

**FINANCIAL
REPORT ON
THE FIRST
HALF-YEAR
OF 2018**

Q1-2

KEY FIGURES

Earnings Data

		Q1-2 2018	Q1-2 2017	Change in %
Rental income	in MEUR	119.0	114.9	3.5%
Results of asset management	in MEUR	94.8	79.1	19.8%
Results of property sales	in MEUR	20.6	2.0	≥ +100.0%
Results of property development	in MEUR	24.2	-28.9	n.a.
Results of operations	in MEUR	114.8	33.8	≥ +100.0%
Revaluations	in MEUR	37.9	8.3	≥ +100.0%
EBIT	in MEUR	124.1	35.8	≥ +100.0%
Financial results	in MEUR	1.5	104.4	-98.5%
EBT	in MEUR	125.6	140.2	-10.4%
Net profit for the period	in MEUR	86.2	105.3	-18.1%
FFO 1 before tax (sustainable FFO from asset management) ¹	in MEUR	48.4	27.8	73.8%
FFO 1 per share before tax ¹	in EUR	0.43	0.27	59.7%

1 See calculation in chapter *Business Development*

Asset Data

		30 June 2018	31 Dec 2017	Change in %
Balance sheet total	in MEUR	6,050.5	6,062.7	-0.2%
Equity as % of the balance sheet total	in %	45.6%	46.3%	n.a.
Net financial liabilities	in MEUR	2,124.8	2,140.4	-0.7%
Cash and cash equivalents	in MEUR	563.7	477.9	18.0%
Loan-to-value ratio (net)	in %	41.0%	40.8%	n.a.
Gearing	in %	76.9%	76.3%	n.a.
Average interest rate on financial liabilities, incl. hedging	in %	2.2%	2.3%	n.a.
Average term of financial liabilities	in years	3.3	3.5	-7.1%

Property Data

		30 June 2018	31 Dec 2017	Change in %
Total number of properties		229	239	-4.2%
Rentable space	in sqm	1,856,447	1,865,178	-0.5%
Occupancy rate	in %	94.7%	94.2%	n.a.
Gross return	in %	6.3%	6.4%	n.a.
Invoiced rents return ¹	in %	6.7%	n.a.	n.a.
Portfolio value	in MEUR	4,250.7	4,194.8	1.3%
Thereof investment properties	in MEUR	3,881.4	3,729.5	4.1%
Thereof property under construction	in MEUR	327.1	404.1	-19.0%
Thereof real estate inventories	in MEUR	42.3	61.2	-31.0%
Unencumbered investment property	in MEUR	648.2	846.1	-23.4%

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

EPRA Indicators¹

		30 June 2018	31 Dec 2017	Change in %
EPRA Net Asset Value	in MEUR	3,121.6	3,220.6	-3.1%
EPRA Net Asset Value per share	in EUR	28.23	28.60	-1.3%
EPRA Triple Net Asset Value	in MEUR	3,101.5	3,201.6	-3.1%
EPRA Triple Net Asset Value per share	in EUR	28.05	28.43	-1.3%

		Q1-2 2018	Q1-2 2017	Change in %
EPRA earnings	in MEUR	30.3	102.9	-70.6%
EPRA earnings per share	in EUR	0.27	1.00	-73.0%
EPRA earnings after company-specific adjustments	in MEUR	31.7	0.8	≥ +100.0%
EPRA earnings per share after company-specific adjustments	in EUR	0.28	0.01	≥ +100.0%
EPRA Net Initial Yield	in %	5.5%	5.2%	n.a.

1 See calculation in chapter *Business Development*

Stock Exchange Data

		30 June 2018	31 Dec 2017	Change in %
Book value per share	in EUR	25.14	25.28	-0.6%
Share price at end of period	in EUR	20.40	21.47	-5.0%
Discount of share price to NAV per share	in %	27.7%	24.9%	n.a.
Total number of shares		112,085,269	111,617,378	0.4%
Thereof number of treasury shares		1,500,000	0	n.a.
Market capitalisation at end of period	in MEUR	2,286.5	2,396.4	-4.6%

		Q1-2 2018	Q1-2 2017	Change in %
Earnings per share (basic)	in EUR	0.79	1.05	-24.9%
Earnings per share (diluted)	in EUR	0.73	0.93	-21.4%

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.

CONTENT

CEO Letter	2
Investor Relations	4
Group Interim Management Report	8
Economic Overview and Property Markets	8
Portfolio Report	10
Property Valuation	21
Financing	23
Business Development	27
Risk Report	33
Consolidated Interim Financial Statements	35
Consolidated Balance Sheet	36
Consolidated Income Statement	37
Consolidated Statement of Comprehensive Income	38
Consolidated Cash Flow Statement	39
Consolidated Statement of Changes in Equity	40
Notes	42



IMMOFINANZ



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RESULTS OF OPERATIONS MORE THAN TRIPLED

Increase from EUR 33.8 million to EUR 114.8 million

-

OCCUPANCY RATE REACHES NEW RECORD LEVEL

94.7% of the space is rented

-

FINANCIAL PROFILE CONTINUES TO GROW STRONGER

Cash and cash equivalents rise to EUR 563.7 million,
net LTV at 41%



VIVO!



INTRODUCTION

DEAR SHAREHOLDERS,

IMMOFINANZ is pleased to report on a successful first half of 2018. The measures we have implemented to date are taking effect – our operating business is growing stronger and the expected improvement in our key performance indicators is now visible.

