables due from subsidiaries | 9 | 9 | 0 | 0 | 0 | 0 | 0 | 0 |
| Restricted funds | 129,054 | 100,041 | 28,979 | 34 | 154,806 | 97,642 | 57,164 | 0 |
| Financing | 14,424 | 3,561 | 921 | 9,942 | 12,650 | 892 | 299 | 11,459 |
| Property management | 2,033 | 1,944 | 53 | 36 | 1,651 | 1,592 | 19 | 40 |
| Outstanding purchase price receivables - sale of properties | 3,130 | 3,130 | 0 | 0 | 10,043 | 10,043 | 0 | 0 |
| Outstanding purchase price receivables - sale of shares in other companies | 14,605 | 1,167 | 13,438 | 0 | 39,924 | 27,824 | 12,100 | 0 |
| Miscellaneous | 13,862 | 8,248 | 5,383 | 231 | 17,798 | 10,210 | 7,357 | 231 |
| Total other financial receivables | 177,108 | 118,091 | 48,774 | 10,243 | 236,872 | 148,203 | 76,939 | 11,730 |
| Tax authorities | 34,949 | 34,949 | 0 | 0 | 39,029 | 39,029 | 0 | 0 |
| Other contractual assets | 2,876 | 2,876 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total other non-financial receivables | 37,825 | 37,825 | 0 | 0 | 39,029 | 39,029 | 0 | 0 |
| Total | 305,628 | 217,443 | 77,611 | 10,574 | 365,137 | 246,370 | 106,656 | 12,111 |

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

The outstanding purchase price receivables from the sale of shares consists primarily of the purchase price receivable from the sale of the retail portfolio Moscow which was deferred to 2022 (see section 2.4) and was recognised as of 31 December 2018 at a present value of EUR 10.5 million. This position also includes a long-term purchase price receivable of EUR 1.7 million from the sale of REVIVA Am Spitz Liegenschafts GmbH.

The other contractual assets of EUR 2.9 million resulted from the initial application of IFRS 15 as of 1 January 2018. A summary of the effects of IFRS 15 is provided in section 1.4.

The default risk associated with receivables due from tenants is generally low because credit standings are monitored on a regular basis and the tenant is generally required to provide a deposit of one to five months' rent or an appropriate bank guarantee when the contract is signed. Individual valuation adjustments are recognised for receivables that carry an increased risk of default. Consequently, all uncollectible receivables had been written off and all doubtful receivables had been impaired as of the balance sheet date. These valuation adjustments are included in the results of asset management and are not reported on a separate line on the income statement, as required by IAS 1.82, because the related amounts are not considered material.

As in the previous financial year, valuation adjustments were recognised to trade accounts receivable in 2018. Valuation adjustments (and revaluations) were also recorded to financing receivables, receivables from joint ventures and other receivables. Therefore, the expected recoverability of these receivables is reflected on the balance sheet.

The valuation adjustments to trade and other receivables totalled EUR -1.9 million in 2018 (2017: EUR -2.5 million). Detailed information on the change in impairment and default risk is provided in section 7.2.2.

4.6 OTHER FINANCIAL ASSETS

Other non-current financial instruments comprise shares in real estate funds, derivatives and miscellaneous securities as shown below:

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|----------------------------------|---------------|---------------|
| Other securities | 6,445 | 24,875 |
| Real estate fund shares | 5,025 | 4,934 |
| Derivative financial instruments | 499 | 2,206 |
| Total | 11,969 | 32,015 |

The other securities include investments in companies which are carried at fair value through profit or loss. The shares in BUWOG AG which were included under this position at EUR 19.8 million as of 31 December 2017, were used in part to service the conversion of the convertible bond 2011-2018; the remaining shares were sold during the first quarter of 2018.

The real estate fund shares are also carried at fair value through profit or loss.

Derivatives are accounted for as standalone financial instruments and are used to reduce the risks associated with interest rate fluctuations. Derivative transactions are only concluded with financial institutions that have first-rate credit standings. Derivatives are carried at fair value through profit or loss as of the balance sheet date. Hedge accounting in the sense of IFRS 9 is not applied by the full consolidated companies in the IMMOFINANZ Group.

Information on the development of the other financial assets is provided in section 7.

4.7 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as of 31 December 2018 resulted from the following temporary accounting and valuation differences between the carrying amounts according to IFRS in IMMOFINANZ's consolidated financial statements and the respective tax bases:

| All amounts in TEUR | 31 12 2018 | | 31 12 2017 | |
|---|----------------|----------------|----------------|------------------|
| | Assets | Liabilities | Assets | Liabilities |
| Investment property | 542 | 284,044 | 2,905 | 277,723 |
| Other financial assets and miscellaneous assets | 16,139 | 18,166 | 9,570 | 206,207 |
| Total | 16,681 | 302,210 | 12,475 | 483,930 |
| Other liabilities and provisions | 6,356 | 6,876 | 6,027 | 9,717 |
| Financial liabilities | 1,403 | 6,727 | 587 | 8,083 |
| Total | 7,759 | 13,603 | 6,614 | 17,800 |
| Tax loss carryforwards | 636,356 | 0 | 902,704 | 0 |
| Real differences from the elimination of intra-Group liabilities | 0 | 625,016 | 0 | 739,884 |
| Deferred tax assets and deferred tax liabilities | 660,796 | 940,829 | 921,793 | 1,241,614 |
| Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority | -602,099 | -602,099 | -916,502 | -916,502 |
| Net deferred tax assets and deferred tax liabilities | 58,697 | 338,730 | 5,291 | 325,112 |

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

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

Deferred tax liabilities are not recognised for temporary differences resulting from shares in subsidiaries, joint ventures or associates (outside-basis differences) in cases where their reversal can be controlled by IMMOFINANZ and is not probable in the foreseeable future. For this reason, deferred tax liabilities were not recognised for temporary differences of EUR 1,418.9 million (31 December 2017: EUR 1,026.8 million).

Deferred tax assets are recognised on tax loss carryforwards when it is probable that sufficient taxable income will be available to utilise these tax loss carryforwards in the future. Deferred tax assets are also recorded in cases where sufficient deferred tax liabilities relating to the same tax subject and taxation authority were recognised and are assumed to reverse at the same time as the deferred tax assets on the loss carryforwards.

Deferred tax assets of EUR 54 million were recognised for a German subsidiary as of 31 December 2018. This reflects the first time this company can be expected, with sufficient certainty, to utilise loss carryforwards through the generation of taxable profit in the future.

The recognition of deferred tax assets, in general, and deferred taxes on unused tax loss carryforwards and deductible temporary partial depreciation charges on investments ("Siebentelabschreibung"), in particular, is based on expectations by IMMOFINANZ's management concerning the availability of sufficient taxable profits in the future. These expectations reflect the previous history of tax losses, limits on the utilisation of tax losses, membership in a tax group and the possible expiration of tax loss carryforwards in some countries. Accounting decisions over the recognition or recoverability of deferred taxes are based, on the one hand, on the latest data from tax planning over a five-year forecast period and, on the other hand, on assumptions for the timing of the reversal of deferred tax liabilities and the availability of tax planning opportunities to utilise previously unused tax losses in Austria and other countries.

The recoverability of deferred tax assets by Group companies that recorded losses in 2018 and 2017 (EUR 2.4 million; 2017: EUR 3.0 million) is dependent on the generation of future taxable profits that are higher than the earnings effect from the reversal of the existing taxable temporary differences.

Deferred tax assets were not recognised for loss carryforwards of EUR 1.699,4 million (31.12.2017: EUR 2,156.7 million). A number of these items have an indefinite term, while others will expire within the next 5-10 years. Any limits on the use of loss carryforwards were taken into account. Deferred tax assets were not recognised for deductible temporary partial depreciation charges on investments (“Siebentelabschreibung”) of EUR 485.6 million (31 December 2017: EUR 306.8 million).

The calculation of deferred taxes is based on the tax rate that is expected to apply when the temporary differences are presumed to reverse. The applicable tax rate for IMMOFINANZ AG and all Austrian Group companies is 25%. The applicable local tax rate is used for foreign Group companies.

The tax rates used to value deferred taxes in the core countries of IMMOFINANZ are as follows:

| Country | Applicable tax rate 31 12 2018 | Applicable tax rate 31 12 2017 |
|----------------------|-----------------------------------|-----------------------------------|
| Germany ¹ | 15.83%-32.45% | 15.83%-32.45% |
| Austria | 25.00% | 25.00% |
| Poland | 15.00%/19.00% | 15.00%/19.00% |
| Romania | 16.00% | 16.00% |
| Russia ² | 20.00% | 20.00% |
| Slovakia | 21.00% | 21.00% |
| Czech Republic | 19.00% | 19.00% |
| Hungary | 9.00% | 9.00% |
| Non-core countries | 10.00%-35.00% | 10.00%-35.00% |

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

2 Discontinued operation

4.8 ASSETS AND SPECIFIC LIABILITIES HELD FOR SALE

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

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

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

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

| All amounts in TEUR | Friesen-/ Gerling- Quartier | Other | Carrying amount as of 31.12.2018 | Carrying amount as of 31.12.2017 |
|----------------------------------|-----------------------------------|---------------|-------------------------------------|-------------------------------------|
| Investment property | 0 | 30,916 | 30,916 | 132,623 |
| Property under construction | 3,266 | 17,500 | 20,766 | 124,462 |
| Real estate inventories | 5,026 | 0 | 5,026 | 6,250 |
| Other tangible assets | 0 | 0 | 0 | 27 |
| Intangible assets | 0 | 0 | 0 | 3 |
| Deferred tax assets | 0 | 0 | 0 | 50 |
| Trade and other receivables | 0 | 202 | 202 | 355 |
| Cash and cash equivalents | 0 | 252 | 252 | 1,378 |
| Assets held for sale | 8,292 | 48,870 | 57,162 | 265,148 |
| Reclassifiable reserves | 0 | 682 | 682 | 677 |
| Trade and other payables | 0 | 366 | 366 | 720 |
| Provisions | 0 | 14 | 14 | 1,941 |
| Deferred tax liabilities | 0 | 1,181 | 1,181 | 0 |
| Liabilities held for sale | 0 | 1,561 | 1,561 | 2,661 |

Of the assets and liabilities classified as held for sale as of 31 December 2017, three retail properties, 12 office properties and three properties in the other asset class were sold during 2018. A further sale in 2018 involved the Russian service company, together with a related subsidiary, which was part of the discontinued operation "retail portfolio Moscow". This transaction closed on 8 February 2018 and marked the final step in the sale of the retail portfolio Moscow.

Management has abandoned its plans to sell two of the Turkish land reserves which were classified as held for sale as of 31 December 2017 due to the ongoing rezoning process and, consequently, reclassified these assets to investment property (see section 4.1.1). The intention to sell three other Turkish land reserves is principally supported by management, but the classification as held for sale was not retained as of 31 December 2018 because the sale of this land within the next financial year cannot be considered economically feasible due to macroeconomic factors in Turkey. These land reserves were therefore also reclassified to investment property.

The properties in the disposal group *Gerling Quartier*, with the exception of two office buildings, were sold during 2018. Following the closing for the sale of an unused office property on Hohenzollernring in Cologne, only the two above properties were classified as held for sale in the core market of Germany at year-end 2018. Foreign exchange-adjusted revaluations of EUR 2.1 million were recognised to standing investments and real estate inventories in 2018.

The Romanian and Polish properties in the other and office asset classes which were initially classified as held for sale in 2018 were, with the exception of one Polish property, also sold in 2018. The following properties were reclassified as held for sale during the fourth quarter of 2018: two Romanian properties in the other asset class and an office property that is to be sold through an asset deal. In addition, the company plans to sell one Austrian retail company through a share deal.

With regard to the sales not yet realised, management stands by its intention to sell these properties.

All of the above sales, respectively divestment resolutions by the Executive Board and Supervisory Board are intended to align the portfolio with IMMOFINANZ's strategic focus.

4.9 REAL ESTATE INVENTORIES

The properties held for sale by IMMOFINANZ during the course of ordinary business operations do not fall under the scope of application of IAS 40, but are treated as inventories in accordance with IAS 2. As a rule, these inventories represent residential properties.

Inventories of residential properties are valued according to the moving average price method. Disposals are calculated on the basis of square meters and, after the recognition of additions, measured at the average price applicable to the respective quarter. A provision is recognised for any outstanding construction work required after the transfer of a property, which increases the production costs of the sold inventories as well as the book value disposals. The net selling prices used for valuation as of the balance sheet date are normally based on current list prices less outstanding project development costs and flat-rate marketing costs; to a lesser extent, they are measured at the appraised fair value as of the balance sheet date for simplification purposes. Estimation uncertainty in the determination of the net selling price, e.g. concerning the outstanding project development costs, could lead to negative margins on the sale of the inventories (in spite of previous loss-free measurement) if construction cost overruns occur at a later date.

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|--|---------------|---------------|
| Inventories carried at net realisable value less costs to sell | 46,753 | 59,986 |
| Inventories carried at acquisition or production cost | 179 | 1,235 |
| Total | 46,932 | 61,221 |

Write-downs totalling EUR -11.9 million were recognised to real estate inventories in 2018 (2017: EUR -45.6 million). They are attributable primarily to costs for construction, the correction of defects and project management following the decision to sell the *Gerling Quartier* (see section 4.8).

Borrowing costs directly attributable to the acquisition, construction or production of assets whose purchase or development requires a longer period of time are capitalised as part of acquisition or production cost. The borrowing costs for real estate inventories under development are capitalised on the basis of actual interest expense. For financing provided by the Group, the average borrowing costs are capitalised. The average borrowing costs for IMMOFINANZ according with IAS 23 equalled approximately 2.14% in 2018 (2017: approx. 3.6%). Borrowing costs of EUR 1.6 million were capitalised for real estate inventories under development during the reporting year (2017: EUR 2.9 million).

4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, funds in transit and deposits with financial institutions with a term of up to three months. These items are carried at the value applicable on the balance sheet date. Restricted funds are included under other receivables.

The balance sheet shows cash and cash equivalents of EUR 631.8 million as of 31 December 2018 (31 December 2017: EUR 477.9 million). In addition, other financial receivables include various bank deposits whose use is restricted (see section 4.5).

4.11 EQUITY

In connection with the initial application of IFRS 15 and IFRS 9, EUR -1.1 million from the revaluation reserve recognised under other comprehensive income (formerly AFS reserve) were reclassified to retained earnings and EUR 6.3 million were transferred to retained earnings without recognition through profit or loss (see section 1.4).

In the first quarter of 2018, 4,678,921 new shares were issued from conditional capital to service the conversion of the convertible bond 2011–2018. This led to an increase of EUR 4.7 million in share capital and EUR 3.7 million in appropriated reserves.

The 25th annual general meeting of IMMOFINANZ AG on 11 May 2018 approved the new classification of share capital following a reverse stock split at a ratio of 10 : 1 (ten existing shares will be combined into a single share). The reverse stock split took effect when it was recorded in the company register on 23 June 2018. The 10 : 1 reverse stock split reduced the number of shares from the previous level of 1,112,085,269 to 112,085,269.

The 25th annual general meeting on 11 May 2018 also approved a capital increase from internal funds (through the conversion of appropriated capital reserves into share capital) of EUR 750 million and a subsequent reduction of EUR 1,758.8 million in share capital (for inclusion in the unappropriated capital reserve and to re-establish the proportional amount of share capital at EUR 1.00 per share).

Share capital totalled EUR 112 million as of 31 December 2018 (31 December 2017: EUR 1,116.2 million). It is divided into 112,085,269 (31 December 2017: 1,116,173,778) zero par value shares, each of which represents a stake of EUR 1.00 in share capital. All shares are fully paid in.

The number of shares developed as follows:

| Number of shares | 2018 | 2017 |
|--|----------------------|----------------------|
| Balance at the beginning of the financial year | 1,116,173,778 | 975,955,651 |
| Issue of shares (for conversion of the convertible bonds 2011-2018 and 2007-2017) | 4,678,921 | 127,180,870 |
| Reverse stock split | -1,008,767,430 | 0 |
| Issue of new shares in connection with the settlement to terminate the legal proceedings for the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG | 0 | 13,037,257 |
| Balance at the end of the financial year | 112,085,269 | 1,116,173,778 |

The Executive Board and Supervisory Board announced the start of a buyback programme for up to 15 million IMMOFINANZ shares (before the reverse stock split) on 8 March 2018. This decision was based on an authorisation of the 24th annual general meeting on 1 June 2017 in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The maximum volume of 15 million shares was reached on 15 June 2018, and the share buyback programme was therefore terminated. The amount of the repurchase totalled EUR 31.6 million, and the weighted average cost per share equalled EUR 2.105. The related transaction costs of TEUR 19 were recorded under capital reserves. The 10 : 1 reverse stock split at the end of June reduced the 15 million treasury shares held by IMMOFINANZ to 1.5 million shares.

On 2 July 2018, the Executive Board and Supervisory Board of IMMOFINANZ AG approved the use of an authorisation by 25th annual general meeting on 11 May 2018 to carry out a share buyback programme (share buyback programme 2018/19) in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The authorisation covers up to 10% of the company's share capital. The share buyback programme 2018/2019 has a volume up to 9.7 million IMMOFINANZ shares, which represent 8.66% of the current share capital. The share buyback started on 16 July 2018 and, by 31 December 2018, 3.4 million IMMOFINANZ shares had been repurchased for a total price of EUR 74.8 million. The related transaction costs amounted to TEUR 45 and are included under capital reserves.

IMMOFINANZ held 4,942,001 treasury shares as of 31 December 2018 (31 December 2017: zero shares).

The annual general meeting on 11 May 2018 authorised the Executive Board in accordance with § 169 of the Austrian Stock Corporation Act to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 50,000,000.00 through the issue of up to 50,000,000 new shares in exchange for cash or contributions in kind. This authorisation is valid up to 19 June 2023. It has not been used to date and is therefore still available in full.

The Executive Board is not aware of any agreements between shareholders that restrict voting rights or the transfer of shares. All shares are bearer shares and entitle the holders to participate in the annual general meeting and to exercise their voting rights. Each bearer share is entitled to one vote.

The 25th annual general meeting on 11 May 2018 approved the payment of a EUR 0.07 dividend per share for the 2017 financial year. Based on this resolution, a total of EUR 77.9 million was distributed to shareholders on 17 May 2018. The Executive Board of IMMOFINANZ AG plans to recommend the payment of an ordinary dividend of EUR 0.85 per share for the 2018 financial year to the annual general meeting on 22 May 2019.

Of the total other comprehensive income, EUR -50.5 million (2017: EUR 501.2 million) is attributable to IMMOFINANZ shareholders and EUR -3.4 million (2017: EUR -3.8 million) to non-controlling interests. The other comprehensive income attributable to IMMOFINANZ shareholders resulted primarily from the reclassification of currency translation differences to profit or loss following the sale of several Ukrainian and Czech companies belonging to the IMMOFINANZ Group. The other comprehensive income attributable to non-controlling interests resulted entirely from currency translation differences.

The sale of the CA IMMO investment resulted in the reclassification to retained earnings of the related non-reclassifiable valuation reserve of EUR 1.7 million which was recorded under other comprehensive income. The amount reported under this reserve as of 31 December 2018 resulted solely from the equity-accounted S IMMO shares.

4.12 LIABILITIES FROM CONVERTIBLE BONDS

IMMOFINANZ had convertible bonds with a total nominal value of EUR 297.2 million outstanding as of 31 December 2018 (31 December 2017: EUR 330.0 million). The underlying bond liability and the related interest coupons are measured at amortised cost based on the effective interest rate method.

| All amounts in TEUR | 31 12 2018 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years | 31 12 2017 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years |
|----------------------------|----------------|-------------------------------------|--|-------------------------------------|----------------|-------------------------------------|--|-------------------------------------|
| Convertible bond 2011-2018 | 0 | 0 | 0 | 0 | 33,151 | 33,151 | 0 | 0 |
| Convertible bond 2017-2024 | 284,638 | 5,944 | 278,694 | 0 | 280,066 | 2,606 | 277,460 | 0 |
| Total | 284,638 | 5,944 | 278,694 | 0 | 313,217 | 35,757 | 277,460 | 0 |

Convertible bond 2011–2018

Holders of the convertible bond 2011–2018 converted bond certificates with a nominal value of EUR 15.5 million during the first quarter of 2018. These conversions led to the issue of 4,678,921 IMMOFINANZ shares (see section 4.11) from conditional capital and the transfer of 252,938 BUWOG shares. The remainder of EUR 17.3 million was repaid as of the maturity date on 8 March 2018.

The value of the standalone derivative from the convertible bond 2011–2018, which was recorded under other liabilities (see section 4.14), was derecognised through financial results as of 8 March 2018 at an amount of EUR 1.3 million (see section 5.9).

Convertible bond 2017–2024

IMMOFINANZ issued a convertible bond on 24 January 2017 through an accelerate bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an interest rate of 2.0% and a term ending on 24 January 2024. Following the receipt of an investment grade rating of BBB- from S&P Global Rating on 22 January 2019 (see section 7.6), the coupon will be reduced by 0.5% to 1.5% in accordance with the issue terms beginning with the next interest rate period (as of 24 January 2019). The convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present time.

The cash dividend of EUR 0.07 per share (see section 4.11) which was approved by the annual general meeting on 11 May 2018 led to the adjustment of the conversion price for the convertible bond 2017–2024 to EUR 2.22 per share. The conversion price was further adjusted on 23 June 2018 to reflect the reverse stock split (see section 4.11) and equalled EUR 22.2 per share as of 30 September 2018. The conversion right can be exercised up to 10 January 2024.

4.13 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 31 December 2018:

| All amounts in TEUR | 31 12 2018 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years | 31 12 2017 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years |
|---------------------------------------|------------------|-------------------------------------|--|-------------------------------------|------------------|-------------------------------------|--|-------------------------------------|
| Amounts due to financial institutions | 2,140,731 | 338,168 | 1,686,550 | 116,013 | 2,305,028 | 532,330 | 1,533,028 | 239,670 |
| Thereof secured by collateral | 2,140,625 | 338,062 | 1,686,550 | 116,013 | 2,304,691 | 531,993 | 1,533,028 | 239,670 |
| Thereof not secured by collateral | 106 | 106 | 0 | 0 | 337 | 337 | 0 | 0 |
| Other financial liabilities | 153 | 153 | 0 | 0 | 1,390 | 400 | 0 | 990 |
| Total | 2,140,884 | 338,321 | 1,686,550 | 116,013 | 2,306,418 | 532,730 | 1,533,028 | 240,660 |

The conditions of the major financial liabilities are as follows:

| 31 12 2018 | Currency | Interest rate | Weighted average interest rate | Nominal value of remaining liability | | Carrying amount |
|--|----------|----------------|--------------------------------|--------------------------------------|------------------|------------------|
| | | fixed/variable | | Issue currency in 1,000 | TEUR | TEUR |
| Amounts due to financial institutions | EUR | fixed | 1.30% | 151,613 | 151,613 | |
| | EUR | variable | 1.79% | 1,996,097 | 1,996,097 | |
| Total amounts due to financial institutions | | | | | 2,147,710 | 2,140,731 |
| Other financial liabilities | | | | | | 153 |
| Total | | | | | | 2,140,884 |

| 31 12 2017 | Currency | Interest rate | Weighted average interest rate | Nominal value of remaining liability | | Carrying amount |
|--|----------|----------------|--------------------------------|--------------------------------------|------------------|------------------|
| | | fixed/variable | | Issue currency in 1,000 | TEUR | TEUR |
| Amounts due to financial institutions | EUR | fixed | 1.25% | 163,269 | 163,269 | |
| | EUR | variable | 1.99% | 2,146,335 | 2,146,335 | |
| Total amounts due to financial institutions | | | | | 2,309,604 | 2,305,028 |
| Other financial liabilities | | | | | | 1,390 |
| Total | | | | | | 2,306,418 |

None of the covenants connected with the bank financing was breached in 2018.

4.14 TRADE PAYABLES AND OTHER LIABILITIES

| All amounts in TEUR | 31 12 2018 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years | 31 12 2017 | Thereof remaining term under 1 year | Thereof remaining term between 1 and 5 years | Thereof remaining term over 5 years |
|---|----------------|-------------------------------------|--|-------------------------------------|----------------|-------------------------------------|--|-------------------------------------|
| Trade payables | 101,928 | 99,512 | 2,358 | 58 | 114,591 | 111,689 | 2,897 | 5 |
| Derivative financial instruments (liabilities) | 13,015 | 263 | 12,752 | 0 | 10,929 | 3,588 | 7,152 | 189 |
| Property management | 6,957 | 6,957 | 0 | 0 | 2,913 | 2,913 | 0 | 0 |
| Amounts due to non-controlling interests | 3,966 | 0 | 262 | 3,704 | 6,777 | 0 | 262 | 6,515 |
| Amounts due to associated companies | 271 | 271 | 0 | 0 | 319 | 298 | 0 | 21 |
| Amounts due to joint ventures | 334 | 6 | 21 | 307 | 386 | 58 | 21 | 307 |
| Deposits and guarantees received | 24,687 | 4,868 | 14,034 | 5,785 | 25,586 | 5,972 | 13,687 | 5,927 |
| Prepayments received on property sales | 1,317 | 1,307 | 10 | 0 | 24,691 | 24,014 | 677 | 0 |
| Construction and refurbishment | 2,895 | 2,895 | 0 | 0 | 4,552 | 4,510 | 42 | 0 |
| Outstanding purchase prices (share deals) | 49 | 2 | 47 | 0 | 373 | 326 | 47 | 0 |
| Outstanding purchase prices (acquisition of properties) | 0 | 0 | 0 | 0 | 2,846 | 1,850 | 996 | 0 |
| Miscellaneous | 11,112 | 10,135 | 971 | 6 | 9,969 | 8,935 | 1,026 | 8 |
| Total other financial liabilities | 64,603 | 26,704 | 28,097 | 9,802 | 89,341 | 52,464 | 23,910 | 12,967 |
| Tax authorities | 10,017 | 10,017 | 0 | 0 | 14,695 | 14,695 | 0 | 0 |
| Rental and lease prepayments received | 22,448 | 21,864 | 518 | 66 | 24,006 | 23,112 | 894 | 0 |
| Miscellaneous | 29 | 26 | 3 | 0 | 23 | 16 | 7 | 0 |
| Total non-financial liabilities | 32,494 | 31,907 | 521 | 66 | 38,724 | 37,823 | 901 | 0 |
| Total | 199,025 | 158,123 | 30,976 | 9,926 | 242,656 | 201,976 | 27,708 | 12,972 |

Due to the application of IFRS 15 as of 1 January 2018, the prepayments received and reported as of 31 December 2018 are EUR 15.4 million lower than they would have been without the initial application of this standard. A summarised presentation of the effects of IFRS 15 is provided in section 1.4.

4.15 PROVISIONS

Provisions are recognised at the present value of the expected settlement amount. The provision is based on the best estimate at the time the consolidated financial statements are prepared. The best estimate of the amount required to meet the present obligation is the amount the company would rationally pay to settle the obligation at the balance sheet date or to transfer the obligation to a third party at that time. The risks and uncertainties that inevitably surround many events and circumstances must be taken into account in determining the best estimate. Valuation is therefore based in part on expert opinions and, above all, on past experience, probabilities for the outcome of legal disputes or proceedings under tax law, future cost trends, assumptions over interest rates, etc.

In cases where some or all of the costs required to settle an obligation are expected to be reimbursed by another party, the reimbursement may only be recognised when it is virtually certain that this reimbursement will be received if the company settles the obligation. This reimbursement must be treated as a separate asset. The amount recognised for the reimbursement may not exceed the amount of the provision.