Our real estate portfolio covered 229 properties with a carrying amount of EUR 4.3 billion at the end of June 2018. Most of these properties – roughly 86% – are standing investments. Their occupancy rate rose to a new record level of 94.7% during the past half-year. Rental income increased by 3.5% to EUR 119 million, and the gross return on our standing investment portfolio is a sound 6.3%.

We also made good progress in increasing the focus on our three brands – myhive for offices, and STOP SHOP and VIVO! for retail properties. They are currently responsible for roughly 70% of our total rental income. During the past half-year, we opened two fully rented retail parks under our STOP SHOP brand with nearly 16,000 sqm of space in total. These new properties are located in the Serbian cities of Požarevac and Vršac. The STOP SHOP portfolio now includes 72 locations with roughly 500,000 sqm in eight countries.

A look at the most important drivers for our operating earnings shows significant improvement in all areas:

The results of asset management rose by a substantial 19.8% to EUR 94.8 million in the first half-year – supported by higher rental income and a considerable reduction in property expenses. The results of property sales clearly exceeded the comparable prior year value of EUR 2.0 million at EUR 20.6 million in the first half of 2018, and the results of property development turned strongly positive at EUR 24.2 million after a loss in 2017. In total, the results of operations more than tripled to EUR 114.8 million during the first half of 2018.

Financial results for the period benefited from a substantial reduction in financing costs – which fell by 35.3% to EUR -33.8 million as a result of the refinancing transactions carried out during the past year. Financial results declined, as expected, from EUR 104.4 million to EUR 1.5 million due to the absence of the high positive valuation effects recorded in 2017 from the CA Immo and BUWOG investments. However, our net profit for the first half of 2018 reached a sound level at EUR 86.2 million and reflects our operating strength.

The development of our sustainable Funds from Operations, a key profitability indicator in the real estate industry, also highlights our stronger earning power: FFO 1 from the standing investment business rose by over 70% to EUR 48.4 million. 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 is also stronger: cash and cash equivalents increased to more than EUR 560 million, and leverage – based on the net loan-to-value – is extremely solid at 41.0%. Financing costs declined further to 2.19% including and 1.87% excluding derivatives during the past six months.

**THE MEASURES WE
HAVE IMPLEMENTED
TO DATE ARE TAKING
EFFECT AND OUR
OPERATING BUSINESS
IS GROWING STRONGER.**



All these factors place IMMOFINANZ in an optimal position, and we are therefore looking to the future with optimism. Against this background, we decided to evaluate the sale of our CA Immo investment and launched a structured bidding process during the first half-year. At the beginning of July – in other words, shortly after the end of the reporting period – we approved the package sale of our 26% investment for EUR 757.9 million to Starwood. IMMOFINANZ will have realised a total profit of roughly EUR 184.0 million as calculated over the two-year period of this investment in CA Immo as well as a return on investment of roughly 30%. We expect the transaction will close by the end of the third quarter of 2018.

We also utilised a short-term opportunity to become the largest shareholder of S IMMO and, in this way, continue our growth course. In April we signed contracts for the purchase of roughly 19.5 million S IMMO shares. That represents an investment of nearly 30%. We are currently working to obtain the approval of the anti-trust authorities in several countries and also expect to complete this closing by the end of the third quarter this year.

With regard to our distribution policy, we have successfully repositioned IMMOFINANZ as a sustainable dividend stock. In May, we paid a dividend of 70 cents per share including the 10:1 reverse stock split which took effect in June. Our plans call for a further increase to 80 cents per share for the current financial year.

In view of 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-year and started a further buyback programme in July for up to 9.7 million shares, or 8.66% of the shares currently outstanding.

Vienna, 28 August 2018



Oliver Schumy
CEO

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

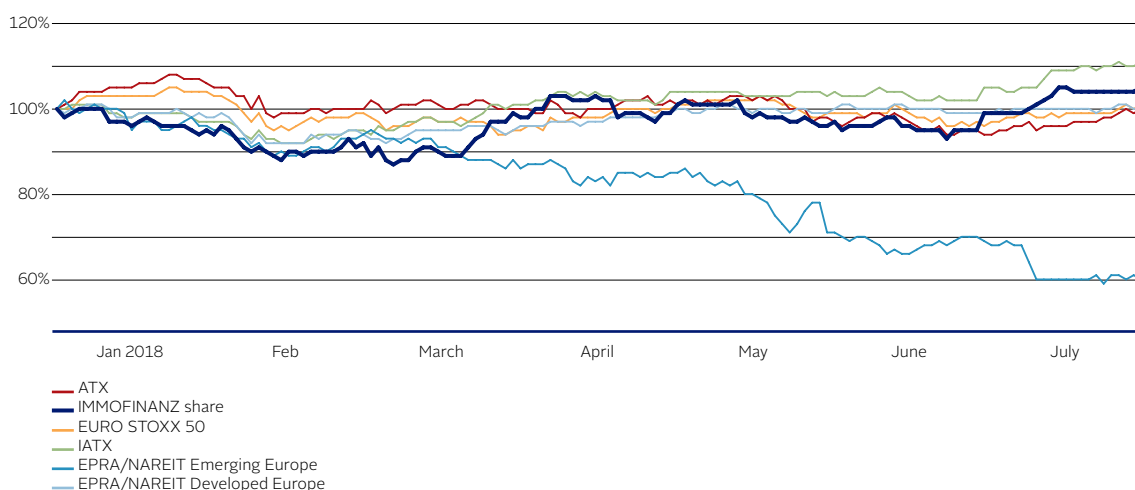
**IMMOFINANZ share
with new ISIN:
AT0000A21KS2**

Substantial share price gains during the first weeks of the year and a later market correction caused by concerns over inflation and interest rates were followed by a sideward movement on the exchanges during most of the first half-year. The intensification of trade conflicts had a negative effect towards the end of the second quarter, above all on markets with a particular concentration of export-oriented securities.