The provisions developed as follows in 2018:

| All amounts in TEUR | 2018 |
|---|---------------|
| Balance at the beginning of the financial year | 58,853 |
| Deconsolidations (see 2.3 and 2.4) | -218 |
| Foreign exchange differences | -11 |
| Additions | 28,079 |
| Disposals | -10,278 |
| Use | -21,182 |
| Reclassifications | 1,126 |
| Balance at the end of the financial year | 56,369 |
| Thereof current | 38,433 |
| Thereof non-current | 17,936 |

This position comprises provisions of EUR 21.9 million (2017: EUR 23.8 million) for legal proceedings, EUR 6.8 million (2017: EUR 12.3 million) for work outstanding after the transfer of apartments in the *Gerling-Quartier* and other provisions. The other provisions consist primarily of provisions for tax risks (above all VAT and property tax), contractual obligations and obligations to employees (e.g. for bonuses and unused vacation).

Restitution proceedings are currently in progress over land on which a Romanian subsidiary constructed a shopping center and over another parcel of land in Romania. These proceedings (de facto) restrict the rights of disposal. Activities are currently in progress to settle these restitution proceedings.

Detailed information on the provisions for legal proceedings is not provided in accordance with IAS 37 because it could, under certain circumstances, seriously prejudice IMMOFINANZ's position.

5. Notes to the Consolidated Income Statement

5.1 RESULTS OF ASSET MANAGEMENT

5.1.1 RENTAL INCOME

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

| All amounts in TEUR | 2018 | 2017 |
|---------------------|----------------|----------------|
| Office | 104,154 | 113,295 |
| Retail | 111,574 | 103,489 |
| Other | 21,177 | 17,710 |
| Total | 236,905 | 234,494 |

All leases in which IMMOFINANZ serves as the lessor are classified as operating leases, and all leased property is therefore carried on IMMOFINANZ's balance sheet. The resulting rental income is distributed on a straight-line basis over the term of the lease. The term of the lease includes the non-cancellable contract periods as well as option periods when the exercise of the extension option is sufficiently certain at the beginning of the lease. Incentives granted for the conclusion or extension of leases (e.g. rent-free periods, reduced rents for a certain period, graduated rents that increase at fixed rates over the lease term, fit outs for individual tenants or the assumption of relocation costs) are included in the determination of the fair value of investment property and recognised as an adjustment to rental income on a straight-line basis over the term of the lease. Contractually agreed inflation-based rental price adjustments are recognised when the adjustments take effect and not on a straight-line basis over the term of the lease. Contingent rental income (generally turnover-based rents) are only recognised when they are realised. The contingent rental income totalled EUR 12.1 million (2017: EUR 9.3 million) and is included in the rental income from the retail asset class. Compensation payments received from tenants for the premature cancellation of leases are recognised to rental income as incurred.

When renegotiation, additions or amendments lead to a material change in the cash flows realisable over the remaining term of a rental agreement, the previous accruals from incentive agreements – with the exception of fit-outs that will be reused – are derecognised as a reduction of rental income. If there is no material change in the rental agreement, the previously accrued incentives remain unchanged and are recognised on a straight-line basis. The general rules for the recognition of rental income on the initial conclusion of a rental agreement also apply when there is a substantial change in the rental agreement.

The rental income from the contracts in effect as of 31 December 2018 is as follows:

| All amounts in TEUR | 2018 | 2017 |
|-----------------------|------------------|------------------|
| Within 1 year | 218,862 | 246,960 |
| Between 1 and 5 years | 508,875 | 642,329 |
| Over 5 years | 359,325 | 423,701 |
| Total | 1,087,062 | 1,312,990 |

The agreed rental income from existing leases includes future index-based adjustments. Future rental income was adjusted to exclude the contracts related to disposal groups or the discontinued operations as of the balance sheet date. Special cancellation rights or additional rental income from turnover-based rents were not included. An average term of 15 years was applied to open-end rental contracts.

5.1.2 OPERATING COSTS CHARGED TO TENANTS AND OPERATING EXPENSES

The results of asset management include the net presentation of the income from operating costs charged to tenants and operating expenses. These items are shown separately under the results of asset management on the income statement to achieve a transparent presentation. The income from operating costs charged to tenants represents revenue in the sense of IFRS 15 (Revenue from Contracts with Customers), which is recognised over time. Operating costs are generally charged on a monthly basis and do not include any material financing components. The segment report provides information on the allocation of revenue from operating costs charged to tenants to the individual IMMOFINANZ regional core markets (see section 3.6).

The income from operating costs charged to tenants totalled EUR 90.8 million in 2018 (2017: EUR 83.5 million) and exceeded operating expenses. This was due, in particular, to the fact that the income in certain countries (e.g. in Hungary, Slovakia and Poland) also includes contractually agreed flat-rate administrative costs or mark-ups to operating costs that are also collected from tenants.

Operating expenses include operating costs that are charged to tenants totalling EUR -87.2 million (2017: EUR -78.6 million) as well as expenses of EUR -8.5 million (2017: EUR -12.1 million) for vacancies. The operating costs charged to tenants also contain personnel expenses (see section 5.6) of EUR 0.5 million (2017: EUR 0.6 million) for properties managed by IMMOFINANZ.

5.1.3 OTHER REVENUES

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

5.1.4 EXPENSES FROM INVESTMENT PROPERTY

| All amounts in TEUR | 2018 | 2017 |
|--|----------------|----------------|
| Commission expenses | -1,374 | -1,074 |
| Maintenance | -23,990 | -28,858 |
| Operating costs charged to building owners | -12,596 | -13,024 |
| Property marketing | -6,295 | -6,329 |
| Personnel expenses from asset management (see 5.6) | -5,113 | -6,337 |
| Other expenses from asset management | -4,039 | -6,347 |
| Rental and lease payments | -2,048 | -2,714 |
| Fit-out costs | -2,544 | -9,889 |
| Write-off of receivables from asset management | -2,742 | -2,175 |
| Other expenses | -3,247 | -6,150 |
| Total | -63,988 | -82,897 |

In previous years, the position “vacancies” covered the operating costs for vacant properties that must be carried by IMMOFINANZ as the owner. These costs are now reported under operating expenses, and the comparable prior year data was adjusted accordingly. The reclassifications totalled EUR 8.5 million in 2018 (2017: EUR 12.1 million). The operating costs charged to building owners include the portion of operating costs not charged to tenants.

Maintenance costs are attributable to the implementation of the “myhive” office concept, rebranding measures for the VIVO! shopping center brand and regular building maintenance.

Expenses of EUR 2.6 million were recognised for lease and rental payments in connection with operating leases during 2018 (2017: EUR 3.3 million). The minimum lease payments for the operating leases in effect as of 31 December 2018 are as follows:

| All amounts in TEUR | 31 12 2018 | Due within 1 year | Due in 1 to 5 years | Due in over 5 years |
|---|----------------|-------------------|---------------------|---------------------|
| Minimum lease payments for land | 192,400 | 3,281 | 12,568 | 176,551 |
| Minimum lease payments for buildings | 527 | 234 | 293 | 0 |
| Minimum lease payments for movable assets | 1,008 | 365 | 556 | 87 |
| Total | 193,935 | 3,880 | 13,417 | 176,638 |

| All amounts in TEUR | 31 12 2017 | Due within 1 year | Due in 1 to 5 years | Due in over 5 years |
|---|----------------|-------------------|---------------------|---------------------|
| Minimum lease payments for land | 174,966 | 3,114 | 11,647 | 160,205 |
| Minimum lease payments for buildings | 793 | 268 | 525 | 0 |
| Minimum lease payments for movable assets | 499 | 256 | 240 | 3 |
| Total | 176,258 | 3,638 | 12,412 | 160,208 |

The operating leases primarily represent leases for land. The average term of these leases equals 66.3 years (2017: 66.1 years). The contracts generally include clauses that provide for indexing or an adjustment of the lease fee in line with the development of land prices. As a rule, the leases do not include a purchase option.

5.2 RESULTS OF PROPERTY SALES

| All amounts in TEUR | 2018 | 2017 |
|---|----------------|----------------|
| Office | 193,685 | 91,771 |
| Retail | 8,894 | 62,079 |
| Other | 37,303 | 56,614 |
| Proceeds from property sales | 239,882 | 210,464 |
| Less carrying amount of sold properties | -239,373 | -210,464 |
| Net gain/loss from property sales | 509 | 0 |
| Gains/losses from deconsolidation (see 2.3) | 33,214 | 32,946 |
| Sales commissions | -1,029 | 461 |
| Personnel expenses from property sales (see 5.6) | -1,044 | -1,388 |
| Legal, auditing and consulting fees from property sales | -828 | -779 |
| VAT adjustments from the sale of properties | -427 | 77 |
| Other expenses | -4,762 | -535 |
| Expenses from property sales | -8,090 | -2,164 |
| Revaluation results from properties sold and held for sale (see 5.7) | 1,568 | -4,797 |
| Total | 27,201 | 25,985 |

Results from the sale of properties show the income from asset deals. This income represents the fair value of the property on the transaction date and is therefore generally contrasted by book value disposals of the same amount. The differences between the proceeds on sale and the carrying amounts on the last balance sheet date are recorded under the revaluation of properties sold and held for sale. The differences between the sale proceeds and book value disposals in 2018 resulted from the receipt of purchase price payments for sales made in earlier financial years. The proceeds from the sale of properties are not part of IMMOFINANZ's ordinary business activities and, consequently, do not represent revenues in the sense of IFRS 15 (Revenue from Contracts with Customers).

Expenses from property sales include all personnel and operating expenses directly related to the sale process for a property or property company.

5.3 RESULTS OF PROPERTY DEVELOPMENT

| All amounts in TEUR | 2018 | 2017 |
|--|----------------|----------------|
| Proceeds from the sale of real estate inventories | 6,621 | 30,852 |
| Cost of real estate inventories sold | -6,663 | -26,045 |
| Marketing for real estate inventories | 0 | -2 |
| Brokerage fees for real estate inventories | -24 | -383 |
| Other costs to sell for real estate inventories | -1,110 | -3,248 |
| Write-down related reversals of real estate inventories | 21 | 1,009 |
| Write-down of real estate inventories | -11,957 | -46,614 |
| Income and expenses related to written-off purchase price receivables from the sale of real estate inventories | -350 | 0 |
| Impending losses from the forward sale of real estate inventories | 1,509 | -589 |
| Operating costs charged to building owners-inventories | -630 | -6,353 |
| Other expenses from real estate inventories | -4,633 | 0 |
| Expenses from real estate inventories | -17,174 | -56,180 |
| Expenses from property development | -4,397 | -5,824 |
| Revaluation results from properties under construction (see 5.7) | 17,281 | 28,395 |
| Total | -4,332 | -28,802 |

The sale of real estate inventories is reported under income from property development. Following the mandatory application of IFRS 15 as of 1 January 2018, revenue is no longer recognised at a point in time (i.e. with the transfer of economic ownership), but over time when the performance provided leads to an asset with no alternative use for IMMOFINANZ and IMMOFINANZ has an enforceable right to payment for the performance transferred to date. This is regularly the case with residential properties which are sold during the planning or construction stage. In cases where an advance payment is made, a proportional share of profit is recognised according to the percentage of completion if the carrying amount of the involved property exceeds the agreed net realisable value less transaction costs. Revenue from the sale of properties with an alternative use or without an enforceable right to payment is still recognised at a point in time (i.e. with the transfer of economic ownership); this point in time is generally the date on which the property is transferred because it marks the transfer of opportunities and risks as well as economic control.

Due to the initial application of IFRS 15 as of 1 January 2018, proceeds from the sale of real estate inventories were EUR 13.6 million lower than they would have been without the application of this standard. Since the involved residential development projects were reported at their net realisable value less transaction costs as of 31 December 2017, the production costs of the sold inventories were also EUR 13.6 million lower due to the initial application of IFRS 15. A summary of the effects of IFRS 15 is provided in section 1.4.

The following table classifies the proceeds from the sale of real estate inventories in 2018 according to the timing of revenue recognition.

| All amounts in TEUR | Q3 2018 | Q4 2018 |
|---|--------------|--------------|
| Revenue recognised at a point in time | 5,393 | 5,393 |
| Revenue recognised over time | 2,172 | 1,227 |
| Income from derecognised liabilities | 7,565 | 6,620 |

The segment report (see section 3.6) shows the allocation of the EUR 6.6 million in proceeds from the sale of real estate inventories to IMMOFINANZ's regional core markets.

The results of property development also include charges of EUR 2.4 million (2017: EUR 3.6 million) for personnel costs.

5.4 OTHER OPERATING INCOME

Other operating income comprises the following items:

| All amounts in TEUR | 2018 | 2017 |
|--------------------------------------|--------------|--------------|
| Expenses charged on | 454 | 878 |
| Insurance compensation | 256 | 298 |
| Income from derecognised liabilities | 2,635 | 2,415 |
| Reimbursement for penalties | 208 | 40 |
| Miscellaneous | 2,587 | 5,069 |
| Total | 6,140 | 8,700 |

Most of the miscellaneous other operating income in 2018 was related to settlement claims from previous legal disputes in Romania.

5.5 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

| All amounts in TEUR | 2018 | 2017 |
|---|----------------|----------------|
| Administrative expenses | -310 | -745 |
| Legal, auditing and consulting fees | -9,256 | -11,596 |
| Penalties | -2,403 | -93 |
| Levies | 432 | -1,775 |
| Advertising | -2,972 | -2,248 |
| Expenses charged on | -19 | -252 |
| Rental and lease expenses | -580 | -590 |
| EDP and communications | -4,249 | -3,589 |
| Expert opinions | -708 | -552 |
| Personnel expenses (see 5.6) | -25,102 | -21,794 |
| Addition to/reversal of provision for onerous contracts | 732 | 37 |
| Other write-downs | -695 | -817 |
| Miscellaneous | -4,819 | -5,151 |
| Total | -49,949 | -49,165 |

A positive effect from taxes and duties resulted from the release of provisions for VAT risks in Romanian companies which were no longer required in 2018.

5.6 PERSONNEL EXPENSES

Personnel expenses for IMMOFINANZ's employees include the following:

| All amounts in TEUR | 2018 | 2017 |
|---------------------|----------------|----------------|
| Wages | 0 | -277 |
| Salaries | -26,795 | -29,609 |
| Employee benefits | -7,379 | -10,094 |
| Total | -34,174 | -39,980 |

Employee benefits include EUR 0.1 million (2017: EUR 0.1 million) for pensions, EUR 1.0 million (2017: EUR 1.5 million) for severance payments and contributions to employee benefit funds and EUR 5.8 million (2017: EUR 6.1 million) for statutory social security contributions as well as payroll-based duties and mandatory contributions.

Personnel expenses were allocated to the following sections of the consolidated income statement as follows:

| All amounts in TEUR | 2018 | 2017 |
|--|---------------|---------------|
| Results of asset management | 5,595 | 6,969 |
| Results of property sales | 1,044 | 1,388 |
| Results of property development | 2,433 | 3,581 |
| Other operating expenses | 25,102 | 21,794 |
| Total continuing operations | 34,174 | 33,732 |
| Discontinued operations retailportfolio Moscow | 0 | 6,248 |
| Personnel expenses | 34,174 | 39,980 |

The functional operating areas include only the directly allocated personnel expenses. In cases where direct allocation is not possible, the personnel expenses are included under other operating expenses.

The following table shows the average workforce employed by the IMMOFINANZ Group companies:

| | 2018 | 2017 |
|--------------------------------------|------------|------------|
| Salaried employees | 345 | 382 |
| Wage employees | 0 | 7 |
| Total continuing operations | 345 | 389 |
| Salaried employees | 0 | 81 |
| Wage employees | 0 | 0 |
| Total discontinued operations | 0 | 81 |
| Total | 345 | 470 |

In order to improve comparability with the amounts reported for personnel expenses, the average number of employees excludes employees on official leave. The average number of employees in the previous year was adjusted accordingly.

5.7 REVALUATION RESULTS FROM INVESTMENT PROPERTY AND GOODWILL

The results from the revaluation of investment properties and goodwill comprise valuation results of EUR 6.0 million (2017: EUR 4.1 million) and subsequent purchase price adjustments of EUR -0.1 million (2017: 0.0). The comparable prior year amount included an impairment loss of EUR -0.9 million to goodwill.

The following table shows the revaluation gains and losses on investment property:

| All amounts in TEUR | 2018 | | | 2017 | | |
|-----------------------------------|-------------------|--------------------|---------------|-------------------|--------------------|---------------|
| | Revaluation gains | Revaluation losses | Total | Revaluation gains | Revaluation losses | Total |
| Investment property | 68,393 | -62,338 | 6,055 | 80,251 | -75,318 | 4,933 |
| Property under construction | 28,263 | -10,982 | 17,281 | 42,524 | -14,129 | 28,395 |
| Properties sold and held for sale | 13,596 | -12,028 | 1,568 | 27,074 | -31,871 | -4,797 |
| Total | 110,252 | -85,348 | 24,904 | 149,849 | -121,318 | 28,531 |

Details on property under construction are provided in section 5.3, and details on property sold and held for sale can be found in section 5.2.

5.8 SHARE OF PROFIT OR LOSS FROM EQUITY-ACCOUNTED INVESTMENTS

| All amounts in TEUR | Joint ventures | Associates | Total 2018 |
|--|----------------|----------------|----------------|
| Share of profit or loss for the period | 2,803 | 61,537 | 64,340 |
| Other adjustments | 2,127 | -24,396 | -22,269 |
| Reclassification of foreign exchange differences to profit or loss | 0 | -776 | -776 |
| Gains/losses on the sale of equity-accounted investments | 23 | 66,843 | 66,866 |
| Total | 4,953 | 103,208 | 108,161 |

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

The share of profit or loss from equity-accounted investments in 2018 includes the proportional share of results for the period as well as the EUR 66.1 million gain on the sale of the CA Immo investment and an impairment loss of EUR 25.1 million to the S IMMO shares.

Gains and losses on the sale of equity-accounted investments in 2017 included EUR 18.0 million (see section 4.4.2) from the sale of BUWOG shares through an accelerated bookbuilding process as well as EUR 25.9 million (see section 4.4.2) from the change in valuation to fair value measurement in accordance with IAS 39 following the loss of significant influence over the BUWOG Group and the related termination of equity accounting. The other adjustments in 2017 include a reversal of EUR 91.9 million to an impairment loss recorded to the investment in the CA Immo Group (see section 4.4.2).

Aggregated financial information on the joint ventures and associates is presented in section 4.4.

5.9 FINANCIAL RESULTS

| All amounts in TEUR | 2018 | 2017 |
|---|----------------|----------------|
| For financial liabilities AC | -58,948 | -83,743 |
| For derivative financial instruments | -9,426 | -11,109 |
| Total financing costs | -68,374 | -94,852 |
| For financial receivables AC | 7,800 | 4,160 |
| For derivative financial instruments | 141 | 40 |
| Total financing income | 7,941 | 4,200 |
| Foreign exchange differences | 95 | -8,448 |
| Profit or loss on other financial instruments and proceeds on the disposal of financial instruments | 51 | -35,880 |
| Valuation of financial instruments at fair value through profit or loss ¹ | -3,845 | 22,525 |
| Distributions | 498 | 1,496 |
| Valuation adjustments and impairment of receivables | 748 | -285 |
| Other financial results | -2,548 | -12,144 |
| Net profit or loss from equity-accounted investments (see 5.8) | 108,161 | 200,021 |
| Total | 45,275 | 88,777 |

¹ The initial application of IFRS 9 led to the following change in presentation: this position now includes the valuation of all financial instruments carried at fair value, in contrast to the previous year which only included the financial instruments assigned to the valuation category "fair value option under IAS 39". The prior year data were adjusted to reclassify the valuation effects of derivative financial instruments from "profit or loss on other financial instruments and disposal of financial instruments" to "valuation of financial instruments at fair value through profit or loss". AC: financial assets/liabilities measured at amortised cost

AC: financial assets/liabilities measured at amortised cost

Financing income includes EUR 0.9 million (2017: EUR 2.4 million) of interest income from impaired financial assets.

The measurement of financial instruments at fair value through profit or loss comprises the following:

| All amounts in TEUR | 2018 | 2017 |
|---|---------------|---------------|
| Revaluation results from real estate fund shares | 2,105 | 2,922 |
| Valuation results from derivative financial instruments | -6,226 | 8,317 |
| Valuation results from shares in companies | 276 | 11,286 |
| Total | -3,845 | 22,525 |

Of the total revaluation results from derivative financial instruments, EUR 0.7 million (2017: EUR -2.3 million) are related to the standalone derivative from the convertible bond 2011–2018 and EUR -6.9 million (2017: EUR 10.6 million) to other derivatives (interest rate swaps).

The results from the valuation of financial instruments at fair value through profit or loss in 2017 consist primarily of expenses for the incentivised conversion of the convertible bond 2011-2018.

Information on the net gains and losses from financial instruments is provided in section 7.1.2.

5.10 INCOME TAXES

This position includes income taxes paid or owed by Group companies as well as deferred taxes. Interest and penalties from tax proceedings are also included here. An overview of deferred tax assets and deferred tax liabilities is presented in section 4.7.

| All amounts in TEUR | 2018 | 2017 |
|--|----------------|----------------|
| Current income tax | -23,635 | -11,882 |
| Thereof from current period | -22,185 | -6,962 |
| Thereof from prior periods | -1,450 | -4,920 |
| Deferred tax | 37,630 | -7,511 |
| Thereof from current period | -32,398 | -24,214 |
| Thereof from changes in tax rates | -548 | 82 |
| Thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years | 85,954 | 22,282 |
| Thereof from the revaluation of investment property | -12,434 | -2,565 |
| Thereof impairment losses (resp. reversals of previous impairment losses) to deferred tax assets | -2,944 | -3,096 |
| Total | 13,995 | -19,393 |

The difference between calculated income tax expenses and the actual income tax expenses shown on the income statement is attributable to the following factors:

| All amounts in TEUR | 2018 | | 2017 | |
|---|----------------|--------------|----------------|--------------|
| Earnings before tax | 204,337 | | 200,406 | |
| Income tax expense at 25% tax rate | -51,084 | 25.0% | -50,102 | 25.0% |
| Effect of different tax rates | 21,477 | -10.5% | 47,492 | -23.7% |
| Effect of changes in tax rates | -549 | 0.3% | 83 | 0.0% |
| Impairment losses to goodwill/negative differences recognised in profit or loss | 0 | 0.0% | -164 | 0.1% |
| Loss carryforwards and deferred tax assets not recognised | -3,355 | 1.6% | -77,776 | 38.8% |
| Non-deductible income and expenses | 5,184 | -2.5% | -10,561 | 5.3% |
| Write-downs and write-ups to deferred taxes | 82,997 | -40.6% | 24,268 | -12.1% |
| Effects related to other periods | 6,658 | -3.3% | -4,784 | 2.4% |
| Effects of deferred taxes on investments in subsidiaries, joint ventures and associates | -46,793 | 22.9% | 15,998 | -8.0% |
| Other non temporary differences | -540 | 0.3% | 36,153 | -18.0% |
| Effective tax rate | 13,995 | -6.8% | -19,393 | 9.7% |

The impact of the different tax rates on the effective tax rate for the Group results from the difference between the Austrian corporate tax rate of 25% and the respective local tax rates (see section 4.7).

The non-deductible income and expenses consist mainly of non-deductible interest expense, tax-free income from investments and non-deductible foreign exchange losses.

In the 2004/05 financial year, the major Austrian companies joined together into a corporate group in the sense of § 9 of the Austrian Corporate Tax Act. IMMOFINANZ AG serves as the lead company of this group. The company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member with positive results must pay a tax charge to this lead company. The charge equals 25% of the assessment base and is based on the tax rate defined in § 22 (1) of the Austrian Corporate Tax Act. Any losses by the group members are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Group members with registered tax losses are not required to make payments to the lead company; no payments for (negative) charges are made by the lead company to the group members. A routine tax audit of the Austrian tax group for the 2012 to 2014 assessment period is currently in progress and covers, through sampling, individual members as well as the head of the group.

Another corporate group was established in 2009/10 pursuant to § 9 of the Austrian Corporate Tax Act. CPB Enterprise GmbH serves as the lead company of this group. Based on the group and tax assessment agreement concluded on 22 December 2009, the taxable income generated by the members of this group is allocated to CPB Enterprise GmbH, as the lead company of the group, after an offset against any pre-group losses. The group contract also calls for a tax charge as settlement for the transfer of taxable income. The tax charge procedure for this tax group is the same as the new tax charge agreement implemented for the IMMOFINANZ AG corporate group; it took effect starting in the 2011/12 financial year.

5.11 EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are calculated by the dividing net profit for the period attributable to the shareholders of IMMOFINANZ AG by the weighted average number of shares outstanding.

| | 2018 | 2017 |
|--|-----------------------|------------------------|
| Weighted average number of shares (basic) | 110,243,185 | 105,183,761 |
| Diluting effect IMMOFINANZ convertible bond 2011-2018 | 1,704,001 | 0 |
| Diluting effect IMMOFINANZ convertible bond 2017-2024 | 12,957,230 | 0 |
| Weighted average number of shares (diluted) | 124,904,416 | 105,183,761 |
| Net profit or loss (excl. non-controlling interests) in EUR | 217,261,000.00 | -534,613,000.00 |
| Diluting effect IMMOFINANZ convertible bond 2011-2018 | 253,000.00 | 0.00 |
| Diluting effect IMMOFINANZ convertible bond 2017-2024 | 7,887,000.00 | 0.00 |
| Net profit or loss excl. non-controlling interests in EUR (diluted) | 225,401,000.00 | -534,613,000.00 |
| Basic earnings per share in EUR | 1.97 | -5.08 |
| Diluted earnings per share in EUR | 1.80 | -5.08 |

Diluting effects in 2018 were created by the potential common shares from the issue of the convertible bond 2011–2018 and the convertible bond 2018-2024. These diluting effects are only included in the calculation when they reduce earnings per share or increase the loss per share. The calculation of diluted earnings per share in 2017 did not include any dilution because the effects of the convertible bonds did not increase the loss per share. The calculation of the number of shares as of 31 December 2018 included the 4,942,001 treasury shares held by IMMOFINANZ (31 December 2017: zero treasury shares). The new division of share capital following the 10 : 1 reverse stock split was included retroactively in calculating the number of shares for 2017.

6. Notes to the Consolidated Cash Flow Statement

The cash flow statement of IMMOFINANZ shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the financial year. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities. Interest paid is reported under cash flow from financing activities, while interest and dividends received are reported under cash flow from investing activities. Cash flow from operating activities is calculated using the indirect method. Cash and cash equivalents comprise the following as of the balance sheet dates shown below:

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|---|----------------|----------------|
| Cash and cash equivalents (see 4.10) | 631,754 | 477,889 |
| Cash and cash equivalents held by disposal groups (see 4.8) | 252 | 1,378 |
| Cash and cash equivalents | 632,006 | 479,267 |

Foreign currency cash flows are translated at the weighted average exchange rate for the respective local currency and quarter. Translation differences arising from the use of this exchange rate and the mean exchange rate on the balance sheet date are charged or credited to net foreign exchange differences.

The consolidated cash flow statement for 2018 and 2017 also includes the cash flows attributable to discontinued operations (see section 2.4).

The consideration received from the sale of discontinued operations and subsidiaries, less cash and cash equivalents, as reported on the cash flow statement includes the following components:

| All amounts in TEUR | 2018 | 2017 |
|--|---------------|----------------|
| Net cash flow from the sale of the retail portfolio Moscow in 2017 (see 2.4) | -15 | 70,145 |
| Net cash flow from the sale of the retail portfolio Moscow in 2017 | 2,601 | 0 |
| Net cash flow from the sale of the logistics portfolio in the previous year | 5,150 | 8,638 |
| Consideration received from the sale of discontinued operations | 7,736 | 78,783 |
| Net cash flow from sales in the financial year (see 2.3) | 53,865 | 27,754 |
| Net cash flow from the sale in the previous financial year | 23,486 | 1,638 |
| Consideration received from the sale of subsidiaries in continuing operations, less cash and cash equivalents | 77,351 | 29,392 |
| Total | 85,087 | 108,175 |

The following table reconciles financial liabilities, derivatives and equity, including cash flow from financing activities, as of 1 January 2018 and 31 December 2018:

| All amounts in TEUR | Financial liabilities | | |
|---|------------------------------------|---------------------------------------|-----------------------------|
| | Liabilities from convertible bonds | Amounts due to financial institutions | Other financial liabilities |
| Balance sheet as of 31 12 2017 | 313,217 | 2,305,028 | 1,390 |
| Effects of the initial application of IFRS 9 | | | |
| Effects of the initial application of IFRS 15 | | | |
| Balance sheet as of 1 1 2018 | 313,217 | 2,305,028 | 1,390 |
| Changes in cash flow from financing activities | | | |
| Increase in financial liabilities | 0 | 790,242 | 31 |
| Proceeds from the issue of convertible bonds less transaction costs | | | |
| Repayment of financial liabilities | | -937,770 | -279 |
| Redemption of convertible bonds | -17,286 | | |
| Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio) | | | |
| Incentivised conversion of convertible bonds plus transaction costs | | | |
| Derivatives | | | |
| Interest paid | -6,311 | -46,426 | |
| Distributions | | | |
| Transactions with non-controlling interest owners | | | |
| Share buyback | | | |
| Total change in cash flow from financing activities | -23,597 | -193,954 | -248 |
| Changes from the loss of control over subsidiaries | | -4,862 | -29,472 |
| Changes from the loss of control over the retail portfolio Moscow | | | |
| Effects of changes in exchange rates | | 50 | |
| Changes in fair value | | | |
| Other changes in financial liabilities | -4,982 | 34,469 | 28,483 |
| Other changes in equity | | | |
| Balance sheet as of 31 12 2018 | 284,638 | 2,140,731 | 153 |

| Derivatives | | Equity | | | | | Non-controlling interests | Total |
|-------------------|------------------------|--------------------------------|-----------------|--------------------------|-------------------|---------|---------------------------|-------|
| Derivative assets | Derivative liabilities | Share capital/capital reserves | Treasury shares | Accumulated other equity | Retained earnings | | | |
| -2,206 | 10,929 | 4,568,498 | 0 | -129,961 | -1,617,016 | -13,478 | 5,436,401 | |
| | | | | -1,096 | 2,723 | | 1,627 | |
| | | | | | 4,633 | | 4,633 | |
| -2,206 | 10,929 | 4,568,498 | 0 | -131,057 | -1,609,660 | -13,478 | 5,442,661 | |
| | | | | | | | 790,273 | |
| | | | | | | | 0 | |
| | | | | | | | -938,049 | |
| | | | | | | | -17,286 | |
| | | | | | | | 0 | |
| | | | | | | | 0 | |
| | -11,215 | | | | | | -11,215 | |
| | | | | | | | -52,737 | |
| | | | | | -77,928 | | -77,928 | |
| | | | | | -2,094 | 244 | -1,850 | |
| | | -64 | -106,414 | | | | -106,478 | |
| | -11,215 | -64 | -106,414 | | -80,022 | 244 | -415,270 | |
| | | | | | -31,798 | | -66,785 | |
| | | | | | -2 | | -2 | |
| | | | | | -7,065 | -2,900 | -9,915 | |
| 1,707 | 5,229 | | | | | | 6,936 | |
| 0 | 8,072 | | | | | | 66,042 | |
| | | 8,910 | 0 | -13,402 | 219,010 | 194 | 214,712 | |
| -499 | 13,015 | 4,577,344 | -106,414 | -183,324 | -1,470,672 | -16,593 | 5,238,379 | |

7. Other Disclosures

7.1 INFORMATION ON FINANCIAL INSTRUMENTS

Primary financial instruments reported under assets consist primarily of trade accounts receivable, financing receivables, loans and other receivables, real estate fund shares, miscellaneous other financial instruments and cash and cash equivalents. Primary financial instruments recorded under liabilities consist primarily of financial liabilities, liabilities arising from convertible bonds and trade accounts payable. The non-derivative financial instruments recorded under assets are carried at fair value through profit or loss (real estate fund shares and shares in other companies) or at amortised cost. The fully consolidated companies in the IMMOFINANZ Group do not carry any financial instruments at fair value through other comprehensive income at the present time. Non-derivative financial liabilities are carried at amortised cost. Fair value is based on market prices or calculated in accordance with recognised valuation methods.

Derivative financial instruments are used to hedge the interest rate risk from business operations (see section 7.2.5).

Financial instruments can consist of a non-derivative underlying agreement and a derivative financial instrument. If the underlying agreement in which the derivative is embedded involves a financial asset, the derivative is not separated, but recognised together with the underlying agreement as a single unit. If the underlying agreement involves a financial liability, the embedded derivative is accounted for separately unless it can be considered closely connected with the underlying agreement. Hybrid financial instruments which include both equity and debt elements are separated into their respective components.

7.1.1 CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS

IFRS 7 requires the breakdown of financial instruments by classes as well as the reconciliation of these classes with the line items shown on the balance sheet. Since the reporting company is entitled to define these classes, they generally differ from the categories defined by IAS 39 for the measurement of financial instruments.

The definition of the reportable classes reflects the different characteristics of the major financial instruments held by IMMOFINANZ. Accordingly, similar financial instruments are grouped together to form a separate class. The classes are also defined to facilitate reconciliation with the line items shown on the balance sheet. These factors led to the definition of the following classes: trade accounts receivable, financing receivables, loans and other receivables (including restricted funds), real estate fund shares, derivative financial assets, current securities, miscellaneous other financial instruments and cash and cash equivalents (asset classes) as well as liabilities arising from convertible bonds, bonds, liabilities with financial institutions, other financial liabilities, trade accounts payable, derivative financial liabilities and miscellaneous other liabilities (liability classes).

In addition to the assignment of financial instruments to classes, IFRS 7 calls for the disclosure of the carrying amount of financial assets and financial liabilities in accordance with the categories defined in IFRS 9. The following table presents the carrying amount and fair value of each class of financial assets and financial liabilities as well as each IFRS 9 category, and reconciles these amounts to the appropriate balance sheet line item. Since the balance sheet positions trade and other receivables and trade and other liabilities can contain financial instruments as well as non-financial assets/liabilities (e.g. tax receivables), the column "Non-FI" allows for a full reconciliation with the balance sheet line items.

| Assets | FVPL | | | Carrying amount | Fair value | |
|---|---------------|----------------|---------------------------|-----------------|----------------|----------------|
| All amounts in TEUR | mandatory | AC | Cash and cash equivalents | Non-FI | 31 12 2018 | 31 12 2018 |
| Trade accounts receivable | 0 | 56,532 | 0 | 0 | 56,532 | 56,532 |
| Financing receivables | 0 | 48,578 | 0 | 0 | 48,578 | 48,578 |
| Loans and other receivables | 0 | 162,693 | 0 | 37,825 | 200,518 | 200,518 |
| Trade and other receivables | 0 | 267,803 | 0 | 37,825 | 305,628 | 305,628 |
| Real estate fund shares | 5,025 | 0 | 0 | 0 | 5,025 | 5,025 |
| Derivatives | 499 | 0 | 0 | 0 | 499 | 499 |
| Miscellaneous other financial instruments | 6,445 | 0 | 0 | 0 | 6,445 | 6,445 |
| Other financial assets | 11,969 | 0 | 0 | 0 | 11,969 | 11,969 |
| Cash and cash equivalents | 0 | 0 | 631,754 | 0 | 631,754 | 631,754 |
| Total assets | 11,969 | 267,803 | 631,754 | 37,825 | 949,351 | 949,351 |

| Equity and liabilities | FVPL | | | Carrying amount | Fair value |
|---|---------------|------------------|---------------|------------------|------------------|
| All amounts in TEUR | mandatory | AC | Non-FI | 31 12 2018 | 31 12 2018 |
| Liabilities from convertible bonds | 0 | 284,638 | 0 | 284,638 | 297,751 |
| Amounts due to financial institutions | 0 | 2,140,731 | 0 | 2,140,731 | 2,143,117 |
| Other financial liabilities | 0 | 153 | 0 | 153 | 153 |
| Financial liabilities | 0 | 2,140,884 | 0 | 2,140,884 | 2,143,270 |
| Trade payables | 0 | 101,928 | 0 | 101,928 | 101,928 |
| Derivatives | 13,015 | 0 | 0 | 13,015 | 13,015 |
| Miscellaneous other liabilities | 0 | 51,588 | 32,494 | 84,082 | 84,082 |
| Trade and other payables | 13,015 | 153,516 | 32,494 | 199,025 | 199,025 |
| Total equity and liabilities | 13,015 | 2,579,038 | 32,494 | 2,624,547 | 2,640,046 |

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

AC: financial assets/liabilities at amortised cost

Non-FI: non-financial assets/liabilities

| Assets | FA@FV/P&L | | | | | | Carrying amount | Fair value |
|---|------------|-------------------|--------------|----------------|---------------------------|---------------|-----------------|----------------|
| | AFS | Fair value option | HFT | L&R/at Cost | Cash and cash equivalents | Non-FI | 31 12 2017 | 31 12 2017 |
| Trade accounts receivable | 0 | 0 | 0 | 55,681 | 0 | 0 | 55,681 | 55,681 |
| Financing receivables | 0 | 0 | 0 | 46,205 | 0 | 0 | 46,205 | 46,205 |
| Loans and other receivables | 0 | 0 | 0 | 224,222 | 0 | 39,029 | 263,251 | 263,251 |
| Trade and other receivables | 0 | 0 | 0 | 326,108 | 0 | 39,029 | 365,137 | 365,137 |
| Real estate fund shares | 206 | 4,728 | 0 | 0 | 0 | 0 | 4,934 | 4,934 |
| Derivatives | 0 | 0 | 2,206 | 0 | 0 | 0 | 2,206 | 2,206 |
| Miscellaneous other financial instruments | 0 | 19,820 | 0 | 5,055 | 0 | 0 | 24,875 | 24,875 |
| Other financial assets | 206 | 24,548 | 2,206 | 5,055 | 0 | 0 | 32,015 | 32,015 |
| Cash and cash equivalents | 0 | 0 | 0 | 0 | 477,889 | 0 | 477,889 | 477,889 |
| Total assets | 206 | 24,548 | 2,206 | 331,163 | 477,889 | 39,029 | 875,041 | 875,041 |

| Equity and liabilities | FL@FV/P&L | | | | Carrying amount | Fair value |
|---|-------------------|---------------|------------------|---------------|------------------|------------------|
| | Fair value option | HFT | FLAC | Non-FI | 31 12 2017 | 31 12 2017 |
| Liabilities from convertible bonds | 0 | 0 | 313,217 | 0 | 313,217 | 320,450 |
| Amounts due to financial institutions | 0 | 0 | 2,305,028 | 0 | 2,305,028 | 2,292,264 |
| Other financial liabilities | 0 | 0 | 1,390 | 0 | 1,390 | 1,390 |
| Financial liabilities | 0 | 0 | 2,306,418 | 0 | 2,306,418 | 2,293,654 |
| Trade payables | 0 | 0 | 114,591 | 0 | 114,591 | 114,591 |
| Derivatives | 0 | 10,929 | 0 | 0 | 10,929 | 10,929 |
| Miscellaneous other liabilities | 0 | 0 | 78,412 | 38,724 | 117,136 | 117,136 |
| Trade and other payables | 0 | 10,929 | 193,003 | 38,724 | 242,656 | 242,656 |
| Total equity and liabilities | 0 | 10,929 | 2,812,638 | 38,724 | 2,862,291 | 2,856,760 |

AFS: available for sale

FA@FV/P&L: financial assets at fair value through profit or loss

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

FLAC: financial liabilities measured at amortised cost

HFT: held for trading

L&R: loans and receivables at amortised cost, miscellaneous other financial instruments at cost

Non-FI: non-financial assets/liabilities

The fair values shown in the above table were derived from stock exchange prices or determined by applying recognised valuation methods, depending on the class (see section 7.1.3).

Trade account receivables are generally considered to be current or are carried net of any necessary valuation adjustments and, for this reason, fair value generally reflects the carrying amount. The same applies to cash and cash equivalents.

The fair value of financial receivables, loans and other receivables as well as the fair value of the miscellaneous other financial instruments also generally approximates the carrying amount because impairment losses have already been deducted.

The fair value shown in the above table for liabilities from convertible bonds and amounts due to financial institutions was calculated as the present value of future interest and principal payments. The discount rate includes a margin for IMMOFINANZ's own credit risk (debt value adjustment), and the valuation method used to determine fair value therefore represents Level 3 in the fair value hierarchy under IFRS 13. Information on the method used to determine the debt value adjustment is provided in section 7.1.3. The fair value of the corporate bond up to the redemption date on 3 July 2017 was based on the market price and therefore represents Level 1 in the fair value hierarchy under IFRS 13. The discount rates used to calculate the present value of the amounts due to financial institutions were based on the listing shown below, which reflects the

market interest rates as of 31 December 2018 and the weighted average credit spreads for the loans in the continuing operations as of the balance sheet date.

| Discount rates as of | 2018 EUR |
|----------------------|-------------|
| 1.1.2019 | 1.728% |
| 1.1.2020 | 1.918% |
| 1.1.2021 | 1.848% |
| 1.1.2022 | 1.979% |
| 1.1.2023 | 2.119% |
| 1.1.2024 | 2.263% |
| 1.1.2025 | 2.397% |
| 1.1.2026 | 2.523% |
| 1.1.2027 | 2.639% |
| 1.1.2028 | 2.742% |
| 1.1.2029 | 2.839% |
| 1.1.2030 | 2.920% |
| 1.1.2031 | 3.109% |

The fair value of the miscellaneous other liabilities approximates the carrying amount.

The following table shows the carrying amounts of the held-for-sale financial instruments classified by the IFRS 9 valuation categories. These financial instruments represent receivables and liabilities carried at amortised cost:

| All amounts in TEUR | 31 12 2018 Carrying amount | 31 12 2017 Carrying amount |
|---------------------------|----------------------------------|----------------------------------|
| Financial assets | | |
| Loans and receivables | 202 | 355 |
| Financial liabilities | | |
| At amortised cost | 366 | 720 |
| Cash and cash equivalents | 252 | 1,378 |

7.1.2 NET GAINS AND LOSSES

The net gains and losses which must be presented in accordance with IFRS 7 for each category of financial instrument defined in IFRS 9 comprise the following:

| All amounts in TEUR | Measurement at fair value | Income from disposals/repurchase | Other gains/losses | 31 12 2018 |
|---------------------|---------------------------|----------------------------------|--------------------|---------------|
| | | | | Net gain/loss |
| FA-FVPL | 753 | 0 | 497 | 1,250 |
| thereof mandatory | 753 | 0 | 497 | 1,250 |
| FA-AC | 0 | 0 | 8 | 8 |
| FL-FVPL | -4,598 | 0 | -44 | -4,642 |
| thereof mandatory | -4,598 | 0 | -44 | -4,642 |
| FL-AC | 0 | -19 | 107 | 88 |

FVOCI: financial assets at fair value through other comprehensive income
FA-FVPL/FL-FVPL: financial assets/liabilities at fair value through profit or loss
FA-AC/FL-AC: financial assets/liabilities at amortised cost

31 12 2017

| All amounts in TEUR | Measurement at fair value | Impairment losses | Revaluation | Recycling | Income from disposals/repurchase | Other gains/losses | Net gain/loss |
|---|---------------------------|-------------------|-------------|-----------|----------------------------------|--------------------|---------------|
| AFS | 0 | 0 | 462 | 0 | 0 | 36 | 498 |
| Thereof recognised to the consolidated income statement | 0 | 0 | 462 | 0 | 0 | 36 | 498 |
| FA@FV/P&L | 15,586 | 0 | 0 | 0 | 0 | 523 | 16,109 |
| Thereof fair value option | 14,208 | 0 | 0 | 0 | 0 | 523 | 14,731 |
| Thereof HFT | 1,378 | 0 | 0 | 0 | 0 | 0 | 1,378 |
| L&R | 0 | -3,157 | 697 | 0 | 0 | 928 | -1,532 |
| FL@FV/P&L | 6,939 | 0 | 0 | 0 | 0 | -84 | 6,855 |
| Thereof HFT | 6,939 | 0 | 0 | 0 | 0 | -84 | 6,855 |
| FLAC | 0 | 0 | 0 | 0 | -37,661 | 1,412 | -36,249 |

AFS: available for sale
FA@FV/P&L: financial assets at fair value through profit or loss
FL@FV/P&L: financial liabilities at fair value through profit or loss
FLAC: financial liabilities at amortised cost
HFT: held for trading
L&R: loans and receivables at amortised cost, miscellaneous other financial instruments at cost

Information on financing costs and financing income is provided in section 5.9.

7.1.3 HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The following section includes an analysis of the financial instruments carried at fair value. A three-level classification was developed for this analysis in accordance with the measurement hierarchy defined in IFRS 13:

- > Level 1: quoted prices for identical assets or liabilities on an active market (without any adjustments)
- > Level 2: inputs that can be derived directly (e.g. as prices) or indirectly (e.g. based on prices) for the individual assets or liabilities and cannot be classified under Level 1
- > Level 3: inputs for assets or liabilities that are not based on observable market data

| All amounts in TEUR | | | | 31 12 2018 |
|---|---------|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | |
| Real estate fund shares | - | - | 5,025 | 5,025 |
| Derivatives | - | - | 499 | 499 |
| Miscellaneous other financial instruments | 6,445 | - | - | 6,445 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | - | - | 13,015 | 13,015 |

| 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 |

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 |
|---|-------------------------|--------------|----------------|----------------|---------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Beginning balance | 4,934 | 4,253 | -8,723 | -28,414 | -3,789 | -24,161 |
| Recognised in the consolidated income statement | 2,105 | 3,383 | -6,226 | 8,317 | -4,121 | 11,700 |
| Disposals | -2,014 | -3,097 | 2,433 | 11,374 | 419 | 8,277 |
| Reclassification from/to assets held for sale | 0 | 395 | 0 | 0 | 0 | 395 |
| Ending balance | 5,025 | 4,934 | -12,516 | -8,723 | -7,491 | -3,789 |

Of the EUR -4.1 million (2017: EUR 11.7 million) results recognised in profit or loss and reported in the above table, EUR -5.4 million are attributable to financial instruments that were held at the end of the 2018 financial year (31 December 2017: EUR 7.5 million). The respective amounts are included under other financial results.

The valuation procedures and valuation-relevant input factors used to determine the fair value of financial instruments (for both continuing and discontinued operations) are as follows:

| Level | Financial instruments | Valuation method | Major input factors | Major non-observable input factors |
|-------|-----------------------------------|---------------------------|--|------------------------------------|
| 3 | Real estate fund shares | Net present value methods | Discount rate, expected principal repayments and dividends | Discount rate: 8.50% |
| 3 | Derivatives (interest rate swaps) | Net present value methods | Interest rate curves observable on the market, probability of default, loss given default, exposure at default | Credit margin: 1.00% to 3.00% |

IMMOFINANZ calculates the fair value of derivatives by discounting the future cash flows based on a net present value method. The interest rates used to discount the future cash flows are based on an interest curve that is observable on the market. The following three parameters are required to calculate the credit value adjustment (CVA) and the debt value adjustment (DVA): the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The probability of default is derived from the credit default swap (CDS) spreads of the respective counterparty. Derivatives with a positive fair value represent receivables for IMMOFINANZ; in these cases, a CVA calculation is used to calculate the amount of the receivable. One parameter for this calculation is the probability of default for the counterparties. IMMOFINANZ concludes contracts with over 10 financial institutions, and observable CDS spreads are available on the market for many of them. In exceptional cases, average branch benchmarks are used as a substitute for unavailable spreads. These benchmarks represent Level 1 and 2 input factors on the fair value measurement hierarchy. Derivatives with a negative fair value represent liabilities for IMMOFINANZ; in these cases, a DVA calculation is used to calculate the amount of the liability and IMMOFINANZ's own probability of default must be determined. IMMOFINANZ generally concludes derivatives at the level of the property company that manages a particular property. Neither observable market CDS spreads, nor benchmarks are available for these property companies. Credit margins are therefore used to estimate CDS spreads which, in turn, form the basis for deriving the probability of default. The credit margin for IMMOFINANZ is determined in a two-step procedure. The first step involves the calculation of an average margin based on signed credit agreements and term sheets, whereby the time horizon for the applied margins equals 12 months. The second step involves obtaining indicative credit margin offers from banks and averaging these values with the margins from the credit agreements and term sheets. These offers are grouped by country and asset class. The individual property companies that have concluded financial instruments are assigned to a group based on country and asset class. The plausibility of the calculated credit margins is also verified by comparison with external market reports. This procedure results in market-conform credit margins that can be used as estimates for valuing the company's own credit risk. These input factors represent Level 3 on the IFRS 13 measurement hierarchy. The loss given default (LGD) is the relative value that would be lost on default. IMMOFINANZ uses an ordinary market default rate to calculate the CVA and DVA. The exposure at default represents the expected amount of the asset or liability at the time of default. The calculation of the exposure at the time of default is based on a Monte Carlo simulation.

The liabilities carried at fair value through profit or loss include EUR 0.3 million (31 December 2017: EUR 0.2 million) attributable to default risk; the change in 2018 equalled EUR 0.1 million (2017: EUR -0.3 million).

For net present value methods, an increase in the discount rate, exit yield or counterparty CDS values leads to a reduction in fair value. In contrast, fair value is increased by a reduction in these input factors.

The valuation of default risk includes assumptions for the probability of default, loss rate and the outstanding amount at the time of expected default. An increase in the probability of default and the loss rate will reduce the fair value of a derivative with a positive outstanding amount (receivable) and reduce the liability for a derivative with a negative outstanding amount (liability). A decrease in the probability of default and the loss rate leads to the opposite effect.

7.1.4 COLLATERAL

IMMOFINANZ companies normally provide collateral for loans related to project financing. Financing is generally concluded at the individual project level, and each company or property is responsible for the related debt service. There are no rights of regress involving IMMOFINANZ AG. As security for the loan, the lending bank receives a package of collateral that can be used to satisfy the receivable in the event a loan is called. This package can include the following types of collateral:

- > Mortgage on the land or the land and the building
- > Pledge of shares in the project company
- > Pledge of receivables (from rental agreements, insurance contracts, property management contracts etc.)
- > Pledge of bank accounts (accounts for rental payments or other project-related accounts)
- > Promissory notes
- > Shares in subsidiaries

The conditions, type and scope of collateral are defined on an individual basis (for each company and property) and are dependent on the project volume and the amount and term of the loan.

Investment property with a carrying amount of EUR 1,779.6 million (31 December 2017: EUR 1,676.5 million) was pledged as collateral for long-term financing of EUR 3,924.5 million (31 December 2017: EUR 3,957.7 million).

Property under construction with a carrying amount of EUR 418.3 million (31 December 2017: EUR 532.0 million) and real estate inventories with a carrying amount of EUR 52.0 million (31 December 2017: EUR 67.5 million) also serve as collateral. The corresponding financial liabilities total EUR 161.2 million (31 December 2017: EUR 312.4 million) and EUR 67.0 million (31 December 2017: EUR 70.7 million).

For property financing concluded by IMMOFINANZ, shares in the respective subsidiary serve as additional collateral to the mortgages in 47 cases (31 December 2017: 54 cases). The limitations on disposal end when the financial liability is repaid or when other collateral is provided.

Moreover, the shares held by IMMOFINANZ in S IMMO serve as collateral for financing with a nominal value of EUR 140 million.

In 2018 and in previous financial years, IMMOFINANZ accepted liabilities or guarantees on behalf of third parties with a maximum risk of EUR 261.0 million (31 December 2017: EUR 246.7 million). The probability of occurrence for these contingent liabilities is linked to the fulfilment or non-fulfilment of future conditions and was considered low as of the balance sheet date.

7.2 FINANCIAL RISK MANAGEMENT

7.2.1 GENERAL INFORMATION

IMMOFINANZ has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct influence on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ to support the monitoring, evaluation and control of risks related to the operating business. Risk management is a staff function which reports directly to the Chief Financial Officer. It autonomously monitors the corporate risks, aggregates risk data and reports, and actively supports the department and country organisations in the identification of risks and economically suitable countermeasures. At the department and country organisation levels, the heads of the respective department or country organisation are responsible for risk management. The department heads and country managers report their risk positions to the Executive Board at least once each quarter. Acute risks are reported immediately to the Executive Board. IMMOFINANZ also works to continuously improve the internal control system (ICS) to support the early identification and monitoring of risks. A description of the ICS is provided in the management report.

As an international corporation, IMMOFINANZ is exposed to various financial risks. The most important financial risks for the Group arise from possible changes in foreign exchange rates and interest rates and from the credit standing and solvency of its customers and business partners.

7.2.2 DEFAULT / CREDIT RISK

Default or credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the Group incurs financial damages as a result. The maximum credit risk represents the amounts reported under assets on the balance sheet. Default risk is reflected in appropriate valuation adjustments.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ works together with local project developers. This cooperation can represent a risk for IMMOFINANZ if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, activities and goal attainment are monitored regularly by the Group's development department.

The risk of default on receivables due from tenants is low because tenants are regularly required to provide security deposits – cash deposits for residential properties, bank guarantees or cash deposits for commercial properties – and their credit standing is monitored on a regular basis. Individual valuation adjustments are generally recorded to receivables that are exposed to an increased risk of default.

The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. The counterparty default risk is limited by continuous monitoring, fixed investment limits and the diversification of financial institutions.

A default event is assumed to occur when the debtor is not expected to meet his or her credit obligations in full or when a financial asset is overdue more than 90 days and the possible utilisation of collateral (if available) does not appear sufficient to fully settle the liability.

A receivable is written off when it is overdue more than 365 days and collection measures have ceased or when the receivable is considered uncollectible in full even if it is not overdue more than one year.