The EURO STOXX 50 lost 3.1% from the end of 2017 to the end of June. The development of the IMMOFINANZ share reflected the ATX and declined by 5%. The share started the 2018 reporting year at EUR 21.47 (share price adjusted for the 10:1 reverse stock split carried out at the end of June, see the details below), and equalled EUR 20.40 at the end of June. On the editorial deadline for this report (27 August 2018) the share traded at EUR 22.00, which represents a gain of 2.47% since the start of the year.

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 January 2018



PERFORMANCE COMPARISON

1 January to 30 June 2018	in %
IMMOFINANZ share	-5.0%
ATX	-4.8%
Immobilien ATX	2.3%
EPRA/NAREIT Emerging Europe	-30.3%
EPRA/NAREIT Developed Europe	-0.7%

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

		30 June 2018	31 December 2017	Change in %
Book value per share	in EUR	25.14	25.28	-0.6%
EPRA Net Asset Value per share ¹	in EUR	28.23	28.60	-1.3%
EPRA Triple Net Asset Value per share ¹	in EUR	28.05	28.43	-1.4%
Earnings per share	in EUR	0.79	1.05	-24.9%
FFO 1 per share before tax (excl. CA Immo) ¹	in EUR	0.43	0.27	59.7%
Share price at end of period	in EUR	20.40	21.47	-5.0%
Share price high H1 based on the closing rate	in EUR	22.20	20.76	6.9%
Share price low H1 based on the closing rate	in EUR	18.78	16.98	10.6%
Discount of share price to NAV per share	in %	27.7%	24.9%	n.a.
Total number of shares		112,085,269	111,617,378	0.4%
thereof treasury shares		1,500,000 ²	0	n.a.
Market capitalisation at the end of the period	in MEUR	2,286.5	2,396.4	-4.6%
Free float ³	in %	approx. 78%	approx. 84%	n.a.

¹ See the calculation under the section *Business Development*

² IMMOFINANZ has been repurchasing its shares within the framework of the share buyback programme 2018/19 since 16 July 2018 (for additional details, see the section *Share buybacks*).

³ Calculation method as defined by the Vienna Stock Exchange, Prime Market rules

REVERSE STOCK SPLIT AND SHARE CAPITAL

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 share 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 111.6 million). The total number of shares rose by 467,892, or roughly 0.4%, during the first half of 2018 following capital increases from conditional capital. These increases were carried out to service the exchange rights of holders of the convertible bond 2018, which was converted or redeemed in full as of 8 March 2018.

DIVIDEND

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.

Dividend of EUR 0.80/share planned for 2018

A further increase in the dividend to EUR 0.80 per share is planned for the current 2018 financial year.

SHARE BUYBACKS

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.

A new share buyback programme with a volume of up to 9.7 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. Information on the share buyback programme 2018/2019 is available under www.immofinanz.com/en/investor-relations/our-share/share-buyback-programmes.

Further share buyback programme started

25TH ANNUAL GENERAL MEETING

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

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 for 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.

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

SHAREHOLDER STRUCTURE

IMMOFINANZ has a broad shareholder base, whereby the shares are held primarily by private investors in Austria and by long-term institutional investors from Europe and the USA. Free float (based on the definition issued by the Vienna Stock Exchange for the Prime Market segment) equalled roughly 78% as of 30 June 2018.

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

	Number of voting rights	Last reporting date
S IMMO AG (via CEE Immobilien GmbH)	13,388,358 ¹	27 March 2018
Fries-Gruppe (Fries-Kapitalinvest Beteiligungs GmbH and members of the Fries family)	6,978,181	31 Dec 2017
Erste Asset Management GmbH (together with subsidiaries) – allocated to free float	5,540,611	21 March 2018
CA Immobilien Anlagen AG (via PHI Finanzbeteiligungs und Investment GmbH)	5,480,556	2 Nov 2017

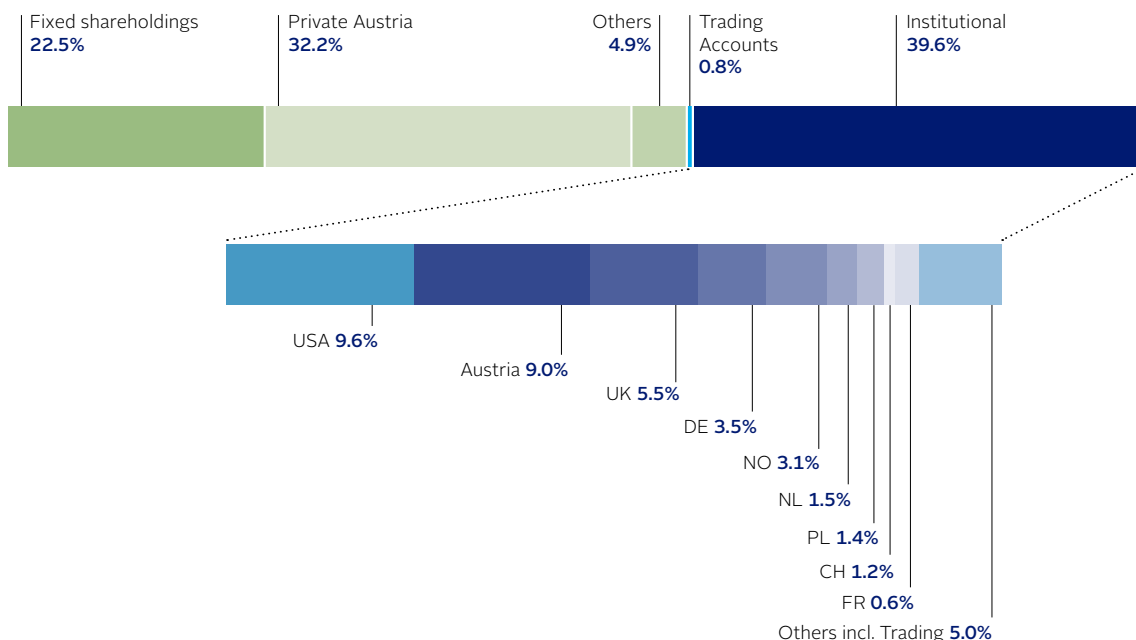
Information on the holdings reflects the respective reporting date, adjusted for the reverse stock split. There are no reports of changes within the reporting thresholds.
1 Includes shares and other financial instruments of IMMOFINANZ

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 July 2018 and shows the following picture: 32.2% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold 39.6% of the free float shares, whereby most come from the USA (9.6%) Austria (9.0%) and the United Kingdom (5.5%). Fixed shareholdings represent 22.5%; the remaining 4.9% are unidentified investors, treasury shares or shares held by foreign private investors.

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



Source: IPREO, July 2018 (Presentation adjusted)

THE IMMOFINANZ CONVERTIBLE BOND

IMMOFINANZ had one convertible bond with a nominal value of EUR 297.2 million outstanding as of 30 June 2018. The conversion price for this 2.00% 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 will be reduced by 50 basis points upon the receipt of an investment grade rating.

ANALYSTS' RECOMMENDATIONS

The following nine national and international houses publish regular evaluations and studies on IMMOFINANZ: Baader Bank, Erste Group, HSBC, Kepler Cheuvreux, Raiffeisen Centrobank, Société Générale, Wood & Company and Wiener Privatbank as well as an initial analysis by PKO BP Securities in July 2018. These evaluations are updated regularly and can be reviewed on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/our-share/analyses.

FINANCIAL CALENDAR 2018

28 November 2018	Announcement of results for the first three quarters of 2018 (after the close of trading)
29 November 2018	Report on the first three quarters of 2018

YOUR IR CONTACT

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

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VIVO!

Krosno | PL | approx. 21,200 sqm
rentable space



GROUP INTERIM MANAGEMENT REPORT

Economic Overview and Property Markets

The 28 EU countries generated the strongest growth in ten years at 2.4% in 2017 and are expected to maintain this pace with the support of consumption and a high level of exports and investments. The spring forecast issued by the EU Commission shows an increase of 2.3% for both the EU as a whole and for the Eurozone in 2018, followed by a slower rise of 2.0% in 2019. Estimates for the EU-27 (excl. UK) point to an increase of 2.6% in 2018 and 2.3% in 2019. The member states are benefitting from improved conditions on the labour market and the resulting lower transfer payments, which should make 2018 the first year since the beginning of the Economic and Monetary Union with budget deficits below 3% of GDP in all countries.

Above-average growth in the core countries

Above-average growth is projected for all core markets in the EU, with the exception of Germany. The highest increases are expected in Romania (2018: 4.5% / 2019: 3.9%), Poland (4.3% / 3.7%), Slovakia (4.0% / 4.2%) and Hungary (4.0% / 3.2%) followed by the Czech Republic (3.4% / 3.1%), Austria (2.8% / 2.2%) and Germany (2.3% / 2.1%). The spring forecast included upward revisions to the forecasts for all countries except Romania.

Unemployment is continuing to decline and now roughly reflects the pre-crisis level. A further reduction is also expected in the EU's unemployment rate: from 7.6% in 2017 to 7.1% in 2018 and 6.7% in 2019. The forecasts for 2018 range from 2.4% for the Czech Republic to 7.1% for Slovakia.

Stable inflation rate

Consumer price inflation weakened during the first quarter of 2018 but should rise slightly over the coming quarters, among others due to the recent increase in oil prices. In total, inflation in the EU-28 should remain unchanged at 1.7% this year and increase to 1.8% in 2019.

TRANSACTION AND RENTAL MARKET

Transactions on the European commercial property market totalled EUR 127 billion in the first half of 2018, for a year-on-year decline of 4%. However, an overview of the transaction volume during the past 12 months shows a further slight increase over the already very high investment level.

Steady and strong demand by investors

The transaction volume on the commercial property market in Germany generally reflected the previous year (-1%) at EUR 25.6 billion in the first half of 2018. Of this total, approximately EUR 11.4 billion, or 45%, of this turnover is attributable to office properties. Transactions in the top five cities amounted to EUR 7.9 billion. The prime yield equals 3.6% for office properties in Düsseldorf and has declined to 3.0% for the top five cities.

Commercial property transactions in Austria declined by 9% year-on-year to EUR 2.3 billion. However, this represents a very good level given the limited offering of core properties. Prime yields currently equal roughly 3.8% on the Vienna office market and 5.6% for retail parks.

In Eastern Europe, commercial properties with a value of EUR 5.9 billion were sold during the first half of 2018 (+6.3%), with the CEE core region* responsible for EUR 5.48 billion of these transactions. Poland was again the largest market with a turnover of EUR 3.2 billion, followed by the Czech Republic (EUR 1.1 billion), Slovakia (EUR 500 million), Hungary (EUR 490 million) and Romania (EUR 205 million).