IMMOFINANZ assigns financial receivables to the following classes of financial instruments:

- > Trade receivables
- > Financing receivables
- > Loans and other receivables

The next two tables present the following information in summarised form: the gross amount for each category of receivables as of the balance sheet date, the recognised impairment losses and resulting net receivables, a reconciliation of the beginning balance to the ending balance of the valuation allowances and explanatory comments on the creation of the valuation allowances for each of the three receivables classes:

| All amounts in TEUR | 2018 | | | 2017 | | |
|--|------------------|----------------|----------------|------------------|----------------|----------------|
| | Gross receivable | Impairment | Net receivable | Gross receivable | Impairment | Net receivable |
| Trade accounts receivable | 68,687 | -12,155 | 56,532 | 68,754 | -13,073 | 55,681 |
| Financing receivables | 72,660 | -24,082 | 48,578 | 114,451 | -68,246 | 46,205 |
| Loans and other receivables | 168,174 | -5,490 | 162,684 | 229,435 | -5,213 | 224,222 |
| Total change in valuation adjustments | 309,521 | -41,727 | 267,794 | 412,640 | -86,532 | 326,108 |

Valuation allowances for trade receivables:

| All amounts in TEUR | 2018 | 2017 |
|---|----------------|----------------|
| Beginning balance before the application of IFRS 9 | -13,073 | - |
| Effects of the initial application of IFRS 9 | 0 | - |
| Beginning balance | -13,073 | -15,196 |
| Deconsolidations (see 2.3) | 50 | 9,708 |
| Currency translation adjustments | 64 | 911 |
| Depreciation and amortisation | 1,971 | 3,013 |
| Revaluation | -1,089 | -2,134 |
| Reclassifications and other developments | -78 | -9,375 |
| Ending balance | -12,155 | -13,073 |

The trade receivables held by IMMOFINANZ comprise rents receivable, operating costs receivable and receivables from the sale of real estate inventories. The calculation of impairment for all these receivables is based on the simplified approach defined by IFRS 9.5.5.15, which requires the recognition of a loss allowance equal to the lifetime expected credit losses as of the initial recognition date as well as in subsequent periods. The application of the simplified approach to rents receivable, which represent lease receivables, is based on the option provided by this standard. The remaining trade receivables fall within the scope of application of IFRS 15 and do not include any material financing components. The application of the simplified approach is therefore mandatory.

The rents receivable and operating costs receivable held by IMMOFINANZ are principally covered by collateral in the form of three-months' rent (for the most part, deposits) and bank guarantees. In view of this collateral and for materiality reasons, IMMOFINANZ generally does not recognise impairment losses on receivables in the overdue classes up to 90 days. An impairment loss is only recognised when a tenant's rent is overdue more than 90 days or, at an earlier point in time, when a default event is assumed to occur. Impairment losses are based on historical experience in accordance with the number of days overdue. The calculation of impairment losses also includes more specific information on expected return flows or forward-looking assumptions, if this information is available and if it is assumed that these factors will influence the amount of the impairment loss. Based on the available collateral, no impairment losses were recognised for the outstanding receivables from the sale of real estate inventories, which are included under trade receivables at an amount of EUR 12.5 million.

The following table shows the gross receivables and impairment losses recognised for rents and operating costs receivable based on the time overdue as of 31 December 2018:

| All amounts in TEUR | Gross receivable | Impairment | Impairment in % |
|----------------------------|------------------|----------------|-----------------|
| Not due | 31,274 | -1 | 0.00% |
| 1-30 days overdue | 8,222 | -267 | 3.25% |
| 31-60 days overdue | 2,501 | -16 | 0.63% |
| 61-90 days overdue | 1,015 | -56 | 5.53% |
| 91-180 days overdue | 1,478 | -613 | 41.49% |
| 181-365 days overdue | 3,039 | -2,536 | 83.47% |
| More than 365 days overdue | 8,666 | -8,666 | 100.00% |
| Ending balance | 56,195 | -12,155 | |

Valuation allowances for financing receivables

| All amounts in TEUR | 2018 | 2017 |
|---|----------------|----------------|
| Beginning balance before the application of IFRS 9 | -68,246 | - |
| Effects of the initial application of IFRS 9 | 0 | - |
| Beginning balance | -68,246 | -91,648 |
| Depreciation and amortisation | 40,389 | 25,320 |
| Revaluation | 1,283 | 529 |
| Reclassifications and other developments | 2,492 | -2,447 |
| Ending balance | -24,082 | -68,246 |

Financing receivables consist of receivables due from associates, receivables due from joint ventures and other financing receivables. The receivables due from associates and joint ventures represent an increase in the net investment in the respective associate or joint venture for IMMOFINANZ because of their economic content. These associates and joint ventures are carried at equity. The proportional losses recorded by an associate or a joint venture which can no longer be recorded under the equity-accounted book value of the investment because they exceed the cost for the proportional share of equity are allocated to the receivables due from the associate or joint venture. The allocation of these proportional losses to the receivables must then be followed by an evaluation to determine whether an impairment loss must also be recognised in accordance with the impairment rules defined by IFRS 9. This is the case when there is objective evidence of impairment and a reliable estimate is possible of the effects of this damage event on future payment flows from the net investment. IMMOFINANZ will apply the clarification rules defined by IAS 28 in connection with IFRS 9 as of 1 January 2019 (see section 1.5.1). The allocation of losses from the equity-accounted investment will be included in the impairment accounts for receivables, and the resulting annual change will be shown on the reconciliation line "reclassifications and other developments". The other financing receivables primarily represent financing for property companies which is collateralised by the property and the related return flows. Consequently, impairment losses were generally not required for these items. The valuation allowances shown in the following table were measured on the basis of the expected lifetime credit losses because a default event was assumed.

Valuation allowances for loans and other receivables:

| All amounts in TEUR | 2018 | | 2017 | |
|---|-------------------------------|--|---------------|---------------|
| | Expected 12-month credit loss | Lifetime expected credit loss - impaired credit standing | Total | |
| Beginning balance before the application of IFRS 9 | 0 | -5,213 | -5,213 | - |
| Effects of the initial application of IFRS 9 | -60 | 0 | -60 | - |
| Beginning balance | -60 | -5,213 | -5,273 | -6,181 |
| Deconsolidations (see 2.3) | 0 | 62 | 62 | 0 |
| Currency translation adjustments | 0 | 22 | 22 | -5 |
| Depreciation and amortisation | 0 | 2,035 | 2,035 | 1,759 |
| Revaluation | -9 | -2,092 | -2,101 | -855 |
| Reclassifications and other developments | 0 | -235 | -235 | 69 |
| Ending balance | -69 | -5,421 | -5,490 | -5,213 |

Restricted funds represent the largest component by far of the assets reported under other receivables. These deposits with financial institutions have only a minimal risk of default, and it can therefore be assumed that the default risk has not increased significantly since initial recognition. The credit loss expected within the next 12 months was therefore determined in accordance with IFRS 9. For the remaining other receivables, an impairment loss was not required due to available collateral or an impairment loss was recognised because of an assumed default event at the amount of the expected loss over the lifetime of the financial instrument.

7.2.3 LIQUIDITY RISK

Liquidity risks are minimised by the preparation of a medium-term forecast covering five years, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ also uses long-term financing in which the financial capability of the individual properties (interest coverage ratio, debt service coverage ratio) as well as their present value (loan-to-value ratio) is reflected in appropriate contract clauses.

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ routinely monitors budgets and the progress of construction on all development projects and maintenance work.

The following table shows the term structure of derivative and non-derivative financial liabilities based on the contractually defined outflow of funds from continuing operations. In particular, the reported amounts include current and bullet repayments for financial liabilities, interest payments and net payments from derivatives.

| All amounts in TEUR | Cash outflows under 1 year | Cash outflows between 1 and 5 years | Cash outflows over 5 years | Total | Carrying amount as of 31 12 2018 |
|---|----------------------------|-------------------------------------|----------------------------|------------------|----------------------------------|
| Liabilities from convertible bonds | 5,944 | 312,060 | 0 | 318,004 | 284,638 |
| Amounts due to financial institutions | 373,913 | 1,774,449 | 123,783 | 2,272,145 | 2,140,731 |
| Miscellaneous | 124,799 | 17,693 | 9,860 | 152,352 | 153,669 |
| Total non-derivative financial liabilities | 504,656 | 2,104,202 | 133,643 | 2,742,501 | 2,579,038 |
| Derivative financial instruments (liabilities) | 6,718 | 10,819 | 20 | 17,557 | 13,015 |
| Total derivative financial liabilities | 6,718 | 10,819 | 20 | 17,557 | 13,015 |
| Total | 511,374 | 2,115,021 | 133,663 | 2,760,058 | 2,592,053 |

| All amounts in TEUR | Cash outflows under 1 year | Cash outflows between 1 and 5 years | Cash outflows over 5 years | Total | Carrying amount as of 31 12 2017 |
|---|----------------------------|-------------------------------------|----------------------------|------------------|----------------------------------|
| Liabilities from convertible bonds | 23,614 | 318,004 | 0 | 341,618 | 313,217 |
| Amounts due to financial institutions | 524,727 | 1,657,934 | 283,737 | 2,466,398 | 2,305,028 |
| Miscellaneous | 136,951 | 18,978 | 13,773 | 169,702 | 194,393 |
| Total non-derivative financial liabilities | 685,292 | 1,994,916 | 297,510 | 2,977,718 | 2,812,638 |
| Derivative financial instruments (liabilities) | 7,949 | 9,661 | 0 | 17,610 | 10,929 |
| Total derivative financial liabilities | 7,949 | 9,661 | 0 | 17,610 | 10,929 |
| Total | 693,241 | 2,004,577 | 297,510 | 2,995,328 | 2,823,567 |

Miscellaneous non-derivative financial liabilities include, among others, trade accounts payable, liabilities to joint ventures and liabilities from deposits received.

The amounts due to financial institutions are broadly diversified by region and counterparty, and the exposure to a change in the risk policy of an individual financial institution is therefore considered low.

7.2.4 FOREIGN EXCHANGE RISK

IMMOFINANZ is exposed to various forms of foreign exchange risk in connection with its accounting data and cash flows. Fluctuations in foreign exchange rates can influence the Groups' earnings position and also have an impact on the Group's asset position.

Effect on the asset and earnings positions

The individual Group companies record transactions in a currency that differs from their functional currency at the mean exchange rate on the date of the respective transaction. Foreign currency monetary assets and liabilities are translated at the mean exchange rate in effect on the balance sheet date. The resulting foreign exchange gains and losses are recognised in profit or loss for the financial year.

As of 31 December 2018, all liabilities to financial institutions were denominated in Euros.

The risk of devaluation associated with foreign currency bank deposits and cash balances is offset by the earliest possible conversion of these funds into the Euro.

Derivative financial instruments are used in some cases to manage the low structural foreign exchange risk. The derivative financial instruments used by IMMOFINANZ to hedge this risk are recorded as standalone derivatives and not as hedging instruments. Hedge accounting as defined in IFRS 9 is not applied by IMMOFINANZ's fully consolidated companies. Therefore, the standalone derivatives are measured through profit or loss.

As of 31 December 2018, IMMOFINANZ held no derivatives to hedge foreign exchange risk.

Cash and cash equivalents are held in the following currencies:

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|---------------------|----------------|----------------|
| EUR | 531,899 | 381,904 |
| USD | 6,708 | 7,547 |
| HUF | 30,833 | 20,430 |
| PLN | 19,156 | 20,581 |
| CZK | 2,275 | 8,248 |
| RON | 33,432 | 34,556 |
| RUB | 1,861 | 569 |
| Other | 5,590 | 4,054 |
| Total | 631,754 | 477,889 |

7.2.5 INTEREST RATE RISK

As an international company, IMMOFINANZ is exposed to the risk of interest rate fluctuations on real estate submarkets. Changes in interest rates can have a negative impact on Group earnings by increasing the cost of floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all caps and swaps). These derivative financial instruments are accounted for as standalone derivatives and not as hedging instruments in the sense of IAS 39.

The classification of financial liabilities (book values, including convertible bonds) by type of interest rate is shown in the following table:

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|---|------------------|------------------|
| Fixed interest financial liabilities | 436,404 | 477,876 |
| Floating rate financial liabilities | 1,989,118 | 2,141,759 |
| Total interest-bearing financial liabilities | 2,425,522 | 2,619,635 |

Of the floating rate financial liabilities, a nominal value of EUR 1,354.3 million is hedged through interest rate swaps. This results in a fixed interest rate based on the combined interest effect of the financial liability and the derivative.

The following table shows the fair values and conditions of all derivative financial instruments that were purchased and held by IMMOFINANZ as of 31 December 2018 to hedge interest rate and foreign exchange risk:

| | Type | Reference value as of 31 12 2018 in TEUR | Market value incl. interest in TEUR ¹ | Maturity |
|---|--------------------|--|--|----------|
| Interest rate up to 0.50% | Interest rate swap | 47,466 | -97 | 2019 |
| | Interest rate swap | 98,885 | -454 | 2020 |
| | Interest rate swap | 156,774 | -689 | 2021 |
| | Interest rate swap | 404,902 | -3,708 | 2022 |
| | Interest rate swap | 296,244 | -2,954 | 2023 |
| | Interest rate swap | 110,000 | 499 | 2026 |
| Number of derivatives: 66 | | 1,114,271 | -7,403 | |
| Interest rate from 0.50% to 1.00% | Interest rate swap | 1,797 | -36 | 2021 |
| | Interest rate swap | 138,207 | -3,523 | 2022 |
| Number of derivatives: 11 | | 140,004 | -3,559 | |
| Interest rate over 1.00% | Interest rate swap | 100,000 | -2,694 | 2020 |
| Number of derivatives: 4 | | 100,000 | -2,694 | |
| Total number of derivatives: 81 ² | | 1,354,275 | -13,656 | |

¹ Fair value includes a credit risk adjustment

² As of 31 December 2018, 80 derivatives had a combined negative value of EUR -14.2 million and one derivative had a positive market value of EUR 0.5 million.

The reference value forms the basis value for derivatives outstanding as of the balance sheet date. The fair value represents the amount that the respective company would receive or be required to pay if the transaction were terminated as of the balance sheet date.

A change in the market interest rate will influence the valuation of interest rate derivatives. Net present value calculations based on the DCF method – which is also used to value derivatives – discount future cash flows with current interest rate curves to determine market value. Rising interest rates lead to a higher discount factor and to a reduction in the present value of the derivative. Sensitivity analyses are used to illustrate the risk associated with interest rate fluctuations. They show the effects of changes in market interest rates on market values and interest payments as well as interest income and expense.

The following sensitivity analysis shows the effect of a change in the interest rate level on the fair value of interest rate derivatives (interest rate swaps). An increase of 10 and 25 basis points is assumed; the effects of falling interest rates were not analysed due to the current very low interest rate level. The following fair values include accrued interest, but exclude credit risk adjustments.

| Sensitivity of derivatives | All amounts in TEUR | Interest rate | | |
|---|---------------------|---------------|--------------------|--------------------|
| | | 31 12 2018 | Δ +10 basis points | Δ +25 basis points |
| Fair value based on increase in interest rate | | -13,915 | -10,429 | -3,538 |

| Sensitivity of derivatives | All amounts in TEUR | Interest rate | | |
|---|---------------------|---------------|--------------------|--------------------|
| | | 31 12 2017 | Δ +10 basis points | Δ +25 basis points |
| Fair value based on increase in interest rate | | -8,826 | -5,769 | 744 |

A further sensitivity analysis shows the influence of floating interest rates on the interest expense associated with financial liabilities. It presents the effect of an assumed average increase of 50 and 100 basis points in interest rates on earnings before tax in 2018. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. Due to the very low level of interest rates as of 31 December 2018 (e.g. 3-month EURIBOR: -0.309%), a sensitivity analysis was not prepared for falling interest rates during the 2018 financial year or the previous financial year.

| Sensitivity of interest expense | | Interest rate | |
|---------------------------------|--------|--------------------|---------------------|
| All amounts in TEUR | 2018 | Δ +50 basis points | Δ +100 basis points |
| Interest expense | 68,374 | 71,481 | 74,690 |

| Sensitivity of interest expense | | Interest rate | |
|---------------------------------|--------|--------------------|---------------------|
| All amounts in TEUR | 2017 | Δ +50 basis points | Δ +100 basis points |
| Interest expense | 94,852 | 99,876 | 104,694 |

Since most of IMMOFINANZ's floating rate financial liabilities are hedged through interest rate swaps, the risk of an increase in interest expense as the result of changes in interest rates is therefore considered low.

Details on the conditions of financial liabilities are provided in section 4.13.

In addition to financial liabilities, securities and other receivables – above all financing receivables (loans granted to third parties) – can be sensitive to interest rate changes. The financing receivables generally carry fixed interest rates, and the Group is therefore exposed to no risk or only limited risk of a changing interest rate from these items.

7.2.6 CAPITAL MANAGEMENT

The goals of IMMOFINANZ's management are to protect the Group's short-, medium- and long-term liquidity at all times and to create and maintain a strong capital base in order to earn the trust of investors, creditors and the markets and safeguard the Group's sustainable positive development. The Executive Board regularly monitors the development of the share price, the discount of the share price to the net asset value (NAV) and the amount of dividends paid to the shareholders of IMMOFINANZ AG. The IMMOFINANZ share is positioned as a dividend stock, and the Executive and Supervisory Boards are committed to achieving and maintaining a sustainable dividend policy. Details on the planned dividend policy can be found in section 4.11. Through share buybacks, management signals to the capital market that the share is trading substantially below its intrinsic value – the discount to the NAV equalled 27.3% as of 31 December 2018 (31 December 2017: 24.8%). The timing of these buybacks is dependent on the market price and available liquidity. The share buybacks lead to an increase in value, which benefits the remaining shareholders of IMMOFINANZ AG.

The Group's capital structure is determined by financial liabilities, including convertible bonds, and by equity, excluding treasury shares. IMMOFINANZ intends to further optimise its capital structure by arranging for new financing, by terminating, extending or restructuring old financing and, where appropriate, issuing new debt securities (see section 7.6). The average financing costs for the Group, including derivatives, used for interest rate hedging, equalled 2.1% in 2018 (2017: 2.3%).

The Executive Board monitors the Group's capital structure by means of the LTV ratio. This indicator shows the relation between financial liabilities less liquid funds and the value of the property portfolio plus properties held for sale. The LTV ratio equalled 37.6% as of 31 December 2018 (31 December 2017: 40.8%). IMMOFINANZ's target for the LTV ratio up to 45%. IMMOFINANZ is not subject to any external minimum capital requirements.

7.3 FINANCIAL OBLIGATIONS

7.3.1 CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities represent possible or existing obligations arising from past events, in cases where it is not probable that an outflow of resources will be required to settle the obligation (also see section 7.1).

The contingent liabilities arising from sureties, guarantees and other liabilities that are not recognised on IMMOFINANZ's balance sheet are evaluated regularly with respect to the probability of their occurrence. If an outflow of resources embodying economic benefits is neither sufficiently probable to require the recognition of a provision nor improbable, the obligations are recognised as contingent liabilities. The estimates are made by IMMOFINANZ specialists based on market-related inputs (where possible) and expert opinions (in individual cases).

Settlements have since been reached in all lawsuits against former board members.

A preliminary injunction had been issued over the shares in a Romanian subsidiary (carrying amount of net assets: EUR 84.2 million) as of 31 December 2018 which limits the power to dispose over these shares. In addition, legal uncertainty could arise in connection with land ownership in specific East European countries (e.g. Romania).

7.3.2 OTHER FINANCIAL OBLIGATIONS

The following table shows the financial obligations arising from previously contracted construction services, maintenance and other contractual obligations for the construction or acquisition of properties:

| All amounts in TEUR | 2018 | 2017 |
|---|----------------|----------------|
| Outstanding construction costs | 85,178 | 151,923 |
| Contracted maintenance | 3,536 | 3,037 |
| Contractual obligations for the construction or acquisition of properties | 12,468 | 3,781 |
| Total | 101,182 | 158,741 |

7.4 TRANSACTIONS WITH RELATED PARTIES

Related parties in the sense of IAS 24 include all subsidiaries, joint ventures and associates of IMMOFINANZ AG (see section 8). In addition to persons who have a significant influence over IMMOFINANZ, related parties include the members of the Executive Board and Supervisory Board of IMMOFINANZ AG and their close family members.

Any transactions carried out with related parties during the financial year 2018 reflected arm's length conditions.

As part of the remuneration for the members of the Executive Board, IMMOFINANZ AG makes payments to APK Pensionskasse AG. These payments are related to company pensions for the Executive Board members and reflect standard market conditions. Christian Böhm, a member of the Supervisory Board, is the chairman of the executive board of this company. The contributions made in 2018 are reported in section 7.4.2.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are therefore not explained in detail.

7.4.1 JOINT VENTURES AND ASSOCIATES

| All amounts in TEUR | 31 12 2018 | 31 12 2017 |
|--|-------------|-------------|
| Relations with joint ventures | | |
| Receivables | 29,604 | 30,185 |
| Thereof allowance for bad debt | -7,175 | -10,838 |
| Liabilities | 333 | 386 |
| Relations with associated companies | | |
| Receivables | 4,550 | 3,372 |
| Thereof allowance for bad debt | -7,343 | -6,621 |
| Liabilities | 261 | 320 |
| All amounts in TEUR | 2018 | 2017 |
| Relations with joint ventures | | |
| Other income | 30 | 597 |
| Interest income | 4,596 | 2,108 |
| Write-downs for bad debt | 3,663 | 3,024 |
| Thereof results that increase or reduce the net investment | 2,127 | 2,254 |
| Income taxes | -53 | -172 |
| Relations with associated companies | | |
| Other income | 731 | 733 |
| Other expenses | -3,233 | -4,460 |
| Interest income | 724 | 398 |
| Write-downs for bad debt | -722 | -1,469 |
| Thereof results that increase or reduce the net investment | -723 | -896 |
| Income taxes | 1 | -23 |

Transactions with joint ventures and associates are carried out at standard market prices and conditions. The financing for joint ventures is frequently arranged by IMMOFINANZ and its co-investors at a ratio that differs from the respective interest in capital.

There were no reportable transactions with closely related parties of IMMOFINANZ during the 2018 financial year.

7.4.2 MEMBERS OF MANAGEMENT IN KEY POSITIONS

The members of management in key positions as defined in IAS 24 are active solely in the corporate bodies of IMMOFINANZ AG and include the following persons:

Executive Board

Oliver Schumy – Chief Executive Officer
Dietmar Reindl – Chief Operating Officer
Stefan Schönauer – Chief Financial Officer

Supervisory Board

Michael Knap – Chairman
Rudolf Fries – Vice-Chairman
Christian Böhm – Member
Nick J. M. van Ommen, FRICS – Member
Horst Populorum – Member
Wolfgang Schischek – Member

Members delegated to the Supervisory Board by the Works Council

The following persons were delegated by Works Council of IMMOFINANZ AG to the Supervisory Board:

Philipp Amadeus Obermair
Werner Ertelthaler (until 26 March 2019)
Maria Onitcanscaia (since 26 March 2019)
Larissa Lielacher

The members of management in key positions received the following remuneration:

| All amounts in TEUR | 2018 | | | 2017 | | |
|------------------------------|-------------------|-----------------|--------------|-------------------|-----------------|--------------|
| | Supervisory Board | Executive Board | Total | Supervisory Board | Executive Board | Total |
| Short-term employee benefits | 261 | 3,057 | 3,318 | 261 | 2,535 | 2,796 |
| Special bonus | - | 4,000 | 4,000 | - | - | - |
| Post-employment benefits | - | 267 | 267 | - | 179 | 179 |
| Total | 261 | 7,324 | 7,585 | 261 | 2,714 | 2,975 |

The short-term employee benefits for the members of the Executive Board comprise a fixed component (gross salary and compensation in kind) as well as a variable component (bonuses). In addition to the fixed and variable remuneration, the Supervisory Board awarded a special bonus for exceptional achievements to the Executive Board members. It covered the successful restructuring of the corporation during the period from 2015 to 2017, which culminated, among others, in the sale of the retail portfolio in Russia.

The amounts reported under termination benefits represent the contributions by IMMOFINANZ to a pension fund. These contributions result from defined benefit pension commitments to the members of the Executive Board, which were outsourced to a pension fund.

The Supervisory Board remuneration reported under short-term benefits reflects the expenses for the respective financial year. However, this remuneration is only paid out after the approval of the annual general meeting which decides on the release from liability of the Supervisory Board members.

The members of the Executive Board and Supervisory Board held a total of 7,066,330 IMMOFINANZ shares as of 31 December 2018 (31 December 2017: 70,619,237 shares). No advances or loans were granted to the members of the Executive Board or Supervisory Board. Moreover, there is no share-based remuneration for the members of the Executive Board.

7.5 AUDITOR'S FEES

The fees charged by Deloitte Österreich for services provided in 2018 comprise TEUR 417 (2017: TEUR 444) for the audit of the individual and consolidated financial statements, TEUR 376 (2017: TEUR 95) for other assurance services, TEUR 23.7 (2017: TEUR 27) for tax advising and TEUR 14.5 (2017: TEUR 80) for other services.

7.6 SUBSEQUENT EVENTS

On 21 January 2019, IMMOFINANZ AG placed a fixed interest, unsecured, non-subordinated benchmark bond with a nominal value of EUR 500.0 million. This bond has a four-year term and a fixed coupon of 2.625%. The net proceeds will be used to refinance existing liabilities and for general corporate purposes. This benchmark bond is listed on the regulated market of the Luxemburg Stock Exchange, and an application has been filed for listing on the third market (MTF) of the Vienna Stock Exchange.

IMMOFINANZ received a long-term issuer rating of BBB- and the benchmark bond an issue rating BBB- from S&P Global Rating on 22 January 2019.

This investment grade rating will lead to a reduction of 0.5% to 1.5% in the coupon of the convertible bond 2024 issued by IMMOFINANZ beginning with the next interest rate period.

IMMOFINANZ acquired a 50% interest in *Na Příkopě 14*, a building in the inner city of Prague, from the LORDSHIP company for EUR 9.6 million on 29 January 2019 and is now the sole owner of this property. With the acquisition of this 50% investment from LORDSHIP, IMMOFINANZ ended its last joint venture in the Czech Republic and is now the sole owner of all its properties in this core country.

During the course of the share buyback programme 2018/19, IMMOFINANZ exceeded the threshold of 5% for treasury shareholdings on 21 January 2019.

8. Group Companies

The following list covers the subsidiaries, joint ventures and associates of IMMOFINANZ AG. It was prepared in accordance with § 245a (1) of the Austrian Commercial Code in connection with § 265 (2) of the Austrian Commercial Code. This list also includes individual subsidiaries that were not fully consolidated for materiality reasons and joint ventures that were not included at equity as well as associates and other investments held by IMMOFINANZ with a share of $\geq 20.00\%$.