* CEE core region acc. to CBRE: Czech Republic, Hungary, Poland, Romania and Slovakia



myhive Nimbus
Warsaw | PL | approx. 21,300 sqm
rentable space

Rents in the individual markets were generally stable. Slightly higher prime rents were recorded in the Czech Republic and Slovakia. Yields were also largely stable despite the high transaction volume. In Poland and the Czech Republic, the prime yields for offices and retail properties have already fallen below the 5%-mark due to the strong demand.

CEE core markets:
rents and yields
generally stable

IMMOFINANZ's core markets are characterised by declining vacancy rates. Vacancies currently reflect the double-digit level only on the office market in Warsaw (11.1%), but are also trending downward. The office markets in Vienna (5.4%) and Germany (Düsseldorf: 7.2%) also witnessed a decline in vacancies. This favourable development has, however, led to an in part significant increase in new construction. New office buildings in Warsaw and Prague with 882,000 sqm and 334,200 sqm of space, respectively, are currently under development.

Portfolio Report

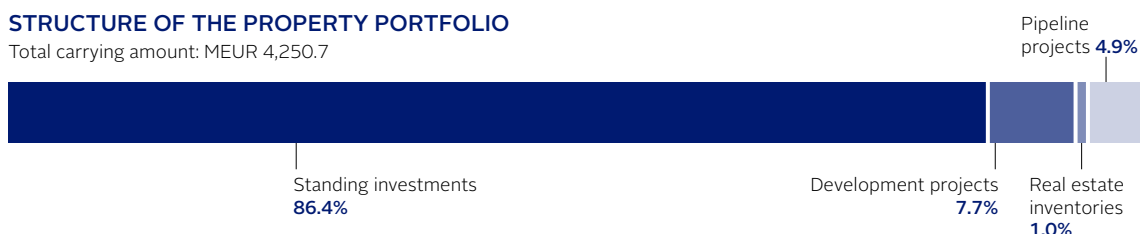
Portfolio value of EUR 4.3 billion

The property portfolio covered 229 properties* as of 30 June 2018 (31 December 2017: 239) with a combined value of EUR 4,250.7 million** (31 December 2017: EUR 4,194.8 million) in the core markets of Austria, Germany, Czech Republic, Slovakia, Hungary, Romania and Poland. Standing investments represented the largest component at EUR 3,672.8 million, or 86.4%, of the carrying amount and approx. 1.9 million sqm of rentable space. These properties generate steady rental income. The development projects comprised EUR 327.1 million or 7.7% of the carrying amount and real estate inventories EUR 42.3 million or 1.0%. Pipeline projects were responsible for EUR 208.5 million or 4.9% of the carrying amount and include future planned development projects and undeveloped land.

The IMMOFINANZ portfolio is focused on clearly defined brands with a high degree of standardisation. In the retail sector, the brands include STOP SHOP for retail parks and VIVO! for shopping centers. myhive, an international office brand, was launched in autumn 2016 and rolled out to a number of office buildings. Properties in these three brands were responsible for 65.5% of the carrying amount of the standing investment portfolio and 69.5% of rental income at the end of the first half of 2018.

STRUCTURE OF THE PROPERTY PORTFOLIO

Total carrying amount: MEUR 4,250.7



A geographical analysis shows the main focus of the property portfolio in Austria with 19.3%, followed by Romania with 19.0%, Poland with 17.9% and Germany with 12.5%. The non-core countries represent 4.1% of the carrying amount.

PROPERTY PORTFOLIO BY CORE MARKET

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Austria	33	796.1	15.7	0.0	9.8	821.6	19.3%
Germany	13	275.2	214.0	41.3	0.0	530.4	12.5%
Czech Republic	18	335.4	0.0	0.0	1.9	337.3	7.9%
Hungary	31	487.3	2.6	0.0	28.0	517.9	12.2%
Poland	33	716.9	43.0	0.0	1.6	761.5	17.9%
Romania	61	625.2	49.6	0.9	132.0	807.7	19.0%
Slovakia	21	299.5	0.0	0.0	1.2	300.6	7.1%
Non-Core Countries ¹	19	137.3	2.2	0.1	34.1	173.8	4.1%
IMMOFINANZ	229	3,672.8	327.1	42.3	208.5	4,250.7	100.0%
		86.4%	7.7%	1.0%	4.9%	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, Turkey, Croatia, Bulgaria

SALE OF NON-STRATEGIC PROPERTIES

Property sales of EUR 130.6 million

Properties with a value of EUR 130.6 million (excl. proceeds from the sale of real estate inventories) were sold during the first half of 2018.

* Properties that are held for sale and fall under IFRS 5 were, as in the past, not included in the portfolio report (see section 4.5 in the consolidated interim financial statements).

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

INVESTMENTS

IMMOFINANZ invested a total of EUR 77.9 million in the property portfolio during the first half of 2018 (H1 2017: EUR 163.6 million).

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 4,100.8 (excl. Other); in MEUR



The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 30 June 2018:

PROPERTY PORTFOLIO BY CATEGORY AND BRAND

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Office	80	2,283.0	299.9	36.7	53.1	2,672.6	62.9%
thereof myhive	20	1,045.4	0.0	0.0	0.0	1,045.4	24.6%
Retail	104	1,381.5	11.5	0.0	35.1	1,428.2	33.6%
thereof VIVO!/ Shopping Center	11	649.9	0.3	0.0	0.0	650.2	15.3%
thereof STOP SHOP/ Retail Park	82	711.5	11.2	0.0	4.3	727.0	17.1%
Others	45	8.3	15.7	5.6	120.3	150.0	3.5%
IMMOFINANZ	229	3,672.8	327.1	42.3	208.5	4,250.7	100.0%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates. Based on the primary use of the property (on the income statement based on the actual use of the property; marginal differences to the income statement are therefore possible).

STANDING INVESTMENTS

The 153 standing investments had a carrying amount of EUR 3,672.8 million as of 30 June 2018 (31 December 2017: 153 standing investments and EUR 3,527.2 million). Of this total, 62.2% were attributable to office properties and 37.6% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Austria (EUR 796.1 million), Poland (EUR 716.9 million) and Romania (EUR 625.2 million).

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

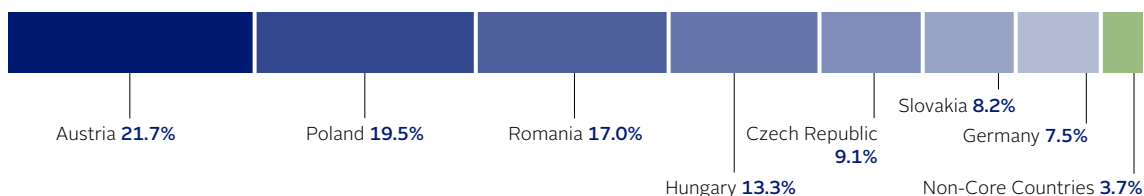
These properties have 1,856,447 sqm of rentable space (31 December 2017: 1,865,178 sqm). Based on annualised rental income* (rental income Q2 2018: EUR 57.4 million), the portfolio had a gross return of 6.3% and a return of 6.7% based on invoiced rents** as of Q2 2018. The difference is explained by 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 equalled 94.7% as of 30 June 2018 (30 June 2017: 92.8%; 31 December 2017: 94.2%). IMMOFINANZ rented roughly 140,400 sqm of usable space in the first half of 2018 (excl. Other standing investments). Of this total, approx. 54,600 sqm represented new rentals and 85,800 sqm contract extensions. The average unexpired lease term (WAULT***) weighted by rental income equalled roughly four years as of 30 June 2018.

Occupancy rate of 94.7%

* Rental income in the second quarter of 2018 was multiplied by four to develop the annualised amount.
** Yield based on invoiced rents; this information is provided to improve comparability with the peer group.
*** Average unexpired lease term weighted by rental income; excl. open-ended contracts.

The following graph shows the geographical distribution of IMMOFINANZ's standing investment portfolio as 30 June 2018, based on the carrying amount:



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
Austria	30	796.1	21.7%	307,353	288,540	93.9%
Germany	4	275.2	7.5%	71,451	70,444	98.6%
Czech Republic	17	335.4	9.1%	185,176	172,340	93.1%
Hungary	25	487.3	13.3%	300,555	285,172	94.9%
Poland	26	716.9	19.5%	374,023	351,279	93.9%
Romania	18	625.2	17.0%	343,269	322,970	94.1%
Slovakia	20	299.5	8.2%	177,253	169,659	95.7%
Non-Core Countries	13	137.3	3.7%	97,366	96,736	99.4%
IMMOFINANZ	153	3,672.8	100.0%	1,856,447	1,757,142	94.7%

Standing investments	Rental income Q2 2018 in MEUR ¹	Gross return (Invoiced rents return ²) in %	Carrying amount financing in MEUR	Financing costs in % ³	Financing costs incl. derivatives in %	LTV in %
Austria	11.3	5.7% (5.9%)	449.4	1.8%	2.8%	56.4%
Germany	3.3	4.9% (4.9%)	182.8	0.7%	0.9%	66.4%
Czech Republic	4.9	5.9% (6.1%)	193.6	1.6%	1.8%	57.7%
Hungary	7.6	6.2% (6.7%)	187.5	2.1%	2.3%	38.5%
Poland	10.7	6.0% (6.9%)	457.8	1.8%	2.3%	63.9%
Romania	11.3	7.2% (7.9%)	116.7	3.4%	3.6%	18.7%
Slovakia	5.7	7.6% (7.7%)	151.9	2.1%	2.2%	50.7%
Non-Core Countries	2.6	7.7% (8.2%)	64.0	3.5%	3.5%	46.6%
IMMOFINANZ	57.4	6.3% (6.7%)	1,803.7	1.9%	2.3%	49.1%

Development projects and pipeline projects	0.9		201.8	1.7%	1.8%	
Rental income from sold properties plus adjustments	1.9		0.0	0.0%	0.0%	
Group financing	0.0		532.7	2.0%	2.0%	
IMMOFINANZ	60.0		2,538.2	1.9%	2.2%	
Market value property portfolio						4,250.7
Sale price for CA Immo shares ⁴						757.9
Cash and cash equivalents ⁵			-563.7			
Properties/liabilities held for sale (asset & share deals)			150.3			176.2
IMMOFINANZ			2,124.8			41.0%

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

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

2 Yield based on invoiced rents; this information is provided to improve comparability with the peer group.

3 Financing costs based on nominal outstanding liability

4 25.7 million shares of CA Immobilien Anlagen AG at the sale price of EUR 29.50 per share

5 Cash and cash equivalents, incl. cash and cash equivalents in assets held for sale

FURTHER IMPROVEMENT IN LIKE-FOR-LIKE RENTAL INCOME

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with the first half of 2017) shows an increase of EUR 2.1 million or 2.2% in rental income to EUR 98.2 million in the first half of 2018. It resulted primarily from an improvement in the occupancy rate in individual markets and from higher rental income.