The companies deconsolidated or attributed to discontinued operations during the financial year (see section 2.4) are reported in the column 'type of consolidation' as sold, liquidated, merged or 'retail portfolio Moscow'.

| Company | Country | Headquarters | Interest in capital | 2018 | Interest in capital | 2017 |
|---|---------|--------------|---------------------|-----------------------|---------------------|-----------------------|
| | | | | 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 |
| Adama Adviso SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Adama Holding Public Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Adama Management SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Adama Management Ukraine LLC | UA | Kiev | 0.00% | Sold | 98.71% | F |
| Adama Romania Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| Adama Ukraine Ltd | CY | Nicosia | 98.71% | F | 98.71% | F |
| AEDIFICIO Liegenschaftsvermietungs- und Beteiligungsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| Ahava Ltd. | CY | Nicosia | 0.00% | Sold | 98.71% | F |
| Ahava Ukraine LLC | UA | Kiev | 0.00% | Sold | 98.71% | F |
| Airport Business Center, s.r.o. | CZ | Prague | 100.00% | F | 100.00% | F |
| AIRPORT PROPERTY DEVELOPMENT, a.s. | CZ | Prague | 0.00% | Merged | 100.00% | F |
| Al Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Aloli Management Services Limited in Liqu. | CY | Nicosia | 100.00% | F | 100.00% | F |
| Alpha Arcadia LLC | UA | Odessa | 49.45% | E-JV | 49.45% | E-JV |
| Alpha real d.o.o. | SI | Laibach | 100.00% | F | 100.00% | F |
| Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S. | TR | Istanbul | 64.89% | F | 64.89% | F |
| Appartement im Park ErrichtungsgmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| ARAGONIT s.r.o. | CZ | Prague | 0.00% | Sold | 100.00% | F |
| ARE 5 Sp. z o.o. w likwidacji | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| ARMONIA CENTER ARAD S.R.L. | RO | Bucharest | 100.00% | F | 100.00% | F |
| ARO IBK GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| ARO Immobilien GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Arpad Center Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| Atom Centrum, s.r.o. | CZ | Prague | 100.00% | F | 100.00% | F |
| Atrium Park Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Aviso Delta GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| Aviso Zeta AG i.A. | AT | Vienna | 100.00% | F | 100.00% | F |
| Banniz Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Barby Holding Sàrl in Liqu. | LU | Valletta | 0.00% | Liquidated | 100.00% | F |
| Baron Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Bauteil M Errichtungsges.m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| Bauteile A + B Errichtungsges.m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| Bauteile C + D Errichtungsges.m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| BB C - Building GAMMA, a.s. | CZ | Prague | 0.00% | Merged | 100.00% | F |
| Berceni Estate Srl | RO | Bucharest | 100.00% | F | 100.00% | F |
| Berga Investment Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Bermendoca Holdings Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Bertie Investments Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Bivake Consultants Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| Bloczek Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Blue Danube Holding Ltd. in Liqu. | MT | Valletta | 0.00% | Liquidated | 100.00% | F |
| Boondock Holdings Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Borča Retail Park d.o.o. Beograd | RS | Belgrade | 100.00% | F | 0.00% | n.a. |

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

| Company | Country | Headquarters | Interest in capital | 2018 | Interest in capital | 2017 |
|--|---------|--------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| Borisov Holdings Ltd. | CY | Nicosia | 0.00% | Sold | 100.00% | F |
| Brno Estates a.s. | CZ | Prague | 0.00% | Sold | 100.00% | F |
| Bucharest Corporate Center s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Business Park Beteiligungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Business Park West-Sofia EAD | BG | Sofia | 100.00% | F | 100.00% | F |
| BUWOG AG | AT | Vienna | 0.00% | Sold | 4.21% | NC |
| C.E. Immobilienprojekte und Beteiligungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| C.E. Management GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| C.I.M. Beteiligungen 1998 GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 33.00% | E-AS |
| C.I.M. Verwaltung und Beteiligungen 1999 GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 33.00% | E-AS |
| CA Immobilien Anlagen AG | AT | Vienna | 0.00% | Sold | 26.00% | E-AS |
| Campus Budapest Bt. | HU | Budapest | 99.92% | F | 99.92% | F |
| Capri Trade s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| CB Richard Ellis Strategic Partners IV, L.P. | US | Los Angeles | 2.56% | Fonds | 2.56% | Fonds |
| CENTER INVEST BCSABA Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| CENTER INVEST Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Central Business Center Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Centrum Opatov a.s. v likvidaci | CZ | Prague | 0.00% | Liquidated | 100.00% | F |
| CEPD Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| CGS Gamma Immobilien Vermietung GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CHB Immobilienholding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Chronos Immobilien GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| City Tower Vienna Errichtungs- und Vermietungs-GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Constantia Beteiligungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Constantia Treuhand und Vermögensverwaltungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Contips Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Cora GS s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| COREAL ESTATE RESIDENCE INVEST SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| CPB Advisory GmbH in Liqu. | AT | Vienna | 100.00% | F | 100.00% | F |
| CPB ALPHA Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Anlagen Leasing Gesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB BETA Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Beteiligungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB DELTA Anlagen Leasing GmbH | AT | Vienna | 100.00% | E-JV | 100.00% | E-JV |
| CPB DREI Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Enterprise GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| CPB EPSILON Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB GAMMA Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Gesellschaft für Unternehmensbeteiligungen m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Grundstücks und Mobilen Vermietungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Investitionsgüter Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB JOTA Anlagen Leasing GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| CPB Maschinen Leasing Gesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Mobilen Leasing Gesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB OMIKRON Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB Pegai Anlagen Leasing GmbH in Liqu. | AT | Vienna | 100.00% | F | 100.00% | F |
| CPB Realitäten und Mobilen Vermietungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPB TERTIA Anlagen Leasing GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| CPBE Clearing GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| Credo Immobilien Development GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| CREDO Real Estate GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Dalerise Limited | CY | Nicosia | 100.00% | F | 100.00% | F |

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

| Company | Country | Headquarters | Interest in capital | 2018 | Interest in capital | 2017 |
|--|---------|--------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| Dapply Trading Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| Debowe Tarasy Sp. z o.o. w likwidacji | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| Dębowe Tarasy sp. z o.o. w likwidacji IV sp.k. w likwidacji | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| Dikare Holding Ltd. | RO | Bucharest | 22.00% | Fonds | 22.00% | Fonds |
| Dionysos Immobilien GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| DUS Plaza GmbH | DE | Cologne | 100.00% | F | 100.00% | F |
| Ebulliente Holdings Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| EFSP Immobilienentwicklung GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| EHL Gewerbeimmobilien GmbH | AT | Vienna | 49.00% | E-AS | 0.00% | n.a. |
| EHL Immobilien Bewertung GmbH | AT | Vienna | 49.00% | E-AS | 49.00% | E-AS |
| EHL Immobilien GmbH | AT | Vienna | 49.00% | E-AS | 49.00% | E-AS |
| EHL Immobilien Management GmbH | AT | Vienna | 49.00% | E-AS | 49.00% | E-AS |
| EHL Investment Consulting GmbH | AT | Vienna | 49.00% | E-AS | 49.00% | E-AS |
| EHL Real Estate Slovakia s.r.o. in Liqu. | SK | Istanbul | 0.00% | Liquidated | 49.00% | E-AS |
| EHL Wohnen GmbH | AT | Vienna | 49.00% | E-AS | 0.00% | n.a. |
| Elmore Investments Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Emolu Trading Ltd. | CY | Nicosia | 99.00% | F | 99.00% | F |
| ENIT Lublin Sp. z o.o. w likwidacji | PL | Warsaw | 100.00% | F | 100.00% | F |
| Equator Real Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Erlend Investments Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| ESCENDO Liegenschaftshandels-gesellschaft m.b.H. & Co KG | AT | Vienna | 100.00% | F | 100.00% | F |
| E-stone Central Europe AT Holding GmbH | AT | Vienna | 0.00% | Sold | 28.00% | NC |
| E-Stone Central Europe Holding B.V. | NL | Amsterdam | 0.00% | Sold | 28.00% | NC |
| EUREDES Immobilien GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| EXIT 100 Projektentwicklungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Eye Shop Targu Jiu s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Fawna Limited | CY | Nicosia | 99.36% | F | 99.36% | F |
| Flureca Trading Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| FMZ Baia Mare Imobiliara s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| FMZ Lublin Sp. z o.o. | PL | Warsaw | 30.00% | E-AS | 30.00% | E-AS |
| FMZ MB, investicijska družba d.o.o. | SI | Laibach | 100.00% | F | 0.00% | n.a. |
| FMZ Sosnowiec Sp. z o.o. | PL | Warsaw | 45.00% | E-AS | 45.00% | E-AS |
| GAL Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Galeria Zamek Sp. z o.o. | PL | Lublin | 100.00% | F | 100.00% | F |
| Gangaw Investments Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Geiselbergstraße 30-32 Immobilienbewirtschaftungsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| GENA DREI Immobilienholding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| GENA ELF Immobilienholding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| GENA NEUN Beteiligungsverwaltung GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| GENA SIEBEN Immobilienholding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| Gena Vier Immobilienholding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| GENA ZEHN Immobilienholding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Gendana Ventures Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| GF Amco Development srl | RO | Ilfov | 22.00% | NC | 22.00% | NC |
| Gila Investment SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Global Emerging Property Fund L.P. | GB | Jersey | 25.00% | Fonds | 25.00% | Fonds |
| Global Trust s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Globe 13 Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| Globe 3 Ingtatlanfejlesztő Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| GORDON INVEST Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Gordon Invest Netherlands B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| Grand Centar d.o.o. | HR | Zagreb | 100.00% | F | 100.00% | F |
| GVG Gewerbepark Langen GmbH & Co KG in Liqu. | DE | Frankfurt | 0.00% | Liquidated | 60.00% | NC |
| Hadas Management SRL | RO | Bucharest | 75.00% | E-JV | 75.00% | E-JV |
| Haller Kert Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| Hamlingate Investments Limited | CY | Nicosia | 100.00% | NC | 100.00% | NC |
| Harborside Imobiliara s.r.l. | RO | Bucharest | 90.00% | F | 90.00% | F |
| HDC Investitii SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Herva Ltd. | CY | Nicosia | 0.00% | Sold | 100.00% | F |

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

| Company | Country | Headquarters | Interest in capital | 2018 | Interest in capital | 2017 |
|--|---------|--------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| IE Equuleus NL B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| I-E Immoeast Real Estate GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IE Narbal NL B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| I-E-H Immoeast Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMAK CEE N.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| IMAK Finance B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| IMBEA Immoeast Beteiligungsverwaltung GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMF Campus GmbH | DE | Cologne | 100.00% | F | 100.00% | F |
| IMF Campus Verwaltungs GmbH | DE | Cologne | 0.00% | Merged | 100.00% | F |
| IMF Casa Stupenda GmbH | DE | Düsseldorf | 100.00% | F | 100.00% | F |
| IMF Casa Stupenda Verwaltungs GmbH | DE | Düsseldorf | 100.00% | F | 100.00% | F |
| IMF Deutschland GmbH | DE | Cologne | 0.00% | Merged | 100.00% | F |
| IMF Königskinder GmbH | DE | Cologne | 100.00% | F | 100.00% | F |
| IMF PRIMA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| IMF QUARTA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMF SECUNDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOASIA Beteiligungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOASIA IMMOBILIEN ANLAGEN GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Immobilien Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOBILIA Immobilienhandels GmbH & Co KG | AT | Vienna | 100.00% | F | 100.00% | F |
| Immobilien L Liegenschafts Vermietungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Immobilien L Liegenschafts Vermietungs GmbH & Co Bischoffgasse 14/Rosagasse 30 KG | AT | Vienna | 100.00% | NC | 100.00% | NC |
| Immobilien L Liegenschafts Vermietungs GmbH & Co Vriortgasse 4 KG | AT | Vienna | 100.00% | NC | 100.00% | NC |
| IMMOEAST Acquisition & Management GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST ALLEGRO Beteiligungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Immoeast Baneasa Airport Tower srl | RO | Bucharest | 100.00% | F | 100.00% | F |
| IMMOEAST Beteiligungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Bulgaria 1 EOOD | BG | Sofia | 100.00% | F | 100.00% | F |
| Immoeast Cassiopeia Financing Holding Ltd. | CY | Nicosia | 0.00% | Sold | 100.00% | F |
| IMMOEAST Despina I B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| IMMOEAST Despina II B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| IMMOEAST Immobilien GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Iride IV Project s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| IMMOEAST Polonia Sp. z o.o. w likwidacji | PL | Warsaw | 100.00% | F | 100.00% | F |
| Immoeast Polonia sp. z o.o. w likwidacji III sp.k. w likwidacji | PL | Warsaw | 100.00% | F | 100.00% | F |
| Immoeast Polonia spółka z ograniczoną odpowiedzialnością w likwidacji 1 sp.k. | PL | Warsaw | 100.00% | F | 100.00% | F |
| IMMOEAST PRESTO Beteiligungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Abdallo Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Almansor Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Almaria Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Amfortas Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt ANDROMACHE Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Annus Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Arbaces Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Aries Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Babekan Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Barbarina Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Beta Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Caelum Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |

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| Company | Country | Headquarters | Interest in capital | 2018 | Interest in capital | 2017 |
|---|---------|--------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| IMMOEAST Projekt Cassiopeia Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Cepheus Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt CIMAROSA Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Cinna Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Circinus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Cygnus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Decimus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Delta Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt DESPINA Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Dorabella Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Ducentesimus Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Epsilon Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Equuleus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Eridanus Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Fenena Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Gamma Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Hekuba Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Hüon Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Hydus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Hylas Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Idamantes Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Jota Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Kappa Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Lambda Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt MASETTO Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Montano Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Moskau Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Narbal Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Nonus Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Octavus Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Omega Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Pantheus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Quartus Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Quindecimus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Radames Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Rezia Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt ROSCHANA Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Secundus Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Semos Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Septendecimus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Septimus Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Sexagesimus Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Sextus Holding GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOEAST Projekt Sita Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Tertius Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt TITANIA Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Titurel Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Projekt Trecenti Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOEAST Projekt Zerlina Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOEAST Silesia Holding Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| IMMOFINANZ AG | AT | Vienna | 100.00% | F | 100.00% | F |

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|---|---------|--------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| IMMOFINANZ ALPHA Immobilien Vermietungs-Gesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOFINANZ Artemis Immobilien Vermietung GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Immofinanz Beta Liegenchaftsvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ BETEILIGUNGS GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ CAMPUS GmbH & Co. KG | DE | Cologne | 0.00% | Merged | 100.00% | F |
| IMMOFINANZ Carlsquartier GmbH | DE | Düsseldorf | 0.00% | Merged | 100.00% | F |
| Immofinanz Center Management Romania SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Immofinanz Corporate Finance Consulting GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Immofinanz Deutschland GmbH | DE | Cologne | 100.00% | F | 100.00% | F |
| IMMOFINANZ Enodia Realitäten Vermietungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Immofinanz Epsilon Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ Float GmbH & Co. KG | DE | Düsseldorf | 100.00% | F | 94.90% | F |
| IMMOFINANZ Friesenquartier GmbH | DE | Cologne | 92.70% | F | 92.70% | F |
| IMMOFINANZ Friesenquartier II GmbH | DE | Cologne | 100.00% | F | 92.70% | F |
| Immofinanz Gamma Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| Immofinanz Gesellschaft für Unternehmensbeteiligungen GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Immofinanz Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ Hungária Harmadik Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| IMMOFINANZ Immobilien Vermietungs- Gesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOFINANZ Ismene Immobilien Vermietungs- Gesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOFINANZ JOTA Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ KAPPA Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ LAMBDA Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| Immofinanz Liegenchaftsverwaltungs- und Beteiligungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Immofinanz Medienhafen GmbH | DE | Cologne | 100.00% | F | 100.00% | F |
| IMMOFINANZ MONTAIGNE Liegenchaftsvermietungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOFINANZ OMEGA Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ OMIKRON Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Immofinanz Polska Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| IMMOFINANZ Real Estate Slovakia s.r.o. in Liqu. | SK | Bratislava | 0.00% | Liquidated | 100.00% | F |
| IMMOFINANZ Residential Slovakia s.r.o. | SK | Bratislava | 100.00% | F | 100.00% | F |
| IMMOFINANZ Services Czech Republic, s.r.o. | CZ | Prague | 100.00% | F | 100.00% | F |
| Immofinanz Services d.o.o. Beograd-Novi Beograd | RS | Belgrade | 100.00% | F | 100.00% | F |
| IMMOFINANZ Services Hungary Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Immofinanz Services Poland Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| IMMOFINANZ Services Romania s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| IMMOFINANZ Services Slovak Republic, s.r.o. | SK | Bratislava | 100.00% | F | 100.00% | F |
| IMMOFINANZ SITA Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Immofinanz zwei Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOKRON Immobilienbetriebsgesellschaft m.b.H. in Liqu. | AT | Vienna | 0.00% | Liquidated | 80.00% | E-JV |
| ImmoPoland Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| IMMOWEST Beteiligungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IMMOWEST IMMOBILIEN ANLAGEN GMBH | AT | Vienna | 100.00% | F | 100.00% | F |
| Immowest Lux II S.à.r.l. in Liqu. | LU | Luxembourg | 0.00% | Liquidated | 100.00% | F |

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|--|---------|--------------|---------------------|-----------------------|---------------------|-----------------------|
| | | | | Type of consolidation | | Type of consolidation |
| IMMOWEST Lux III S.à.r.l. in Liqu. | LU | Luxembourg | 100.00% | F | 100.00% | F |
| Immowest Lux IV S.à.r.l. in Liqu. | LU | Luxembourg | 0.00% | Liquidated | 100.00% | F |
| Immowest Lux V S.à.r.l. in Liqu. | LU | Luxembourg | 100.00% | F | 100.00% | F |
| Immowest Lux VI S.à.r.l. in Liqu. | LU | Luxembourg | 100.00% | F | 100.00% | F |
| Immowest Lux VII S.à.r.l. in Liqu. | LU | Luxembourg | 100.00% | F | 100.00% | F |
| Immowest Lux VIII Sarl in Liqu. | LU | Luxembourg | 0.00% | Liquidated | 100.00% | F |
| IMMOWEST OVERSEAS REAL ESTATE GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| IMMOWEST PROMTUS Holding GmbH in Liqu. | AT | Vienna | 100.00% | F | 100.00% | F |
| Infinitas ProjektentwicklungsgesmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| IPOPEMA 78 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych | PL | Warsaw | 0.00% | Sold | 100.00% | F |
| Irascib Holdings Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| IRIDE S.A. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Itteslak Trading Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| IWD IMMOWEST Immobilienholding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| J.H. Prague a.s. | CZ | Prague | 0.00% | Merged | 100.00% | F |
| JUNGMANNOVA ESTATES a.s. | CZ | Prague | 0.00% | Merged | 100.00% | F |
| Kastor Real Sp. z o.o. in Liqu. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Kibiq Ltd | CY | Nicosia | 0.00% | Sold | 100.00% | F |
| Klio Real Sp. z o.o. | PL | Warsaw | 0.00% | Merged | 100.00% | F |
| Klyos Media s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Koral Residence EOOD | BG | Sofia | 100.00% | F | 100.00% | F |
| Lagerman Properties Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Lasianthus Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Lasuvu Consultants Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| LeasCon Anlagen Leasing und Beteiligungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| LeasCon Holding GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| LeasCon Maschinen Leasing und Handels GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| LENTIA Real (1) Hungária Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Leutselinge Ltd | CY | Nicosia | 0.00% | Sold | 100.00% | F |
| Lonaretia Consultants Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Loudaumcy Investments Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| LUB Leasing- und Unternehmensbeteiligungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| M.O.F. Immobilien AG | AT | Vienna | 20.00% | Fonds | 20.00% | Fonds |
| Maalkaf BV | NL | Amsterdam | 100.00% | F | 100.00% | F |
| Malemso Trading Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| MBP I Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| MBP II Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Medin-Trans LLC | UA | Kiev | 0.00% | Sold | 98.71% | F |
| Merav Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Merav Finance BV | NL | Amsterdam | 100.00% | F | 100.00% | F |
| Metropol Consult SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Mill Holding Kft. | HU | Budapest | 38.90% | E-AS | 38.90% | E-AS |
| Mollardgasse 18 Projektentwicklungs GmbH | AT | Vienna | 0.00% | Liquidated | 50.00% | E-JV |
| Monorom Construct SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Nimbus Real Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Norden Maritime Services Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Norden Maritime SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| NP Investments a.s. | CZ | Prague | 50.00% | E-JV | 50.00% | E-JV |
| Nuptil Trading Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Nutu Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Objurg Consultants Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| OCEAN ATLANTIC DORCOL DOO | RS | Belgrade | 80.00% | NC | 80.00% | F |
| OFFICE CAMPUS BUDAPEST Kft. | HU | Budapest | 75.00% | F | 75.00% | F |
| OOO IMMOconsulting | RU | Moscow | 0.00% | Retail portfolio | 100.00% | Retail portfolio |
| OOO Real Estate Investment Management | RU | Moscow | 0.00% | Retail portfolio | 100.00% | Retail portfolio |
| OPTIMA-A Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| Oscepar Consultants Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| OSG Immobilienhandels G.m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |

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|---|---------|----------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| PBC Liegenschaftshandelsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| PBC Liegenschaftshandelsgesellschaft m.b.H. & Co KG | AT | Vienna | 100.00% | F | 100.00% | F |
| PBC Liegenschaftshandelsgesellschaft m.b.H. & Co Projekt "alpha" KG | AT | Vienna | 100.00% | F | 100.00% | F |
| Perlagonia 1 Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Pivuak Trading Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| Polluks Real Sp. z o.o. in Liqu. | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| Polonia Property Fund L.P. | GG | Guernsey | 0.00% | Liquidated | 19.99% | Fonds |
| Polus a.s. | SK | Bratislava | 100.00% | F | 100.00% | F |
| Polus Tower 2, a.s. | SK | Bratislava | 0.00% | Merged | 100.00% | F |
| Polus Tower 3, a.s. | SK | Bratislava | 0.00% | Merged | 100.00% | F |
| Polus Transilvania Companie de Investitii S.A. | RO | Floresti | 100.00% | F | 100.00% | F |
| PRAGUE OFFICE PARK I, s.r.o. | CZ | Prague | 0.00% | Sold | 100.00% | F |
| Prelude 2000 SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Prinz-Eugen-Straße Liegenschaftsvermietungs GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Probo Management LLC | UA | Kiev | 0.00% | Sold | 98.71% | F |
| ProEast Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Progeo Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Promodo Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Quixotic Trading Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| Real Habitation s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Rekan Estate d.o.o. in Liqu. | HR | Zagreb | 100.00% | F | 100.00% | F |
| Remsing Investments Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| RentCon Handels- und Leasing GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Retail Park d.o.o. Beograd | RS | Belgrade | 100.00% | F | 0.00% | n.a. |
| Retail Park Four d.o.o. Beograd | RS | Belgrade | 100.00% | F | 0.00% | n.a. |
| REVIVA Am Spitz Liegenschafts GmbH | AT | Vienna | 0.00% | Sold | 100.00% | F |
| Rezidentim s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Riverpark Residential Sp. z o.o. in Liqu. | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| Ronit Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Roua Vest SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Russia Development Fund L.P. | GB | Cayman Islands | 0.00% | Liquidated | 50.66% | Fonds |
| S IMMO AG | AT | Vienna | 29.14% | E-AS | 0.00% | n.a. |
| S.C. Baneasa 6981 s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. Brasov Imobiliara S.R.L. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. Flash Consult Invest s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. IE Baneasa Project s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. IMMOEAST Narbal Project s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. Meteo Business Park s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. Retail Development Invest 1 s.r.l. | RO | Baia Mare | 100.00% | F | 100.00% | F |
| S.C. Stupul de Albine s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| S.C. Union Investitii S.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Sadira Ltd. | CY | Nicosia | 49.45% | E-JV | 49.45% | E-JV |
| Sapir Investitii SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| SARIUS Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| SARIUS Liegenschaftsvermietungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| SBF Development Praha spol.s r.o. | CZ | Prague | 100.00% | F | 100.00% | F |
| SCPO s.r.o. in Liqu. | SK | Bratislava | 100.00% | F | 100.00% | F |
| SCT s.r.o. | SK | Bratislava | 100.00% | F | 100.00% | F |
| Secunda Immobilienanlagen GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| Shaked Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Shark Park Holding Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| Shopping Center Tri d.o.o. Beograd-Novi Beograd | RS | Belgrade | 100.00% | F | 0.00% | n.a. |
| Silesia Residential Holding Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Silesia Residential Project Sp. z o.o. w likwidacji | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| SITUS Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

| Company | Country | Headquarters | Interest in capital | 2018 | Interest in capital | 2017 |
|--|---------|--------------|------------------------|--------------------------|------------------------|--------------------------|
| | | | | Type of consolidation | | Type of consolidation |
| SITUS L Liegenschafts Vermietungs GmbH & Co Seidengasse 39 KG | AT | Vienna | 100.00% | NC | 100.00% | NC |
| SITUS L Liegenschafts Vermietungs GmbH & Co. Kaiserstraße 44-46 KG | AT | Vienna | 100.00% | NC | 100.00% | NC |
| SITUS L Liegenschafts Vermietungs GmbH & Co. Neubaugasse 26 KG | AT | Vienna | 100.00% | NC | 100.00% | NC |
| Snagov Lake Rezidential SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| S-Park Offices s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Starmaster Limited | CY | Nicosia | 100.00% | F | 100.00% | F |
| Stephanshof Liegenschaftsverwaltungsgesellschaft m.b.H. | AT | Vienna | 100.00% | F | 100.00% | F |
| Stop Shop d.o.o. | HR | Zagreb | 100.00% | F | 0.00% | n.a. |
| Stop Shop Holding GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Stop Shop Poland Sp.z.o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| STOP SHOP RO RETAIL ONE SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Stop Shop Romania I B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| Stop Shop Romania II B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP SHOP SERBIA d.o.o. | RS | Belgrade | 100.00% | F | 100.00% | F |
| Stop Shop Ungarn GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| STOP.SHOP GNS Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| STOP.SHOP Kiszárda Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| STOP.SHOP OHÁZA Kft. | HU | Budapest | 0.00% | Merged | 100.00% | F |
| STOP.SHOP STARJÁN Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| STOP.SHOP TB Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| STOP.SHOP. CZ s.r.o. | CZ | Prague | 100.00% | F | 100.00% | F |
| STOP.SHOP. Slovakia s.r.o. | SK | Bratislava | 100.00% | F | 100.00% | F |
| STOP.SHOP.Czech Republic I B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP.SHOP.Czech Republic II B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP.SHOP.Holding B.V. | NL | Amsterdam | 100.00% | F | 100.00% | F |
| STOP.SHOP.Hungary B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP.SHOP.Serbia B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP.SHOP.Slovakia I B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP.SHOP.Slovakia II B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| STOP.SHOP.Slovenia B.V. | NL | Amsterdam | 0.00% | Merged | 100.00% | F |
| Sunkta Ltd | CY | Nicosia | 100.00% | F | 100.00% | F |
| SZÉPVÖLGYI BUSINESS PARK Kft. | HU | Budapest | 100.00% | F | 100.00% | F |
| Taifun Real Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |
| Talia Real Sp. z o.o. | PL | Warsaw | 0.00% | Merged | 85.00% | F |
| Tamar Imob Investitii SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Termeton Enterprises Limited | CY | Nicosia | 75.00% | E-JV | 75.00% | E-JV |
| Topaz Development SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| TradeCon Leasing- und Unternehmensbeteiligungs GmbH in Liqu. | AT | Vienna | 0.00% | Liquidated | 100.00% | F |
| Tripont Invest s.r.l. | RO | Bucharest | 100.00% | F | 100.00% | F |
| Utility Park West s.r.o. | CZ | Prague | 0.00% | Sold | 31.32% | NC |
| Váci út 184.Business Center Kft. | HU | Budapest | 38.90% | E-AS | 38.90% | E-AS |
| Vastator Limited | CY | Nicosia | 99.36% | F | 99.36% | F |
| VCG Immobilienbesitz GmbH | AT | Vienna | 100.00% | F | 100.00% | F |
| Ventane Ltd. | CY | Nicosia | 98.71% | F | 98.71% | F |
| Ventane Ukraine LLC | UA | Kiev | 0.00% | Sold | 98.71% | F |
| Ventilatorul Real Estate SRL | RO | Bucharest | 100.00% | F | 100.00% | F |
| Vertano Residence Sp. z o.o. w likwidacji | PL | Warsaw | 0.00% | Liquidated | 100.00% | F |
| Vitrust Ltd. | CY | Nicosia | 100.00% | F | 100.00% | F |
| VIV Gebäudeerrichtungs GmbH | AT | Vienna | 0.00% | Merged | 100.00% | F |
| VIVO! Poland Sp. z o.o. | PL | Warsaw | 100.00% | F | 86.00% | F |
| W zehn Betriebs- & Service GmbH in Liqu. | AT | Vienna | 100.00% | F | 100.00% | F |
| Walkabout Beteiligungs GmbH in Liqu. | DE | Rodgau | 66.67% | E-AS | 66.67% | E-AS |
| WINNIPEGIA SHELF s.r.o. | CZ | Prague | 100.00% | F | 100.00% | F |
| Xantium Sp. z o.o. | PL | Warsaw | 100.00% | F | 100.00% | F |

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

9. Release of the Consolidated Financial Statements

These consolidated financial statements were completed and signed by the Executive Board of IMMOFINANZ AG on 1 April 2019 and subsequently distributed to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether or not it approves these documents.

Vienna, 1 April 2019

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of IMMOFINANZ AG, Vienna (the Company), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revaluation of investment property

Audit matters and related information

(See sections 4.1. and 5.7. of the notes to the consolidated financial statements and the section "Property valuation" in the group management report)

The revaluation of standing investments amounted to EUR 6 million in the 2018 financial year based on a total carrying amount of EUR 3,894 million for investment property, which represents the most important asset position on the balance sheet.

In order to determine the fair value of each property as of the balance sheet date, management uses independent appraisers for nearly all properties. The input parameters for these valuations include data supplied by the Company as of the balance sheet as well as numerous assumptions by the Executive Board and the appraisers for various "input factors", above all concerning market rents, expected vacancies, future new rentals and the resulting realisable rents and the discount rates based on the yields for comparable properties, all of which are intended to best depict the future earnings potential of the respective property. These estimates have a material influence on property valuation.

Given the high importance of investment property for the consolidated financial statements and the increased valuation uncertainty connected with the estimates of future developments, we have defined the revaluation of investment property as a key audit matter.

Audit procedures

Our audit procedures to evaluate the appropriateness of the revaluation of investment property included the following activities:

- > An analysis of the process used to value investment property with regard to the general procedures, design and functioning of controls in processing the results
- > An evaluation of the professional suitability and objectivity of the appraisers appointed by the Executive Board
- > The sampling of property appraisals based on the size of the property, the change in the fair value of the property above a defined scope and properties with changes in material input factors without the expected change in fair value
- > A critical assessment of the methods and key assumptions in the expert opinions for the sampling through comparison with current publicly available data and market developments
- > Communication with the external appraisers and asset managers to clarify any implausibility arising from the above-mentioned audit procedures
- > An analysis of the disclosures in the notes on investment property with regard to the appropriateness of the information on estimation uncertainty and sensitivities.

Deferred tax assets

Audit matters and related information

(See sections 4.7. and 5.10. of the notes to the consolidated financial statements)

Deferred tax assets (before offset: EUR 661 million) and deferred tax liabilities (before offset: EUR 940 million) are recognised, on the one hand, for temporary differences which could lead to taxable or deductible amounts and, on the other hand, for future tax receivables resulting from the utilisation of loss carryforwards. The recognition of deferred tax liabilities includes all taxable temporary differences, while deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.

The IMMOFINANZ Group is active in various tax jurisdictions and has a complex corporate and financing structure. This corporate structure is subject to continuous change, in particular through the project to simplify the corporate structure which was launched in 2017. This has appropriate effects on the future development of earnings and the tax burden in the individual Group companies.

The valuation of deferred tax assets is based on significant estimates by management concerning the future development of business, including the necessary inclusion of previously implemented or planned changes in the corporate or financing structure, and must be continuously monitored both prospectively and retrospectively. These calculations are complex because of the applicable tax rules and the necessary subjective estimates and accompanying uncertainty.

Therefore, we have defined the carrying amount of deferred tax assets as a key audit matter.

Audit procedures

In connection with our audit of the recoverable value of deferred tax assets, our audit procedures focused on the following matters:

- > Reconciliation of the forecast calculations which form the basis for tax planning in each company with the overall budget approved by the Supervisory Board
- > An analysis of the forecast data and its development, in particular with respect to internal corporate procedures and the adjustments resulting from tax laws
- > An analysis of the non-recurring effects (in particular, sales) in the forecast data and their effects on future forecast years
- > An analysis of the calculation methodology and the consistency of the individual calculation steps
- > A comparison of the key assumptions used for tax planning with the legal framework (in particular tax rates and the possible utilisation of loss carryforwards)
- > A summarised assessment of the recognised deferred tax assets.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial statement, which we obtained prior to the date of this auditor's report, and the annual report, but does not include the consolidated financial statements, the consolidated management report and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report beyond the consolidated non-financial statement we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- > Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- > Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- > Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- > We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE CONSOLIDATED MANAGEMENT REPORT

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements. The consolidated non-financial statement included in the consolidated management report is not subject to our audit; our respective responsibilities are described in the section "Other Information".

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

OPINION

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

STATEMENT

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS ACCORDING TO ARTICLE 10 OF REGULATION (EU) NO 537/2014

We were appointed by the annual general meeting on 11 May 2018 and commissioned by the supervisory board on 14 June 2018 to audit the consolidated financial statements for the financial year ending 31 December 2018. We have been auditing the Group uninterrupted since the financial year ending 30 April 2011.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

ENGAGEMENT PARTNER

The engagement partner responsible for the audit is Mag. Friedrich Wiesmüller.

Vienna, 1 April 2019

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Friedrich Wiesmüller
Certified Public Accountant

Mag. Nikolaus Schaffer
Certified Public Accountant

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

Statement by the Executive Board

We confirm to the best of our knowledge that the consolidated financial statements of IMMOFINANZ provide a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report of IMMOFINANZ provides a true and fair view of the development and performance of the business and position of the group, together with a description of the principal risks and uncertainties faced by the group.

We confirm to the best of our knowledge that the individual financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of IMMOFINANZ AG as required by the applicable accounting standards and that the management report provides a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties faced by the company.

Vienna, 1 April 2019

The Executive Board of IMMOFINANZ AG



Oliver Schumy
CEO



Stefan Schönauer
CFO



Dietmar Reindl
COO

INDIVIDUAL FINANCIAL STATEMENTS

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Balance Sheet as of 31 December 2018

| | | 31 December 2018 | 31 December 2017 |
|--|------------------|-------------------------|------------------|
| | | EUR | TEUR |
| A. Non-current assets | | | |
| I. Intangible assets | | | |
| 1. Trademarks and software | | 392,585.56 | 175 |
| II. Tangible assets | | | |
| 1. Buildings on land owned by third parties | 487,292.56 | | 713 |
| 2. Furniture, fixtures and office equipment | 263,755.68 | | 416 |
| | | 751,048.24 | 1,129 |
| III. Financial assets | | | |
| 1. Investments in subsidiaries | 3,436,992,466.29 | | 3,751,962 |
| 2. Loans granted to subsidiaries | 0.00 | | 7,017 |
| 3. Investments in associated and jointly controlled entities | 366,387,576.75 | | 850 |
| 4. Non-current securities (rights) | 1,000,699.26 | | 1,001 |
| 5. Other originated loans | 9,306,110.43 | | 11,406 |
| | | 3,813,686,852.73 | 3,772,236 |
| | | 3,814,830,486.53 | 3,773,540 |
| B. Current assets | | | |
| I. Receivables | | | |
| 1. Trade receivables | | 8,046.43 | 80 |
| thereof remaining term < 1 year | 8,046.43 | | 80 |
| thereof remaining term > 1 year | 0.00 | | 0 |
| 2. Receivables from subsidiaries | | 401,636,824.43 | 475,430 |
| thereof remaining term < 1 year | 272,724,313.42 | | 393,577 |
| thereof remaining term > 1 year | 128,912,511.01 | | 81,853 |
| 3. Receivables from associated and jointly controlled entities | | 15,747.62 | 285 |
| thereof remaining term < 1 year | 199.12 | | 217 |
| thereof remaining term > 1 year | 15,548.50 | | 68 |
| 4. Other receivables | | 3,156,659.86 | 2,368 |
| thereof remaining term < 1 year | 1,258,919.98 | | 12 |
| thereof remaining term > 1 year | 1,897,739.88 | | 2,356 |
| | | 404,817,278.34 | 478,163 |
| II. Securities and shares | | | |
| 1. Miscellaneous securities and shares | | 0.00 | 16,425 |
| III. Cash in banks | | | |
| 1. Bank deposits | | 320,559,442.00 | 35,740 |
| | | 725,376,720.34 | 530,328 |
| C. Prepaid expenses and deferred charges | | 14,047,352.57 | 18,514 |
| | | 4,554,254,559.44 | 4,322,382 |

| | | 31 December 2018 | 31 December 2017 |
|--|------------------|-------------------------|------------------|
| | | EUR | TEUR |
| A. Equity | | | |
| I. Share capital called and paid in | | 108,643,268.00 | 1,116,174 |
| Subscribed capital | 112,085,269.00 | | 1,116,174 |
| Par value of treasury shares | -3,442,001.00 | | 0 |
| II. Capital reserves | | | |
| 1. Appropriated | | 403,576,221.85 | 1,149,879 |
| 2. Unappropriated | | 1,683,928,005.73 | 0 |
| III. Retained earnings | | | |
| 1. Reserve for treasury shares | | 3,442,001.00 | 0 |
| IV. Profit (loss) account | | 518,801,356.58 | 325,898 |
| thereof profit carried forward | 247,438,650.91 | | 1,848 |
| | | 2,718,390,853.16 | 2,591,951 |
| B. Provisions | | | |
| 1. Provisions for termination benefits | | 48,762.24 | 49 |
| 2. Provisions for taxes | | 8,789,387.72 | 4,054 |
| thereof deferred taxes | 0.00 | | 0 |
| 3. Other provisions | | 6,834,379.27 | 4,255 |
| | | 15,672,529.23 | 8,358 |
| C. Liabilities | | | |
| 1. Bonds | | 299,919,583.55 | 339,600 |
| thereof convertible | 299,919,583.55 | | 339,600 |
| thereof with a remaining term < 1 year | 2,719,583.55 | | 42,400 |
| thereof with a remaining term > 1 year | 297,200,000.00 | | 297,200 |
| 2. Liabilities with financial institutions | | 163,222,507.70 | 23,917 |
| thereof with a remaining term < 1 year | 1,005,777.78 | | 800 |
| thereof with a remaining term > 1 year | 162,216,729.92 | | 23,117 |
| 3. Trade payables | | 2,294,927.67 | 2,690 |
| thereof with a remaining term < 1 year | 2,294,927.67 | | 2,690 |
| thereof with a remaining term > 1 year | 0.00 | | 0 |
| 4. Liabilities with subsidiaries | | 1,353,741,597.32 | 1,352,784 |
| thereof with a remaining term < 1 year | 1,242,513,661.97 | | 1,246,330 |
| thereof with a remaining term > 1 year | 111,227,935.35 | | 106,454 |
| 5. Liabilities with associated and jointly controlled entities | | 10,929.18 | 34 |
| thereof with a remaining term < 1 year | 10,929.18 | | 34 |
| thereof with a remaining term > 1 year | 0.00 | | 0 |
| 6. Other liabilities | | 991,765.36 | 3,017 |
| thereof from taxes | 344,859.83 | | 2,336 |
| thereof from social security | 275,351.67 | | 302 |
| thereof with a remaining term < 1 year | 991,765.36 | | 3,017 |
| thereof with a remaining term > 1 year | 0.00 | | 0 |
| | | 1,820,181,310.78 | 1,722,043 |
| thereof with a remaining term < 1 year | 1,249,536,645.51 | | 1,295,272 |
| thereof with a remaining term > 1 year | 570,644,665.27 | | 426,771 |
| D. Deferred income | | 9,866.27 | 30 |
| | | 4,554,254,559.44 | 4,322,382 |

Income Statement for the 2018 Financial Year

| | | 2018 EUR | 2017 TEUR |
|--|------------------|-----------------------|----------------|
| 1. Revenues | | 31,696,240.81 | 36,231 |
| 2. Other operating income | | | |
| a) Income from the disposal of non-current assets, with the exception of financial assets | 10,000.00 | | 42 |
| b) Income from the reversal of provisions | 161,645.17 | | 576 |
| c) Miscellaneous | 99,240,905.89 | | 16,824 |
| | | 99,412,551.06 | 17,442 |
| 3. Cost of materials and other purchased services | | | |
| a) Cost of purchased services | | -9,345.57 | -23 |
| 4. Personnel expenses | | | |
| a) Salaries | | -18,557,967.59 | -15,767 |
| b) Employee benefits | | -5,093,541.50 | -5,311 |
| thereof for pensions | -160,000.00 | | -140 |
| thereof for severance compensation and contributions to employee pension/severance fund | -916,686.39 | | -1,202 |
| thereof for legally required social security and payroll-related duties and mandatory contributions | -3,573,059.60 | | -3,488 |
| | | -23,651,509.09 | -21,078 |
| 5. Depreciation and amortisation | | -539,564.39 | -547 |
| 6. Other operating expenses | | | |
| a) Non-income based taxes | | -304,219.07 | -379 |
| b) Miscellaneous | | -98,364,406.87 | -31,019 |
| | | -98,668,625.94 | -31,398 |
| 7. Subtotal of no. 1 to 6 (operating profit) | | 8,239,746.88 | 628 |
| 8. Income from investments | | 1,049,082,796.48 | 260,960 |
| thereof from subsidiaries | 1,045,562,664.14 | | 242,594 |
| 9. Income from other securities classified as financial assets | | 405,287.96 | 684 |
| thereof from subsidiaries | 156,131.62 | | 217 |
| 10. Interest and similar income | | 10,295,698.69 | 16,634 |
| thereof from subsidiaries | 10,120,259.93 | | 14,165 |
| 11. Income from the disposal and write-up of financial assets and securities recorded under current assets | | 29,035,029.02 | 89,530 |
| 12. Expenses arising from financial assets | | -893,377,482.54 | -399,994 |
| thereof impairment losses | -891,175,413.96 | | -399,942 |
| thereof expenses from subsidiaries | -868,247,749.99 | | -399,942 |
| 13. Interest and similar expenses | | -42,685,883.94 | -59,780 |
| thereof from subsidiaries | -31,127,352.09 | | -27,622 |
| 14. Foreign exchange differences | | 0.00 | -12 |
| 15. Subtotal of no. 8 to 14 (financial results) | | 152,755,445.67 | -91,979 |
| 16. Profit before tax | | 160,995,192.55 | -91,351 |
| 17. Income tax expense | | 110,367,513.12 | 11,347 |
| thereof deferred taxes | 0.00 | | 0 |
| thereof income from tax credits | 49,752,690.37 | | 11,990 |
| thereof income from tax credits (liquidations) | 65,661,877.42 | | 0 |
| 18. Profit/(loss) for the year | | 271,362,705.67 | -80,004 |
| 19. Release of capital reserves | | | |
| a) Unappropriated | | 0.00 | 404,054 |
| 20. Profit carried forward from prior year | | 247,438,650.91 | 1,848 |
| 21. Profit(loss) account | | 518,801,356.58 | 325,898 |

NOTES

1. General Information

The annual financial statements of IMMOFINANZ AG (the company) as of 31 December 2018 were prepared in accordance with the provisions of the Austrian Commercial Code (“Unternehmensgesetzbuch”) in the current version. The principles of correct bookkeeping as well as the general objective of providing a true and fair view of the asset, financial and earnings position were observed.

The present financial year of IMMOFINANZ AG covers the period from 1 January 2018 to 31 December 2018.

Statements on IMMOFINANZ refer to the IMMOFINANZ Group. The company is the parent company, as defined in § 189a no. 6 of the Austrian Commercial Code, of the IMMOFINANZ Group.

In accordance with § 223 (2) of the Austrian Commercial Code, the comparable prior year data are presented in EUR 1,000.

The company elected to utilise the option provided by § 223 (4) of the Austrian Commercial Code, which permits the inclusion of additional positions when their content is not covered by a required position.

The income statement was prepared in accordance with the nature of expense method under which “total costs” are shown.

The principle of completeness was followed in preparing the annual financial statements.

Assets and liabilities were valued individually, whereby valuation was based on the going concern principle.

The principle of prudence was followed, above all, through the recognition of only those profits realised as of the balance sheet date. The annual financial statements include all identifiable risks and impending losses which had arisen as of the balance sheet date.

Estimates are based on prudent judgment. Experience-based statistics from similar transactions were included in these estimates where available.

2. Accounting and Valuation Principles

Purchased intangible assets are carried at acquisition cost, less scheduled straight-line amortisation that is based on the expected useful life of the respective asset. No impairment losses were recognised.

Property, plant and equipment are carried at acquisition cost, less scheduled straight-line depreciation. As in previous years, no impairment losses were required.

Depreciation and amortisation for the various asset additions and disposals in the reporting year are calculated beginning with the month of acquisition, respectively terminated in the month of disposal.

Low-value assets are written off in full in the year of purchase or production in accordance with § 204 (1a) of the Austrian Commercial Code.

Financial assets are carried at cost, less any necessary impairment losses. The impairment testing of shares in subsidiaries and associated and jointly controlled entities excluding the investment in the S IMMO Group involves comparing the respective carrying amount with the equity owned plus any undisclosed reserves in the individual properties, fair value measurement based on DCF methods, or is based on standard indicators

for the valuation of the investments. Each subsidiary is valued individually and, therefore, the valuation also reflects the total reported by the Group parent company, IMMOFINANZ AG. Investments are carried at cost, less any necessary impairment losses.

Write-ups are recognised to financial assets when the reasons for an impairment loss have ceased to exist.

Receivables are carried at their nominal amount less any necessary impairment losses. The calculation of impairment losses to Group receivables is based on the fair value of equity in the financed company, similar to the valuation of the investment. If the financial statements of a borrower show negative equity (at fair value), an appropriate impairment loss is recognised.

The securities and shares reported under current assets are carried at cost, which is reduced by any necessary impairment losses as required by § 207 of the Austrian Commercial Code.

Write-ups are recognised to current assets when the reasons for an impairment loss have ceased to exist.

Liabilities are carried at their settlement amount.

Regarding the convertible bond 2024, the conversion right was valued over the entire term of the instrument and recognised as a discount under prepaid expenses and deferred charges as well as in equity. The discount is being released over the term of the bond.

The provisions for termination benefits reflect the legal and contractual entitlements of employees. These provisions are calculated according to actuarial principles based on the projected unit credit method and in accordance with IAS 19. The input factors include the legal retirement age and the discount rate applicable as of the balance sheet date.

Tax provisions are recognised, in particular, for obligations arising from the group tax agreement and represent the nominal amount.

All foreign currency transactions are translated at the average exchange rate in effect on the transaction date. The measurement of foreign currency receivables and liabilities as of the balance sheet date is based on the applicable average exchange rate in effect on that date in keeping with the principle of conservatism. Any resulting exchange rate losses were recognised to profit or loss for the 2018 financial year.

In accordance with § 198 (9) and (10) of the Austrian Commercial Code, deferred taxes are recognised in agreement with the balance sheet-oriented concept and without discounting based on the current corporate income tax rate of 25%. A net amount based on the total difference method is calculated for all differences between the carrying amounts of assets, provisions, liabilities, prepaid expenses and deferred charges and deferred income under commercial law and tax law, in cases where these differences are expected to decrease in later financial years or lead to tax relief in the future. Deferred tax assets are also recognised for existing tax loss carryforwards at an amount equal to the available deferred tax liabilities, in accordance with the 75% limit on the utilisation of losses. IMMOFINANZ's loss history did not provide sufficient substantial indications of future taxable gains, and the exercise of the option for the recognition of additional loss carryforwards was therefore not subject to discussion as of 31 December 2018.

3. Notes to the Balance Sheet

ASSETS

NON-CURRENT ASSETS

The development of non-current assets is shown on the attached schedule.

The following useful lives are used to calculate scheduled straight-line depreciation and amortisation for non-current assets:

| | Useful life in years |
|-------------------------------|----------------------|
| Intangible assets | 3-10 |
| Property, plant and equipment | 2-10 |

The increase in intangible assets resulted from the licenses for the financial planning and master data application.

The depreciation of property, plant and equipment is roughly comparable with 2017.

The investments in subsidiaries and associated and jointly controlled entities are described below:

The most important items included under shares in subsidiaries represent the shares in IMBEA IMMOEAST Beteiligungsverwaltung GmbH with a carrying amount of EUR 2,359,290,000.00 (2017: TEUR 2,907,419).

The impairment loss recognised to shares in subsidiaries amounted to EUR 866.0 million and consisted primarily of a distribution-based write-down of EUR 548.1 million to the wholly owned subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH and EUR 296.9 million to GENA ELF Immobilienholding GmbH.

Contributions totalling EUR 510.6 million were made to the following companies in 2018 (2017: EUR 252,5 million): IMMOFINANZ Services Poland Sp.z.o.o, IMMOFINANZ Services Hungary Kft., IMMOFINANZ Services Slovak Republic s.r.o., IMMOFINANZ Services Czech Republic s.r.o. and IMMOFINANZ Services Romania s.r.l. The impairment loss of EUR 13.8 million recognised to IMMOFINANZ Services Slovak Republic s.r.o in 2017 was reversed during the reporting year.

IMMOFINANZ AG also acquired four Serbian companies through share deals shortly before the end of the year. The acquisition costs totalled EUR 15,659,133.00. These four companies will support the expansion of the successful STOP SHOP retail brand.

The restructuring of the IMMOFINANZ Group involved the liquidation in 2018 of nearly all entities belonging to the group of companies taken over from Constantia Packaging B.V. as part of an agreement concluded during the 2010/11 financial year and acquired at fair value in 2017. As of 31 December 2018, only one of the 40 entities was still carried under financial assets.

On 18 April 2018 IMMOFINANZ AG purchased 19,499,437 bearer shares of S IMMO AG (in short: S IMMO) and, as a result of this transaction, holds an investment of approximately 29.14% in this company. This investment represents 15% of voting rights based on the issuer's current articles of association. The closing took place on 21 September 2018. The acquisition costs, including ancillary costs, totalled EUR 390,667,068.75.

S IMMO shares are listed in the Prime Market of the Vienna Stock Exchange. The impairment test involved establishing the recoverable amount of the share package based on the fair value less selling costs. The basis for the calculation was formed by the share price on the Vienna Stock Exchange as of 30 September 2018 plus a package premium. The resulting recoverable amount – which represents a fair value of EUR 371.6 million (EUR 19.1 per share) less selling costs of 1.75% – equalled EUR 365.5 million 31 December 2018. Results for the period include an impairment loss of EUR 25.1 million. As of 31 December 2018 there were no objective indications of continuing and significant impairment to the S IMMO investment.

Non-current securities include shares in the Vienna Stock Exchange corporation with a value of EUR 1,000,699.26 (2017: TEUR 1,001).

Other originated loans include EUR 2,100,000.00 (2017: TEUR 11,406) which are due within one year.

CURRENT ASSETS

Receivables

Receivables from subsidiaries and associated and jointly controlled entities are classified as current when a specific payment term was not defined. However, these receivables are only collected if permitted by the liquidity situation of the respective creditor.

The receivables due from subsidiaries are classified as follows:

| | 31 December 2018 EUR | 31 December 2017 TEUR |
|--|-------------------------|--------------------------|
| Receivables from direct loans | 428,165,894.91 | 513,382 |
| Impairment losses to receivables from direct loans | -79,847,508.91 | -130,526 |
| Receivables from trust loans due to Immofinanz Corporate Finance Consulting GmbH | 0.00 | 9,538 |
| Impairment losses to receivables from trust loans | 0.00 | -8,879 |
| Trade receivables | 1,900,527.69 | 6,930 |
| Impairment losses to trade receivables | 0.00 | 0 |
| Receivables from tax charges | 49,719,323.91 | 11,907 |
| Miscellaneous | 1,698,586.83 | 73,077 |
| Total receivables from subsidiaries | 401,636,824.43 | 475,429 |

The method used to estimate the impairment losses is described in the section on accounting and valuation principles.

Securities and shares

The 1,570,312 certificates from the convertible bond 2018 issued by IMMOFINANZ AG with a nominal value of EUR 5,708,719.81, which were recorded on the balance sheet as of 31 December 2017, were repaid as scheduled on 8 March 2018. IMMOFINANZ AG held 689,381 BUWOG shares as of 31 December 2017, whereby 252,938 shares were used for conversions of the convertible bond 2018. The 436,443 BUWOG shares remaining after the conversion of the convertible bond 2018 were sold to Vonovia during the first quarter of 2018 in connection with the takeover offer.

Prepaid expenses

This position consists primarily of expenses arising from the issue of the convertible bond 2024 by IMMOFINANZ AG. In accordance with § 198 (7) of the Austrian Commercial Code, the discount (conversion right as difference between the discounted value of the "pure" bond and the settlement amount) must be capitalised as a prepaid expense and released over the term of the bond. This discount equalled EUR 13,357,043.64 as of 31 December 2018 (2017: TEUR 17,710).

EQUITY AND LIABILITIES

EQUITY

Share capital totals EUR 112,085,269.00 and is divided into 112,085,269 shares, each of which represents an equal stake in share capital.

In the first quarter of 2018, 4,678,921 new shares were issued from conditional capital to service the conversion of the convertible bond 2011–2018. This led to an increase of EUR 4.7 million in share capital and EUR 3.7 million in appropriated reserves.

The 25th annual general meeting of IMMOFINANZ AG on 11 May 2018 approved the new classification of share capital following a reverse stock split at a ratio of 10 : 1 (i.e. the combination of ten existing shares into a single share). The reverse stock split took effect when it was recorded in the company register on 23 June 2018. The 10: 1 reverse stock split reduced the number of shares from the previous level of 1,112,085,269 to 112,085,269.

The 25th annual general meeting on 11 May 2018 also approved a capital increase from internal funds (through the conversion of appropriated capital reserves into share capital) of EUR 750,000,000.00 and a subsequent reduction of EUR 1,758,767,430.00 in share capital (for inclusion in the unappropriated capital reserve and to re-establish the proportional amount of share capital at EUR 1.00 per share). This capital decrease led to an increase of EUR 1,758,767,430.00 in the unappropriated capital reserves.

The 25th annual general meeting on 11 May 2018 also approved a dividend of EUR 0.07 per share for the 2017 financial year, which represents EUR 0.70 after the reverse stock split. In this connection, a total of EUR 77.9 million was distributed on 17 May 2018.

In connection with the issue of the convertible bond 2017–2024, also involved the recording of an equity component amounting to EUR 21.7 million under appropriated capital reserves.

Authorisations of the annual general meeting to buy and sell treasury shares

The Executive Board and Supervisory Board announced the start of a buyback programme for up to 15 million IMMOFINANZ shares on 8 March 2018. This decision was based on an authorisation of the 24th annual general meeting on 1 June 2017 in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The maximum volume of 15 million shares was reached on 15 June 2018 and the share buyback programme was terminated.

On 2 July 2018, the Executive Board and Supervisory Board of IMMOFINANZ AG approved the use of an authorisation by 25th annual general meeting on 11 May 2018 to carry out a share buyback programme (share buyback programme 2018/2019) in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The authorisation covers up to 10% of the company's share capital. The share buyback programme 2018/19 has a volume up to 9.7 million shares, which represent 8.66% of the current share capital. The share buyback started on 16 July 2018 and, by 31 December 2018, 3.4 million IMMOFINANZ shares had been repurchased for a total price of EUR 74.8 million.

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 during the 2017 financial year in connection with the settlement to terminate the review of the exchange ratio. The remaining authorisation covers 212,753,280 shares.

PROVISIONS

This position consists primarily of provisions of EUR 8.8 million (2017: EUR 4.1 million) for taxes, provisions of EUR 0.7 million (2017: EUR 0.7 million) for legal, tax advising and auditing fees and provisions of EUR 2.3 million (2017: EUR 2.3 million) for unused vacation and bonuses. As of 31 December 2018, no material legal proceedings were pending for IMMOFINANZ AG.

LIABILITIES

Convertible bonds

As of 31 December 2018, IMMOFINANZ had one convertible bond with a combined nominal value of EUR 297.2 million and a carrying amount of EUR 299.9 million outstanding.

Convertible bond 2011–2018

Holders of the convertible bond 2011–2018 converted bond certificates with a nominal value of EUR 15.5 million during the first quarter of 2018. These conversions led to the issue of 4,678,921 IMMOFINANZ shares from conditional capital and the transfer of 252,938 BUWOG shares. The remaining nominal value of this convertible bond (EUR 23.8 million) was repaid as scheduled on 8 March 2018.

The gain of EUR 3.5 million on the transfer of the 252,938 BUWOG shares was recorded under income from the disposal of financial assets, with recognition through profit or loss, due to the above-mentioned conversions.

Convertible bond 2017–2024

IMMOFINANZ issued a convertible bond on 24 January 2017 through an accelerate bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an interest rate of 2.0% and a term ending on 24 January 2024. The coupon will be reduced by 50 basis points when IMMOFINANZ AG receives and maintains an investment grade rating from S&P, Moody's or Fitch. The convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present time.

The cash dividend of EUR 0.07 per share approved by the annual general meeting on 11 May 2018 led to the adjustment of the conversion price for the convertible bond 2017–2024 to EUR 2.22 per share. The conversion price was further adjusted on 23 June 2018 to reflect the reverse stock split and equalled EUR 22.20 per share as of 30 June 2018. The conversion right can be exercised up to 10 January 2024. The equity component, less a proportional share of transaction costs, equalled EUR 21.7 million and was included under appropriated capital reserves.

Liabilities

Liabilities with financial institutions include a loan of EUR 23,116,729.92 from Raiffeisen Bausparkasse, whereby EUR 17,316,729.92 have a remaining term of more than five years. In addition, acquisition financing of EUR 140 million was arranged for the S IMMO investment. The acquisition financing was repaid prematurely in February 2019 following the issue of a bond in 2019.

Liabilities with subsidiaries are classified as current when a specific payment term was not defined. These liabilities consist entirely of miscellaneous liabilities, in particular loans of EUR 1,353,108,433.27 (2017: TEUR 1,250,285) from subsidiaries. Of this total, EUR 33,809,698.25 (2017: TEUR 32,724) have a remaining term of over five years.

The changes from the previous year result from the scheduled repayment of the convertible bond 2011–2018 and the arrangement of additional margin loans under liabilities with financial institutions.

Other liabilities consist chiefly of tax liabilities totalling EUR 344,859.83 (2017: TEUR 2,336) and social security liabilities of EUR 275,351.67 (2017: TEUR 302), which are due primarily after the balance sheet date.

Guarantees

IMMOFINANZ AG has issued comfort letters on behalf of individual subsidiaries to guarantee their solvency. These comfort letters confirm that the involved companies will be able to meet their payment obligations at any time and oblige IMMOFINANZ AG to ensure that sufficient funds will be available to meet all liabilities at maturity. Furthermore, IMMOFINANZ AG is obliged to undertake all other necessary measures required by the applicable insolvency laws. IMMOFINANZ AG is also required to subordinate all liabilities that represent debt from the viewpoint of the involved company and must take a secondary position to all other creditors who are not shareholders of the involved companies or are subordinated in another manner.

The company has also provided guarantees or pledges of EUR 12,367,781.07 (2017: TEUR 267,750) to financial institutions on behalf of subsidiaries (to a limited extent, also on behalf of former subsidiaries). IMMOFINANZ AG has also accepted liabilities of EUR 137,310,000.00 (2017: TEUR 124,300) to third parties on behalf of subsidiaries.

| | 31 December 2018 EUR | 31 December 2017 TEUR |
|--|-------------------------|--------------------------|
| Guarantees for bank loans | 12,367,781.07 | 267,750 |
| Other guarantees | 137,310,000.00 | 124,300 |
| Total | 149,677,781.07 | 392,050 |
| thereof on behalf of subsidiaries | 149,677,781.07 | 392,050 |
| thereof on behalf of associated entities | 0.00 | 0.00 |

4. Notes to the Income Statement

REVENUES

Revenues consist of management fees charged out to the Group companies as well as insurance commissions.

IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH are executive holding companies that provide management services to subsidiaries in Austria and other countries. The performance-based allocation of costs between the two companies is based on third-party settlement conditions. In 2018, IMMOFINANZ AG invoiced a total of EUR 30,185,641.26 (2017: TEUR 38,051) to IMBEA IMMOEAST Beteiligungsverwaltung GmbH for costs carried by IMMOFINANZ AG that are economically attributable to IMBEA IMMOEAST Beteiligungsverwaltung GmbH. The settlement payment for the 2018 financial year was subsequently adjusted in 2019 and an accrual of EUR 1,698,585.83 was recognised. In addition, a subsequent adjustment of the settlement payment for the 2017 financial year led to a reduction of EUR 2.9 million in earnings.

OTHER OPERATING INCOME

Other operating income consists primarily of the reversal of individual valuation adjustments totalling EUR 50,739,118.32 (2017: TEUR 12,752) and compensation of EUR 0.00 (2017: TEUR 2,066) for damages.

Also included here is a non-recurring effect from the agreement between Aviso Zeta AG i.A. and IMMOFINANZ AG over the settlement of reciprocal claims of approximately EUR 46.4 million (2017: EUR 0 million).

OTHER OPERATING EXPENSES

Impairment losses to and the derecognition of receivables totalled EUR 78,521,111.02 in 2018 (2017: TEUR 9,849). In connection with the liquidation of all IMMOEAST companies, IMMOFINANZ AG waived the resulting tax receivables of EUR 65.7 million.

This position also includes consulting fees of EUR 5,502,416.16 (2017: TEUR 6,709), leasing and rental expenses of EUR 763,600.40 (2017: TEUR 1,797), IT costs of EUR 4,188,264.33 (2017: TEUR 3,734) and advertising expenses of EUR 2,413,649.27 (2017: TEUR 3,541).

Information on the expenses for the auditor is provided in IMMOFINANZ's consolidated financial statements (www.immofinanz.com/en/investor-relations/financial-reports).

The remuneration for the members of the Supervisory Board is approved during the current financial year for the previous financial year and subsequently distributed. A provision of EUR 260,939.38 was recognised to cover the Supervisory Board remuneration for the 2018 financial year.

INCOME FROM INVESTMENTS

This position consists primarily of the 2017 dividends received from IMBEA IMMOEAST Beteiligungsverwaltung GmbH (EUR 508,300,000.00; 2017: TEUR 201,286) and GENA ELF Immobilienholding GmbH (EUR 534,262,664.14; 2017: TEUR 0).

INTEREST AND SIMILAR INCOME

Interest and similar income consists primarily of the following: interest income of EUR 120,636,28 (2017: TEUR 482) from trust loans granted by IMMOFINANZ Corporate Finance Consulting GmbH and interest of EUR 31,794,114.45 (2017: TEUR 19,943) from Group receivables. Impairment losses of EUR 21,840,061.05 (2017: TEUR 6,929) were recognised to the interest income from Group receivables.

INCOME FROM THE DISPOSAL AND WRITE-UP OF FINANCIAL ASSETS AND CURRENT SECURITIES

This income includes a gain of EUR 5,893,957.17 (2017: TEUR 75,126) on the disposal of 436,443 BUWOG shares and a write-up of EUR 13,772,083.00 (2017: TEUR 14,405) to shares in subsidiaries.

EXPENSES ARISING FROM FINANCIAL ASSETS

Impairment losses of EUR 866,045,921.96 were recognised to shares in subsidiaries (2017: TEUR 399,942) and impairment losses of EUR 25,129,492.00 (2017: TEUR 0) were recognised to investments in 2018 (see the section on non-current assets in the notes to the balance sheet).

INTEREST AND SIMILAR EXPENSES

This position includes interest expense of EUR 31,127,352.09 (2017: TEUR 27,622) on liabilities to subsidiaries and interest expense of EUR 10,721,393.93 (2017: TEUR 24,540) on convertible bonds.

INCOME TAXES

This position comprises the following items:

| | 31 December 2018 EUR | 31 December 2017 TEUR |
|---|-------------------------|--------------------------|
| Corporate income tax | -9,134,667.22 | -346 |
| Corporate income tax, prior years | 351,778.98 | -226 |
| Capital gains tax, prior years | 0.00 | 0 |
| Withholding tax | -5,232.62 | 0 |
| Income tax expense (Group taxation), other periods | 0.00 | -51 |
| Income tax expense (Group taxation) | 0.00 | 0 |
| Income tax credits (Group taxation), | 115,414,567.79 | 11,923 |
| Income tax credits (Group taxation), other periods | 0.00 | 44 |
| Deferred tax expense | -5,666,965.76 | -5,109 |
| Deferred tax expense, other periods | 0.00 | -38 |
| Deferred tax credits | 5,666,965.76 | 5,147 |
| Deferred tax credits, other periods | 0.00 | 0 |
| Addition/reduction to provision for negative tax charges to group members | 3,731,704.87 | -20 |
| Training bonus | 9,361.32 | 23 |
| Total | 110,367,513.12 | 11,347 |

Tax credits (group taxation) include income of EUR 65.7 million from the liquidation of individual IMMOEAST companies. IMMOFINANZ AG has waived the related tax credits.

Deferred taxes result from the following temporary differences between the carrying amounts of the following positions under tax law and commercial law:

| | 31 December 2018 EUR | 31 December 2017 TEUR |
|--|-------------------------|--------------------------|
| Intangible assets | -35,855.55 | -34 |
| Property, plant and equipment | -185,770.71 | -217 |
| Investments in associated and jointly controlled entities | 22,330,214.86 | 1,196 |
| Current securities | 0.00 | -1,903 |
| Provisions for termination benefits | 30,980.26 | 31 |
| Costs for the procurement of funds | 2,436,122.32 | 2,675 |
| Provision for unused vacation time | 0.00 | 170 |
| Total – total difference calculation | 24,575,691.18 | 1,918 |
| Plus 75% tax loss carryforwards | 0.00 | 0 |
| Minus calculation of surplus deferred tax assets | -24,575,691.18 | -1,918 |
| Total | 0.00 | 0 |
| thereof 25% corporate income tax = deferred tax liabilities | 0.00 | 0 |

Deferred tax assets were only recognised at an amount equal to the deferred tax liabilities. Consequently, the balance sheet as of 31 December 2018 includes no deferred taxes.

Other Information

INFORMATION ON SIZE PURSUANT TO § 221 OF THE AUSTRIAN COMMERCIAL CODE

The company is classified as a large corporation based on the criteria defined in § 221 of the Austrian Commercial Code.

INFORMATION ON GROUP TAXATION PURSUANT TO § 9 OF THE AUSTRIAN CORPORATE INCOME TAX ACT

In accordance with a group application filed on 29 April 2005, the company has served as the head of a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act since the 2005 tax assessment year. This corporate group has been expanded several times.

IMMOFINANZ AG is the head of a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act. 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 of the Group with positive results must pay a tax charge equal to 25% of the assessment base to the head of the group. Any losses by members of the group are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Consequently, there are no payments by the head of the group to members.

The provision for negative tax charges for group members, which would lead to a future tax liability in the group, totalled EUR 0.00 as of 31 December 2018 (2017: TEUR 3,732).

RELATED PARTY TRANSACTIONS IN THE SENSE OF § 238 NO. 12 OF THE AUSTRIAN COMMERCIAL CODE

All transactions with related companies and persons during the reporting year took place at arm's length.

OBLIGATIONS FROM THE USE OF TANGIBLE ASSETS NOT REPORTED ON THE BALANCE SHEET

| | 31 December 2018 EUR | 31 December 2017 TEUR |
|--|-------------------------|--------------------------|
| Obligations for the following year | 671,922.07 | 700 |
| Obligations for the following five years | 1,969,134.02 | 2,635 |

AVERAGE NUMBER OF EMPLOYEES

| | 31 December 2018 | 31 December 2017 |
|--------------------|------------------|------------------|
| Salaried employees | 174 | 197 |
| Total | 174 | 197 |

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

The following list of shares in subsidiaries and associated and jointly controlled companies includes only material entities (carrying amount over EUR 1.00 as of 31 December 2018):

| Company | Balance sheet date | Share owned | Equity as of 31 December 2018 | | Profit / loss for the year | |
|--|--------------------|-------------|-------------------------------|------|----------------------------|------|
| IMBEA IMMOEAST Beteiligungsverwaltung GmbH, Vienna | 31 December 2017 | 100% | 2,342,547,857.07 | EUR | -184,953,954.13 | EUR |
| IMMOWEST Immobilien Anlagen GmbH, Vienna | 31 December 2017 | 100% | 61,734,433.57 | EUR | 14,360,491.17 | EUR |
| EHL Immobilien GmbH, Vienna | 31 December 2017 | 49% | 7,304,943.56 | EUR | 7,183,943.56 | EUR |
| GENA NEUN Beteiligungsverwaltung GmbH, Vienna | 31 December 2017 | 100% | 7,745.72 | EUR | -1,788.88 | EUR |
| Immoeast Acquisition & Management GmbH, Vienna | 31 December 2017 | 100% | 29,077.24 | EUR | 292.89 | EUR |
| GENA ELF Beteiligungsverwaltung GmbH, Vienna | 31 December 2017 | 100% | 540,038,793.39 | EUR | 124,293.39 | EUR |
| Immofinanz Gamma Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H., Vienna | 31 December 2017 | 100% | 186,178.24 | EUR | 1,038,277.68 | EUR |
| Sarius Holding GmbH, Vienna | 31 December 2017 | 100% | 238,524.86 | EUR | -1,652.10 | EUR |
| Immofinanz Services d.o.o., Novi-Belgrade | 31 December 2017 | 100% | 6,263.00 | TRSD | 1,353.00 | TRSD |
| Immofinanz Services Poland Sp. z o.o., Warsaw | 31 December 2017 | 100% | 6,997,063.59 | PLN | 748,924.54 | PLN |
| IMMOFINANZ Services Hungary Kft., Budapest | 31 December 2017 | 100% | 7,593,248,000.00 | HUF | 17,936,000.00 | HUF |
| IMMOFINANZ Services Slovak Republic, s.r.o., Bratislava | 31 December 2017 | 99% | 49,263,036.00 | EUR | -371,274.00 | EUR |
| IMMOFINANZ Services Czech Republic, s.r.o., Prague | 31 December 2017 | 100% | 3,853,951,000.00 | CZK | 4,309,000.00 | CZK |
| IMMOFINANZ Services Romania s.r.l., Bucharest | 31 December 2017 | 99% | 1,821,623.00 | RON | 1,474,831.00 | RON |
| PBC Liegenchaftshandels-gesellschaft m.b.H., Vienna | 31 December 2017 | 100% | 146,422.17 | EUR | 10,986.12 | EUR |
| IMF PRIMA Liegenchafts- und Mobilienvermietungsgesellschaft m.b.H., Vienna | 31 December 2017 | 100% | 116,910.45 | EUR | 165.43 | EUR |
| Immobilien L Liegenchafts Vermietungs GmbH, Vienna | 31 December 2017 | 100% | 41,591.61 | EUR | 18,049.50 | EUR |
| SITUS Holding GmbH, Vienna | 31 December 2017 | 100% | 64,716.04 | EUR | 11,389.45 | EUR |
| S IMMO AG, Vienna | 31 December 2018 | 29,14% | 489,515,838.85 | EUR | 57,371,864.34 | EUR |
| Retail Park d.o.o., Belgrade | 31 December 2017 | 100% | 585,603.00 | TRSD | 63,203.00 | TRSD |
| Shopping Center Tri d.o.o., Beograd - Novi Belgrade | 31 December 2017 | 100% | 25,733.00 | TRSD | 8,058.00 | TRSD |
| Borca Retail Park d.o.o., Belgrade | 31 December 2017 | 100% | 114,150.00 | TRSD | 166,109.00 | TRSD |
| Retail Park Four d.o.o., Belgrade | 31 December 2017 | 100% | 341.00 | TRSD | 336.00 | TRSD |

CORPORATE BODIES

The corporate bodies of IMMOFINANZ AG are:

EXECUTIVE BOARD:

Oliver Schumy – Chief Executive Officer
Dietmar Reindl – Chief Operating Officer
Stefan Schönauer – Chief Financial Officer

The members of the Executive Board received remuneration of EUR 7,056,511.14 in the 2018 financial year (2017: EUR 2.53 million). The increase over the previous year is attributable to the payment of a one-off special bonus of EUR 4.0 million to the members of the Executive Board for the successful restructuring of IMMOFINANZ. Contributions of EUR 107,199.64 (2017: TEUR 39) were made to the employee severance compensation fund and EUR 160,000.00 (2017: TEUR 140) to the pension fund.

SUPERVISORY BOARD:

Michael Knap – Chairman
Rudolf Fries – Vice-Chairman
Christian Böhm – Member
Nick J.M. van Ommen – Member
Horst Populorum – Member
Wolfgang Schischek – Member

The Works Council of IMMOFINANZ AG delegated the following persons to the Supervisory Board:

Philipp Amadeus Obermair – Member
Werner Ertelthalner – Member till 26 March 2019
Larissa Lielacher – Member
Maria Onitcanscaia – Member since 26 March 2019

SUBSEQUENT EVENTS

On 21 January 2019, IMMOFINANZ AG placed a fixed interest, unsecured, non-subordinated benchmark bond with a nominal value of EUR 500.0 million. This bond has a four-year term and a fixed coupon of 2.625%. The net proceeds will be used to refinance existing liabilities and for general corporate purposes. This benchmark bond is listed on the regulated market of the Luxembourg Stock Exchange, and an application has been filed for listing on the third market (MTF) of the Vienna Stock Exchange.

IMMOFINANZ received a long-term issuer rating of BBB- and the benchmark bond an issue rating BBB- from S&P Global Rating on 22 January 2019.

This investment grade rating will lead to a reduction of 0.5% to 1.5% in the coupon of the convertible bond 2024 issued by IMMOFINANZ beginning with the next interest rate period.

USE OF PROFIT

Profit for the 2018 financial year totals EUR 518,801,356.58. Plans for the use of profit for the 2018 financial year include a dividend of EUR 0.85 per share and the carryforward of the remainder.

Vienna, 1 April 2019

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

Development of Non-current Assets in acc. with § 226 (1) of the Austrian Commercial Code

| Amounts in EUR | Balance on 1 January 2018 | Acquisition or production cost | | | Balance on 31 December 2018 |
|--|------------------------------|--------------------------------|----------------------|-------------------|--------------------------------|
| | | Additions | Disposals | Reclassifications | |
| 1. Trademarks and software | 1,743,976.57 | 334,960.00 | 0.00 | 0.00 | 2,078,936.57 |
| Intangible assets | 1,743,976.57 | 334,960.00 | 0.00 | 0.00 | 2,078,936.57 |
| 1. Buildings on land owned by third parties | 1,655,674.69 | 0.00 | 67,271.26 | 0.00 | 1,588,403.43 |
| 2. Furniture, fixtures and office equipment | 1,867,584.91 | 111,539.39 | 49,886.72 | 0.00 | 1,929,237.58 |
| Tangible assets | 3,523,259.60 | 111,539.39 | 117,157.98 | 0.00 | 3,517,641.01 |
| 1. Shares in subsidiaries | 6,352,414,163.94 | 540,441,107.21 | 3,136,603.91 | 0.00 | 6,889,718,667.24 |
| 2. Loans granted to subsidiaries | 7,017,395.13 | 156,131.62 | 7,173,526.75 | 0.00 | 0.00 |
| 3. Investments in associated and jointly controlled entities | 850,000.00 | 390,667,068.75 | 0.00 | 0.00 | 391,517,068.75 |
| 4. Non-current securities (rights) | 1,000,699.26 | 0.00 | 0.00 | 0.00 | 1,000,699.26 |
| 5. Other originated loans | 11,406,110.43 | 76,483.76 | 2,176,483.76 | 0.00 | 9,306,110.43 |
| Financial assets | 6,372,688,368.76 | 931,340,791.34 | 12,486,614.42 | 0.00 | 7,291,542,545.68 |
| Total non-current assets | 6,377,955,604.93 | 931,787,290.73 | 12,603,772.40 | 0.00 | 7,297,139,123.26 |

| Amounts in EUR | Balance on 1 January 2018 | Accumulated amortisation/depreciation | | | Balance on 31 December 2018 |
|--|------------------------------|---------------------------------------|------------------|----------------------|--------------------------------|
| | | Additions | Disposals | Write-ups | |
| 1. Trademarks and software | 1,569,014.17 | 117,336.84 | 0.00 | 0.00 | 1,686,351.01 |
| Intangible assets | 1,569,014.17 | 117,336.84 | 0.00 | 0.00 | 1,686,351.01 |
| 1. Buildings on land owned by third parties | 942,206.21 | 158,904.66 | 0.00 | 0.00 | 1,101,110.87 |
| 2. Furniture, fixtures and office equipment | 1,451,539.09 | 263,322.89 | 49,380.08 | 0.00 | 1,665,481.90 |
| Tangible assets | 2,393,745.30 | 422,227.55 | 49,380.08 | 0.00 | 2,766,592.77 |
| 1. Shares in subsidiaries | 2,600,452,361.99 | 866,045,921.96 | 0.00 | 13,772,083.00 | 3,452,726,200.95 |
| 2. Loans granted to subsidiaries | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Investments in associated and jointly controlled entities | 0.00 | 25,129,492.00 | 0.00 | 0.00 | 25,129,492.00 |
| 4. Non-current securities (rights) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. Other originated loans | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financial assets | 2,600,452,361.99 | 891,175,413.96 | 0.00 | 13,772,083.00 | 3,477,855,692.95 |
| Total non-current assets | 2,604,415,121.46 | 891,714,978.35 | 49,380.08 | 13,772,083.00 | 3,482,308,636.73 |

| Amounts in EUR | Carrying amounts | |
|--|-------------------------|-------------------------|
| | 31 December 2018 | 31 December 2017 |
| 1. Trademarks and software | 392,585.56 | 174,962.40 |
| Intangible assets | 392,585.56 | 174,962.40 |
| 1. Buildings on land owned by third parties | 487,292.56 | 713,468.48 |
| 2. Furniture, fixtures and office equipment | 263,755.68 | 416,045.82 |
| Tangible assets | 751,048.24 | 1,129,514.30 |
| 1. Shares in subsidiaries | 3,436,992,466.29 | 3,751,961,801.95 |
| 2. Loans granted to subsidiaries | 0.00 | 7,017,395.13 |
| 3. Investments in associated and jointly controlled entities | 366,387,576.75 | 850,000.00 |
| 4. Non-current securities (rights) | 1,000,699.26 | 1,000,699.26 |
| 5. Other originated loans | 9,306,110.43 | 11,406,110.43 |
| Financial assets | 3,813,686,852.73 | 3,772,236,006.77 |
| Total non-current assets | 3,814,830,486.53 | 3,773,540,483.47 |

Management Report for the 2018 Financial Year

A. GENERAL INFORMATION

IMMOFINANZ AG is a listed property company in Austria. Its headquarters are located at 1100 Vienna, Wienerbergstrasse 11. IMMOFINANZ AG is the parent company of the IMMOFINANZ Group whose business activities cover the rental, development, acquisition and best possible commercial utilisation of properties

IMMOFINANZ AG is listed in the ATX index (ISIN AT 0000A21KS2) of the Vienna Stock Exchange and is also traded on the Warsaw Stock Exchange. As of 31 December 2018, the company had 112,085,269 zero par value, voting shares outstanding. The market capitalisation amounted to approximately EUR 2.34 billion as of 31 December 2018 based on a closing price of EUR 20.90 as of 31 December 2018. IMMOFINANZ shares are held primarily in free float. The largest single shareholders are listed in the section "Significant holdings".

B. ACTIVITIES

The core business of IMMOFINANZ covers the management and development of retail and office properties in selected countries of Central and Eastern Europe. The company's activities in the office sector with its international myhive brand are concentrated exclusively on the capital cities of the core countries and on the largest office locations in Germany. The expansion of the retail portfolio is focused on the STOP SHOP and VIVO! brands, which are designed primarily for secondary and tertiary cities. IMMOFINANZ's real estate portfolio covered 226 properties with a carrying amount of EUR 4.3 billion as of 31 December 2018. The goal is to create a high-quality, profitable portfolio of commercial properties.

C. BUSINESS DEVELOPMENT

Asset position

The assets held by IMMOFINANZ AG consist primarily of financial assets and receivables due from subsidiaries. The balance sheet total amounted to EUR 4,554,254,559.44 as of 31 December 2018, which represents an increase of EUR 231,872,456.27 over the previous year. This change resulted, above all, from contributions to subsidiaries and associated and jointly controlled entities as well as the arrangement of a margin loan for the purchase of the S IMMO shares. A contrasting factor was the impairment loss recognised to shares in subsidiaries. The equity ratio equalled 59.69% (2017: 59.97%).

Earnings position

Results for the 2018 financial year show a profit of EUR 271,362,705.67 (2017: loss of TEUR -80,004). It resulted primarily from the improvement in financial results.

Financial position

The change in cash and cash equivalents amounted to TEUR 284,819 (2017: TEUR 9,405). Net cash flow from operating activities totalled TEUR 715,636 (2017: TEUR 183,690), and net cash flow from investing activities equalled TEUR -800,434 (2017: TEUR -109,009). Net cash flow from financing activities amounted to TEUR 369,618 (2017: TEUR -65,276) and was influenced chiefly by the arrangement of a margin loan and an increase in intercompany loans.

| | 2018 in TEUR | 2017 in TEUR |
|--|-----------------|-----------------|
| Net cash flow from operating activities | | |
| Profit/(loss) for the year | 271,363 | -80,004 |
| Depreciation and amortisation | 540 | 546 |
| Impairment losses to financial assets | 891,175 | 399,942 |
| Write-ups to financial assets | -13,772 | -14,405 |
| Loss/gain on the disposal of tangible and intangible assets | -10 | 0 |
| Loss/gain on the disposal of financial assets | -2,783 | -75,126 |
| Loss/gain on the disposal of current financial assets | -9,430 | 0 |
| Change in valuation adjustments to receivables | -59,458 | 4,030 |
| Release of provisions | -162 | -576 |
| Non-cash write-offs of receivables | 67,060 | 14,681 |
| Non-cash interest income and expenses | 29,622 | 14,558 |
| Non-cash tax charges | -110,675 | -11,669 |
| Non-cash write-ups to receivables | 0 | -673 |
| Non-cash dividends | -334,263 | -112,594 |
| Non-cash costs for the transfer of treasury shares | 0 | 257 |
| Non-cash management fee | 1,699 | 908 |
| Non-cash release of valuation adjustment to current securities | 0 | -3,653 |
| Change in receivables | 85,632 | 48,602 |
| Change in liabilities | -103,730 | -2,315 |
| Change in provisions | 2,736 | 1,131 |
| Change in prepaid expenses and deferred charges | 93 | 48 |
| Total | 715,636 | 183,690 |
| Net cash flow from investing activities | | |
| Investments in tangible and intangible assets | -446 | -453 |
| Investments in financial assets | -931,341 | -218,597 |
| Loans receivable | 103,327 | 10,101 |
| Proceeds from the sale of current securities | 12,679 | 0 |
| Proceeds from the disposal of tangible assets | 78 | 14 |
| Proceeds from the disposal of financial assets | 15,270 | 99,926 |
| Total | -800,434 | -109,009 |
| Net cash flow from financing activities | | |
| Increase/decrease in borrowings | 139,202 | -210,700 |
| Increase/decrease in bonds | -22,487 | 18,134 |
| Loans payable | 406,202 | 190,441 |
| Repurchase of shares | -74,839 | 0 |
| Distributions | -78,460 | -63,152 |
| Total | 369,618 | -65,276 |
| Cash change in cash and cash equivalents | 284,819 | 9,405 |
| Change in cash and cash equivalents | | |
| Balance at the beginning of the period | 35,740 | 26,335 |
| Balance at the end of the period | 320,559 | 35,740 |
| Total | 284,819 | 9,405 |

Non-financial performance indicators / environmental issues

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. This reduces operating costs and emissions and also makes a contribution to environmental protection and tenant satisfaction.

Corporate goals include the steady reduction of energy consumption as well as an increase in the energy efficiency of the standing investment portfolio and the related energy savings. Prior to the start of new activities or projects, the related environmental impact is estimated and the results are integrated in the decision process. Plans also include the gradual expansion of sustainability certification for development projects and standing investments. These certifications reduce environmental risks and help to improve the environmentally friendly use of space and an increase in efficiency.

D. INFORMATION ON EQUITY

The share capital of IMMOFINANZ AG totalled EUR 112,085,269.0 as of 31 December 2018 (31 December 2017: EUR 1,116,173,778.0). It is divided into 112,085,269 zero par value shares with voting rights (31 December 2017: 1,116,173,778), each of which represents a proportional share of EUR 1.00 in share capital.

Share capital and the number of shares changed as a result of the following measures:

The conversion of the convertible bond 2018, which expired in March 2018, resulted in the issue of 4,678,921 IMMOFINANZ shares through a capital increase from conditional capital in April 2018.

Information on the outstanding convertible bond 2024 is provided in the notes to the individual financial statements under "convertible bond 2017-2024".

The annual general meeting of IMMOFINANZ AG on 11 May 2018 approved the re-division of share capital through a reverse stock split at a ratio of 10:1 as well as the ordinary reduction of share capital. These measures took effect when they were recorded in the company register during June 2018. Share capital has equalled EUR 112,085,269.0 since that date and is divided into 112,085,269 shares.

TREASURY SHARES

HOLDING AND BUYBACK OF TREASURY SHARES

IMMOFINANZ and its subsidiaries held 4,942,001 treasury shares, representing a proportional share of EUR 4,942,001.0, or 4.41% of share capital, as of 31 December 2018. Of this total, 1,500,000 shares were held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary, and 3,442,001 shares directly by IMMOFINANZ. As of 31 December 2017, IMMOFINANZ and its subsidiaries held no treasury shares.

Share buyback programme 1/2018

IMBEA IMMOEAST Beteiligungsverwaltung GmbH repurchased a total of 15 million shares at a weighted average price of EUR 2.105 per share between 14 March 2018 and 15 June 2018 as part of the share buyback programme 1/2018. The total purchase price amounted to EUR 31,573,202.4.

The share buyback programme 1/2018 was based on an authorisation by the annual general meeting on 1 June 2017 in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act. The repurchased shares represent EUR 15 million of share capital

Share buyback programme 2018/19

IMMOFINANZ repurchased 3,442,001 shares at a weighted average price of EUR 21.743 per share between 16 July 2018 and 28 December 2018 as part of the share buyback programme 2018/19. The total purchase price amounted to EUR 74,839,425.5.

The share buyback programme 2018/19 is based on an authorisation by the annual general meeting on 11 May 2018 in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act. The shares repurchased by 31 December 2018 represent EUR 3,442,001 of share capital.

CHANGE OF CONTROL PROVISIONS

Convertible bond 2024

In accordance with the issue terms of the convertible bond 2024 (issued in January 2017), the conversion price will be reduced in line with the remaining term of the bond when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. The bondholders are also entitled to tender their securities and to demand immediate repayment at the nominal value plus accrued interest as of the respective date. Details on these provisions are provided in the terms and conditions for the convertible bond 2024 (for additional information see the section “convertible bond 2017-2024” in the notes).

Corporate bond 2023

In accordance with the issue terms of the EUR 500 million bond 2023 issued in January 2019, the bondholders are entitled under the following circumstances to put their bonds and demand immediate repayment at 101% of the nominal value plus accrued interest as of the respective date. This provision takes effect when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired and results in a mandatory takeover offer. Details on these provisions are provided in the terms for the bond 2023.

Margin loan

IMMOFINANZ arranged for a margin loan of EUR 140 million in September 2018 to serve as partial financing for the acquisition of an investment in S IMMO AG. The related contract includes cancellation rights for the lender in the event of a change of control. The loan was repaid in full at the beginning of February 2019 after the end of the 2018 financial year.

Executive Board and Supervisory Board

The employment agreements with the members of the Executive Board include change of control clauses that may lead to the cancellation of a contract. The company and the members of the Executive Board have concluded compensation agreements that will take effect when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. Depending on the remaining term of the Executive Board member, the respective contract entitlement will equal two years at most.

There are no such agreements for the members of the Supervisory Board or for employees.

The company has no other significant agreements which would enter into force, change or terminate in the event of a change of control that results from a takeover bid.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, BOARD APPOINTMENTS AND DISMISSALS

In accordance with § 21 of the articles of association of IMMOFINANZ AG, the annual general meeting passes its resolutions based on a simple majority of the votes cast and, for resolutions that require a majority of capital, based on a simple majority of the share capital represented at the time of voting, unless legal regulations require a different majority. The same applies to amendments to the articles of association and to the premature dismissal of members from the Supervisory Board.

The person chairing the respective meeting casts the deciding vote in the event of a tie in voting on the Supervisory Board in accordance with the articles of association. This also applies to the election to and dismissal of members from the Executive Board.

The corporate governance report included in this annual report, which was expanded to the consolidated corporate governance report, is available on the company's website under www.immofinanz.com.

Significant holdings

Information reported to the company shows the following investments and attributed voting rights under stock corporation law which exceeded 4% of share capital as of 31 December 2018 (basis: share capital as of 31 December 2018, including the 10:1 reverse stock split):

- > S IMMO AG (through CEE Immobilien GmbH): 11.94%
- > Fries Foundation (and companies and members of the Fries family): 6.23%
- > Erste Asset Management GmbH (together with controlled companies): 4.94%
- > CA Immobilien Anlagen AG (through PHI Finanzbeteiligungs und Investment GmbH): 4.89%

E. RESEARCH AND DEVELOPMENT

IMMOFINANZ does not incur any expenses for research and development.

F. BRANCH OFFICES

IMMOFINANZ has no branch offices.

G. FINANCIAL INSTRUMENTS AND RISK REPORTING

RISK MANAGEMENT

As an international property investor and project developer, IMMOFINANZ is exposed to a variety of general and branch-specific risks in its business operations. An integrated risk management process provides the Group with a sound basis for the timely identification of potential risks and the assessment of the potential consequences.

Based on the hedging and management instruments currently in use, no material risks can be identified at the present time that could endanger the company's standing as a going concern. An overall evaluation of the risk situation for the 2018 financial year and the beginning of the 2019 financial year shows no major changes.

IMMOFINANZ has anchored the procedures for handling risk in a Group-wide risk management system, which is integrated in business practices and reporting paths and has a direct influence on processes and strategic decisions. Risk management takes place at all levels through internal guidelines, reporting systems and an internal control system (ICS) which is reviewed by the internal audit department.

STRUCTURE OF RISK MANAGEMENT

The goal of risk management is to implement the strategy defined by the Executive Board with a minimum of risk. This implementation transfers the Group's strategic goals to the operating processes in which the measures for the identification, prevention and management of risks are embedded.

The structure of risk management is based on the rules of the Austrian Corporate Governance Code and the integrated framework of the COSO ERM, an internationally accepted framework concept for the design of risk management systems.

Responsibilities and Reporting Paths



The Executive Board, as a whole, is responsible for risk management in the IMMOFINANZ Group and defines the corporate goals and related risk strategy.

Risk management is a staff function which reports directly to the Chief Financial Officer (CFO). It monitors the corporate risks that are not related to specific business areas, aggregates risk data and reports, and actively supports the business areas and country organisations in the identification of risks and economically

suitable countermeasures. Risk management reports regularly to the CFO and at least once each year to the Supervisory Board.

At the business area and country organisation levels, the heads of the respective business area or country organisation are responsible for risk management. The business area managers and country managers report their risk positions to the Executive Board at least once each quarter. Acute risks are reported immediately to the Executive Board.

Risk management process

The identification of risks is the first step in the risk management process. Every employee is responsible for identifying risks in his or her area of activity. These risks are recorded in a risk catalogue, evaluated and flow into the budgeting process. Risk reporting also includes a review to ensure that all risks are covered.

The business area heads and country managers also use early warning indicators, e.g. visitor frequency measurements or tenant surveys, wherever appropriate.

The identified risks are managed according to their nature and potential effects and, where possible, avoided or directly addressed. In cases where this is not possible, the risks are minimised with economically reasonable measures, transferred to third parties or carried by IMMOFINANZ and monitored continuously.

These risks are aggregated and reported to the Executive Board as part of regular risk communications. Acute material risks must be reported immediately.

Financial risk management

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.

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.

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.

Foreign exchange risk

IMMOFINANZ is exposed to various forms of foreign exchange risk in connection with its accounting data and cash flows. Fluctuations in foreign exchange rates can influence the Groups' earnings position and also have an impact on the Group's asset position.

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.

In addition to credit liabilities, securities and receivables – above all financing receivables – can be sensitive to changes in interest rates. Most of the financing receivables current held by IMMOFINANZ carry fixed interest rates, and interest rate risk is therefore non-existent or minimal.

Capital management

The goals of IMMOFINANZ's management are to protect the Group's short-, medium- and long-term liquidity at all times. Interest rate hedging instruments such as caps and swaps are used to manage liquidity, above all when interest rates are low. IMMOFINANZ has set a target of up to 45% for the LTV ratio.

MARKET AND PROPERTY-SPECIFIC RISKS

The development of the real estate markets is dependent on cyclical and macroeconomic factors. The related risks include events on the global financial and capital markets as well as political, micro- and macroeconomic issues in the countries where IMMOFINANZ is active. These factors can have a significant effect on the market value of properties, earnings and development plans as well as investment and sales activities.

Concentration risk and the risk associated with the property portfolio are addressed through the diversification of property investments by sector and region. IMMOFINANZ focuses on two commercial asset classes – office and retail – in Austria, Germany and CEE. In addition to the diversification of the portfolio by sector and region, a differentiated tenant structure is also important for minimising risk. IMMOFINANZ has a balanced and diversified tenant mix.

Major market and property-specific risks

| Description of risk | Effects | Measures |
|--|--|--|
| Rental risks | Loss of income due to vacancies | Proactive rental management (close cooperation with tenants, high service orientation, continuous optimisation of offering and tenant mix) |
| | Default on rental payments due to deterioration 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 |
| 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 market and property-specific 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 |
| Legal and tax risks | Loans for projects and transactions are not available | Medium-term planning, capital and liquidity management |
| | Legal disputes with tenants, business partners, investors or public authorities | Continuous monitoring of legal developments, creation of provisions |
| Organisational risks | Changes in national tax schemes result in subsequent tax liabilities | Continuous monitoring of legal developments, compliance with disclosure requirements |
| | 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 |
| | 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 | 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 |
| | Fluctuations in the value of the S Immo investment | Continuous monitoring and evaluation |

Monitoring and control of the risk management system

The risk management system is monitored and controlled through two corporate channels. On the one hand, internal audit evaluates the effectiveness of risk management and contributes to its improvement.

On the other hand, the auditor reviews the effectiveness of risk management in accordance with Rule 83 of the Austrian Corporate Governance Code (in the version released in January 2018) and reports to the Executive Board on the results of this analysis.

Evaluation of the functionality of the risk management system

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, audited IMMOFINANZ's risk management system during the period from December 2018 to February 2019. This audit covered the design and implementation of the measures and organisational procedures instituted by the company, but not their application in the sense of operating effectiveness. Based on the knowledge gained by Deloitte during the related activities, no circumstances were identified that would lead to the assumption that the risk management system instituted by IMMOFINANZ as of 31 December 2018 – based on the comprehensive framework for corporate risk management according to COSO – is not functional.

MARKET AND PROPERTY-SPECIFIC RISKS

The risks arising from the composition of the portfolio, rentals and project development as well as the purchase and sale of properties basically remained unchanged, in total, compared with the 2017 financial year.

The overall occupancy rate for IMMOFINANZ's portfolio equalled 95.8% as of 31 December 2018, which represents an increase of 1.6 percentage points since 31 December 2017. The occupancy rate rose to 91.9% (31 December 2017: 93.7%) in the office properties and to 97.2% (31 December 2017: 98.2%) in the retail properties.

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 277.5 million (31 December 2017: EUR 312.9 million), and the real estate inventories have a carrying amount of EUR 46.9 million (31 December 2017: EUR 61.2 million). The budgeted

outstanding construction costs for these development projects and real estate inventories totalled EUR 96.0 million as of 31 December 2018 (31 December 2017: EUR 141.3 million).

BUSINESS AND OTHER RISKS

IMMOFINANZ is also exposed to other risks in connection with its business activities. These legal, compliance, environmental, tax, information security and human resources risks generally remained unchanged in comparison with the 2017 financial year.

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.

I. OUTLOOK

The continued improvement of operating indicators and the realisation of cost savings formed the focal points of activities for IMMOFINANZ in 2018. Its profile as a commercial real estate corporation with a concentration on the office and retail asset classes and on three brands – myhive, STOP SHOP and VIVO! – was strengthened and the occupancy rate was further increased during the past year.

Consequently, the steady improvement of the core operating business and value-creating growth to strengthen the standing investments will remain core issues in 2019.

A robust balance sheet and available liquidity allow IMMOFINANZ to take advantage of suitable investment opportunities, through acquisitions as well as development projects. The proceeds from the sale of non-strategic properties will be used to finance further growth.

STANDING INVESTMENTS AND PROJECT DEVELOPMENT

A strong customer orientation, investments in the quality of the standing investments and the continuous improvement of the service offering for our tenants led to a further increase in the occupancy rate during the past year. Consequently, we will continue this course in 2019. Our objectives include high customer satisfaction and the protection of a very solid occupancy rate across the entire portfolio.

Economic developments in our core markets are expected to remain generally positive during the coming year. Based on a like-for-like analysis, rents should be basically stable throughout the portfolio.

Project activities in 2019 will include the opening of the refurbished office and hotel towers at the *myhive am Wienerberg* in Vienna as well as the completion of two STOP SHOPS in Poland and Serbia. These last two projects will increase the number of STOP SHOP locations to 82.

FINANCING AND THE CAPITAL MARKET

The climate for both new financing and refinancing at the property level is expected to remain reasonable – also for development projects. The refinancing carried out at the Group and property levels in 2018 will protect current interest rates over the long-term and further reduce financing costs.

IMMOFINANZ issued an unsecured, EUR 500.0 million bond with an investment grade rating in the first quarter of 2019. The company was given a long-term issuer rating of BBB- with stable outlook from S&P Global Rating in connection with this issue, and the bond received an issue rating of BBB-. The net proceeds will be used to refinance existing liabilities and for general corporate purposes. These funds allowed for a further increase in the hedging ratio and in the share of unencumbered property. The recently received investment grade rating also led to a reduction of 0.5% to 1.5% p.a. in the coupon for IMMOFINANZ's outstanding convertible bond 2024.

This outlook reflects the Executive Board's assessments as of 1 April 2019 and includes statements and forecasts concerning the future development of IMMOFINANZ. The forecasts represent estimates that are based on the information available at the present time. If the underlying assumptions do not occur or risks – as indicated in the risk report – materialise, actual results could differ from the statements made here. This annual report does not represent a recommendation to buy or sell IMMOFINANZ AG securities.

Significant events occurring after the end of the 2018 financial year are reported on page 216.

Vienna, 1 April 2019

The Executive Board of IMMOFINANZ AG



Oliver Schumy
CEO



Stefan Schönauer
CFO



Dietmar Reindl
COO

Auditor's Report

REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of IMMOFINANZ AG, Vienna (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in and receivables due from subsidiaries

Audit matters and related information

(See the information provided in the notes under section 2 on "Financial assets and receivables" and under section 3 under "Non-current assets and receivables")

The value of the shares in subsidiaries totals EUR 3.437 million and was reduced through impairment losses of EUR 866 million in 2018.

The receivables due from subsidiaries total EUR 402 million and were reduced through impairment losses of EUR 100 million in 2018.

The valuation of the investments in and receivables due from subsidiaries is complex because of the Group's corporate and financing structure. In addition to the basis data generated by the accounting system, the applied standardised valuation model also includes the earnings-based fair value of the properties as well as the effects of deferred taxes and other relevant input factors. These input factors are based to a significant degree on estimates by management concerning future market developments, which are connected with a high degree of valuation uncertainty.

Therefore, we have defined the recoverable amount of the shares in and receivables due from subsidiaries as a key audit matter.

Audit procedures

Our audit procedures to evaluate the appropriateness of the shares in and receivables due from subsidiaries included, above all, the following activities:

- > An analysis of the appropriateness of the calculation logic underlying the valuation model used by the client
- > An evaluation of the completeness and exactness of the basis data that flowed into the calculation; the basis data also include the fair values of the properties and deferred taxes
- > A critical assessment of the key assumptions and estimates used to calculate the fair values of the properties and deferred taxes

> An analysis of significant year-on-year changes in the value of the investment in each company

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. With respect to the information in the management report we refer to the section "Report on the Audit of the Management Report".

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND OF THE AUDIT COMMITTEE FOR THE ANNUAL FINANCIAL REPORT

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDITING OF THE ANNUAL FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that give a true and fair view.

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 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 MANAGEMENT REPORT

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

In our opinion, the management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the financial statements.

Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS ACCORDING TO ARTICLE 10 OF REGULATION (EU) NO 537/2014

We were appointed by the annual general meeting on 11 May 2018 and commissioned by the supervisory board on 14 June 2018 to audit the financial statements for the financial year ending 31 December 2018. We have been auditing the Company uninterrupted since the financial year ending 30 April 2011.

We confirm that our opinion expressed in the section "Report on the Audit of the Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Company in conducting the audit.

RESPONSIBLE EXTERNAL AUDITOR

The engagement partner responsible for the audit is Friedrich Wiesmüllner.

Vienna, 1 April 2019

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Friedrich Wiesmüllner
Certified Public Accountant

Mag. Nikolaus Schaffer
Certified Public Accountant

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

Glossary

Ad-hoc announcement

Corporate announcements that could influence the share price. These announcements are published by stock corporations in the form of ad-hoc press releases as required by § 48d of the Austrian Stock Corporation Act and are designed to ensure that all market participants are provided with the same information

Annualised rents

Projection of rental income for a specific period to total rental income for the year

Asset class

Classification categories for real estate based on the use of the property. IMMOFINANZ differentiates between the office, retail and other asset classes

Asset management

Asset management covers the administration, rental and maintenance of standing investments

ATX

(Austria Traded Index) of the Vienna Stock Exchange

Austrian Commercial Code

The commercial (legal) code applicable to companies in Austria

Austrian Corporate Governance Code

A set of voluntary rules for the establishment of good corporate governance and control systems

Benchmark

A comparative analysis, e.g. of companies or shares

bp

Basis point; a unit equal to one hundredth of a percentage point

BREEAM

The BRE Environmental Assessment Method is a certification method for buildings that concentrates on ecological aspects

Cap

Agreed upper limit for the interest rate on a floating interest rate loan

Carrying amount

The value of an asset or a liability as reported on the balance sheet

Cash flow

This indicator represents the inflows and outflows of cash and cash equivalents during a reporting period

CEE

Central Eastern Europe

Center Management

Coordination office for shopping centers that provides services for tenants and owners' representatives

Change of control clause

A contractual provision that regulates specific claims by parties (e.g. Executive Board members) if there is a change in the ownership of a company

Closing price

The final trading price for a security at the end of a specific period

Compliance rules

Compliance rules are issued to ensure conformity with legal, regulatory and voluntary regulations

Comply or explain

A category of rules in the Austrian Corporate Governance Code. Any deviation from these "C-Rules" must be explained and justified to achieve compliance with the code

Contingent liability

An obligation whose existence or amount is uncertain on the balance sheet date

Convertible bond

A financial instrument that creates a financial liability for the issuing company and gives the holder the right to convert the bond into a fixed number of common shares in the company

Corporate bond

An interest-bearing security issued by a company

Corporate governance

Corporate governance is the general term for a variety of policies and practices (e.g. management and control) in companies or other organisations

Corporate Social Responsibility (CSR)

A voluntary contribution to sustainable development which exceeds legal minimum requirements (compliance), for example by companies and other members of society

Cost model

A method to account for investment properties, which is based on the respective acquisition or production cost less accumulated depreciation (also see fair value model and IAS 40)

COSO ERM (COSO Enterprise Risk Management)

An internationally recognised and applied framework for the design of integrated corporate risk management

Coupon

A certificate that entitles the holder to receive dividends or interest

Debt Service Coverage Ratio

An indicator that compares income to interest and principle payments

Deferred taxes

A balance sheet position resulting from the valuation differences on taxes between the financial statements prepared under IFRS and the financial statements prepared for tax purposes

Development project (property)

A property built or developed by the company

Discount rate

The interest rate used to discount future cash flows; also see discounted cash flow method

Discounted cash flow method

See the notes to the consolidated financial statements

Diversification

Distribution of real estate investments over various types of use and geographical regions in order to minimise risk

Dividend

A distribution of profit by the company to its shareholders

DGNB

German Sustainable Building Council (Deutsche Gesellschaft für nachhaltiges Bauen)

Due diligence

Careful analysis and examination of data on an investment target, in particular, as regards financial, legal, tax, technical and economic relationships

D&O (Directors & Officers) insurance

Asset damage-liability insurance that is concluded by a company for its corporate bodies and key employees

Earnings per share (EPS; basic)

Group net profit for the period divided by the weighted number of shares outstanding

Earnings per share (diluted)

Group net profit for the period divided by the weighted number of shares outstanding, which also includes all potential conversions (e.g. from convertible bonds or stock options)

EBIT

Earnings before interest and tax

EBT

Earnings before tax

EPRA

European Public Real Estate Association; the association of listed real estate companies in Europe

EPRA Best Practice Policy Recommendations

Recommendations made by the EPRA to increase Transparency

EPRA/NAREIT Developed Europe Index

EPRA stock index category

EPRA/NAREIT Emerging Europe Index

EPRA stock index category

Equity

The amount of a company's assets that remains after the deduction of liabilities

Equity consolidation (equity method)

A method to account for the carrying amount of certain investments in the consolidated financial statements of the parent company that holds voting capital in another company. See the notes to the consolidated financial statements

EuroStat

Statistical office of the European Union

Fair value

The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent business partners

Fair value method

Approach for the valuation of assets (including real estate); it is based on the actual price that could be realised on the market

FRICS

Fellow of the Royal Institution of Chartered Surveyors; the title held by the members of a British association of real estate experts

Full consolidation

A consolidation method under which the assets and liabilities of a subsidiary are included in the consolidated financial statements at 100%

FX effects

Foreign exchange effects; all financial effects resulting from exchange rate differences

Gearing

An indicator that measures the ratio of a company's debt to its equity (financial liabilities less cash and cash equivalents divided by equity)

Green Building

A certification system for commercial properties which was introduced by the EU Commission

Gross return on a property

Annual gross return on a property, based on its carrying amount

IAS

International Accounting Standards, also see IFRS

IAS 40

The International Accounting Standard that regulates the accounting treatment and valuation of investment properties; it includes an option that allows companies to choose between the fair value model and the cost model (also see Fair value method and Cost model)

IATX

Branch index for property stocks in the Austria Traded Index (ATX)

ICS

Internal Control System, the processes and procedures implemented by companies to ensure proper management and control, above all compliance with guidelines and the prevention of damages that could be caused by employees or malicious third parties

IFRIC

International Financial Reporting Interpretations Committee; subgroup of the International Accounting Standards Committee Foundation (IASCF) that deals with the interpretation of IFRSs and IASs

IFRS

International Financial Reporting Standards

IFRS 5

Defines rules for the accounting treatment of non-current assets and discontinued operations held for sale

Interest Coverage Ratio

Indicator that shows the ratio of a company's earnings to its interest payments

Interest rate swap

A derivative financial instrument which exchanges variable for fixed interest payments as protection against the risk of interest rate fluctuations

Investment property

See the notes to the consolidated financial statements

ISIN

International Security Identification Number

IVA

Austrian Shareholder Association (Österreichischer Interessenverband für Anleger)

Joint venture

A joint arrangement where the partner companies with joint control rights also share rights to the net assets of the joint arrangement

LEED

Leadership in Energy and Environment Design is a certification method for office buildings that is focused on ecological aspects

Like-for-like analysis (lfl)

Change in rental income or property valuation adjusted for new acquisitions, completions and sales during the respective period

Loan-to-Value (LTV)

The ratio of a loan to the fair value of a property

Market capitalisation

Market value of a stock corporation (share price x number of shares outstanding)

Market value

See fair value

NAV

Net Asset Value, see the calculation in the section *Business Development*

Net profit

Profit or loss recorded by a company during a specific period

NNNAV

Triple Net Asset Value, see the calculation in the section *Business Development*

Nominal value

Repayment amount of a liability

Operating expenses

Costs that normally arise in connection with the use of a property (e.g. building management); these costs are charged to the tenants

Operating segment

A component of a corporation

PP

Percentage points, absolute difference between two percentage rates

Property management

Coordination office for the administration, management and monitoring of properties

Property portfolio

All property assets held by a company

Property valuation

The determination of the value of properties by external experts. The IMMOFINANZ property portfolio is valued by external appraisers as of 31 December and 30 June

Proportionate consolidation

A consolidation method under which the assets and liabilities of a joint venture are included in the consolidated financial statements based on the percentage of ownership ("proportional share")

Registered share with restricted transferability

The issuer's consent is required for the purchase of these shares

Return

An indicator that shows the relationship between the income from an investment and the amount of the investment

Return based on invoiced rents (invoiced rents return)

Return based on invoiced rents is explained by the accrual of rental incentives – e.g. the standard market practice of granting rent-free periods or allowances for fit-out costs. These incentives must be accrued on a straight-line basis over the contract term in accordance with IFRS (basis for gross return under IFRS), but are not included in the invoiced rent.

Risk management

Active measures to provide protection against risks

Scope of consolidation

Term for the companies to be included in the consolidated financial statements

Share capital

The total nominal value of the shares issued by a company

Share performance

The development of a share price during a specific period

Share price

The price at which a share trades on the stock exchange

Spin-off

Spin-off of a business unit or operation from IMMOFINANZ

Standing investment

Investment property that is held to generate rental income

Trade

The purchase and sale of properties

Value date

The date on which funds are credited to an account and interest payments begin

Value in dispute

An expression used in legal proceedings that refers to the monetary value of the disputed object

Voting rights

The right to vote on motions at the annual general meeting

WAULT**(Weighted Average Unexpired Lease Term)**

Average remaining term of rental contracts weighted by rental income

Withholding tax

Also called capital yields tax; a tax on income from Investments

FINANCIAL CALENDAR 2019

| | |
|------------------|---|
| 12 May 2019 | Record date for participation in the 26th annual general meeting |
| 22 May 2019 | 26th annual general meeting |
| 24 May 2019 | Expected ex-dividend date |
| 27 May 2019 | Expected record date for the determination of dividend rights (record date) |
| 28 May 2019 | Expected dividend payment date |
| 28 May 2019 | Announcement of results for the first quarter of 2019 (after the close of trading) |
| 29 May 2019 | Report on the first quarter of 2019 |
| 28 August 2019 | Announcement of results for the first half of 2019 (after the close of trading) |
| 29 August 2019 | Report on the first half of 2019 |
| 27 November 2019 | Announcement of results for the first three quarters of 2019 (after the close of trading) |
| 28 November 2019 | Report on the first three quarters of 2019 |

IMPRINT

Photos: IMMOFINANZ, APA Fotoservice, HGEsch, Hennef, HH Vision, Martin Sirotny, Klaus Vynhalek, ZOOM visual project gmbh

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Disclaimer

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Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.

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