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 H1 2018 in MEUR	Rental income H1 2017 in MEUR	Change in rental income H1 2018 to H1 2017 in MEUR
Austria	28	775.6	25.0%	22.2	21.6	0.6
Germany	1	41.5	1.3%	1.1	1.0	0.1
Czech Republic	17	335.4	10.8%	10.1	9.4	0.6
Hungary	23	465.7	15.0%	14.1	13.6	0.5
Poland	20	592.4	19.1%	17.1	16.9	0.2
Romania	16	574.3	18.5%	21.6	21.6	0.0
Slovakia	13	209.1	6.7%	7.9	7.9	0.0
Non-Core Countries	10	105.9	3.4%	4.1	3.9	0.2
IMMOFINANZ	128	3,099.9	100.0%	98.2	96.0	2.1
Rental income from properties sold/acquired and development projects				20.8		
IMMOFINANZ				119.0		

STANDING INVESTMENTS LIKE-FOR-LIKE BY CATEGORIES AND BRANDS

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income H1 2018 in MEUR	Rental income H1 2017 in MEUR	Change in rental income H1 2018 to H1 2017 in MEUR
Office	52	1,883.2	60.8%	52.5	52.1	0.4
thereof myhive	19	1,000.6	32.3%	28.2	28.0	0.1
Retail	72	1,215.5	39.2%	45.6	43.9	1.8
thereof VIVO!/ Shopping Center	9	610.7	19.7%	22.7	21.8	0.9
thereof STOP SHOP/ Retail Park	59	584.7	18.9%	22.0	21.1	0.9
Others	4	1.1	0.0%	0.0	0.0	0.0
IMMOFINANZ	128	3,099.9	100.0%	98.2	96.0	2.1

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

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

OFFICE STANDING INVESTMENTS

The carrying amount of the 62 office standing investments totalled EUR 2,283.0 million as of 30 June 2018 (31 December 2017: 64 standing investments and EUR 2,165.4 million). They represented 62.2% of the standing investment portfolio and 54.3% of the rental income in the second quarter of 2018. The focal points of these properties are the capital cities in the core markets of Austria (EUR 683.6 million), Poland (EUR 450.4 million) and Romania (EUR 315.2 million).

These standing investments have 1,030,298 sqm (31 December 2017: 1,046,828 sqm) of rentable space. Based on annualised rental income (rental income Q2 2018: EUR 31.2 million), the office portfolio generated a gross return of 5.5% and a return of 6.1% based on invoiced rents. The office properties in the myhive brand represented a carrying amount of EUR 1,045.4 million as of 30 June 2018. They were responsible for EUR 14.3 million of rental income in the second quarter of 2018, respectively EUR 57.4 million on an annualised basis, and had a gross return of 5.5% (invoiced rents return: 6.2%).

**Office occupancy
rate: 92.1%**

The occupancy rate in the office portfolio rose to 92.1% (30 June 2017: 90.1%; 31 December 2017: 91.9%). The myhive offices have an occupancy rate of 91.5%. The take-up in the office segment during the first half-year amounted to approx. 59,300 sqm. Of this total, 27,700 sqm represented new rentals and 31,600 sqm contract extensions. The largest new contract covered the rental of over 2,000 sqm in the Slovakian *Polus Tower 2* to an international provider of office services and facility management.

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 20% of the space in the standing investments, and no single tenant has rented more than 3.3% of the total space in these office properties. The WAULT* equalled 4.2 years as of 30 June 2018.

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

KEY DATA ON THE OFFICE STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate
IMMOFINANZ	62	2,283.0	100.0%	1,030,298	949,212	92.1%
thereof myhive	20	1,045.4	45.8%	460,965	421,572	91.5%
Standing investments	Rental income Q2 2018 in MEUR ¹	Gross return (Invoiced rents return ²) in %	Carrying amount financing in MEUR	Financing costs in % ³	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	31.2	5.5% (6.1%)	1,173.5	1.8%	2.3%	51.4%
thereof myhive	14.3	5.5% (6.2%)	509.7	2.0%	2.7%	48.8%

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

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

2. Yield based on invoiced rents; this information is provided to improve comparability with the peer group.

3. Financing costs based on nominal outstanding liability

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

myhive Wienerberg

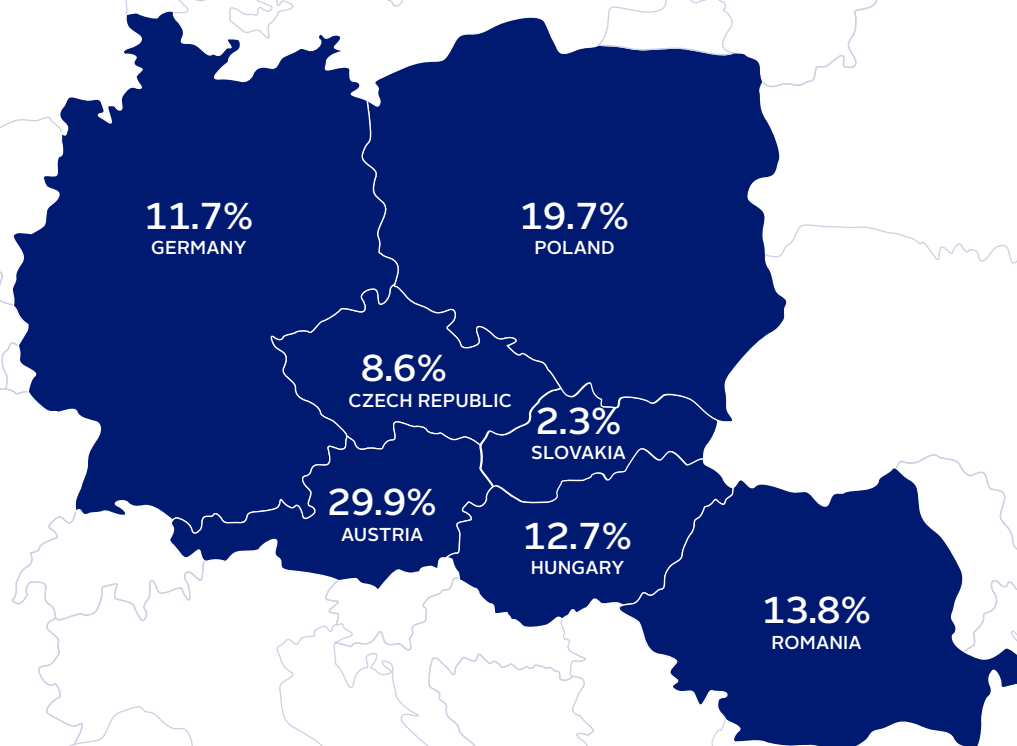
Vienna | AT | approx. 166,500 sqm rentable space





THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,283.0)



AUSTRIA	29.9%
Number of properties	16
Carrying amount in MEUR	683.6
Rentable space in sqm	247,083
Occupancy rate	92.9%
Rental income Q2 2018 in MEUR ¹	9.2
Gross return in %	5.4%

POLAND	19.7%
Number of properties	15
Carrying amount in MEUR	450.4
Rentable space in sqm	226,721
Occupancy rate	91.1%
Rental income Q2 2018 in MEUR ¹	6.4
Gross return in %	5.7%

ROMANIA	13.8%
Number of properties	9
Carrying amount in MEUR	315.2
Rentable space in sqm	190,018
Occupancy rate	90.7%
Rental income Q2 2018 in MEUR ¹	4.9
Gross return in %	6.2%

HUNGARY	12.7%
Number of properties	11
Carrying amount in MEUR	289.5
Rentable space in sqm	164,037
Occupancy rate	92.4%
Rental income Q2 2018 in MEUR ¹	4.0
Gross return in %	5.5%

GERMANY	11.7%
Number of properties	3
Carrying amount in MEUR	268.0
Rentable space in sqm	71,451
Occupancy rate	98.6%
Rental income Q2 2018 in MEUR ¹	3.2
Gross return in %	4.8%

CZECH REPUBLIC	8.6%
Number of properties	5
Carrying amount in MEUR	195.5
Rentable space in sqm	79,410
Occupancy rate	88.5%
Rental income Q2 2018 in MEUR ¹	2.3
Gross return in %	4.8%

SLOVAKIA	2.3%
Number of properties	2
Carrying amount in MEUR	52.4
Rentable space in sqm	35,584
Occupancy rate	91.9%
Rental income Q2 2018 in MEUR ¹	0.8
Gross return in %	6.1%

NON-CORE COUNTRIES ²	1.2%
Number of properties	1
Carrying amount in MEUR	28.3
Rentable space in sqm	15,995
Occupancy rate	99.1%
Rental income Q2 2018 in MEUR ¹	0.4
Gross return in %	5.9%

IMMOFINANZ	100.0%
Number of properties	62
Carrying amount in MEUR	2,283.0
Rentable space in sqm	1,030,298
Occupancy rate	92.1%
Rental income Q2 2018 in MEUR ¹	31.2
Gross return in %	5.5%

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

² Croatia

RETAIL STANDING INVESTMENTS

The carrying amount of the 86 standing investments in the retail sector totalled EUR 1,381.5 million as of 30 June 2018 (31 December 2017: 84 standing investments and EUR 1,353.8 million). These properties represented 37.6% of the standing investment portfolio and generated 45.4% of rental income in the second quarter of 2018. The largest regional markets are Romania with EUR 308.8 million, Poland with EUR 266.5 million and Slovakia with EUR 247.0 million. The STOP SHOP retail parks had a carrying amount of EUR 711.5 million and generated rental income of EUR 13.6 million in the second quarter of 2018. They had a gross return of 7.6% and a return of 7.8% based on invoiced rents. The VIVO! shopping centers had a carrying amount of EUR 649.9 million with rental income of EUR 12.0 million, a gross return of 7.4% and an invoiced rents return of 7.7%.

The retail standing investments have 826,149 sqm of space (31 December 2017: 818,350 sqm). Based on annualised rental income (rental income Q2 2018: EUR 26.1 million), the retail portfolio had a gross return of 7.5% and a 7.8% based on invoiced rents.

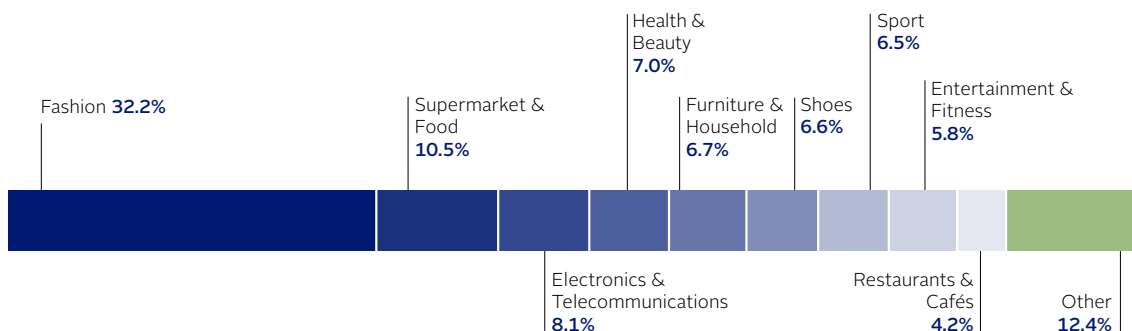
Retail: occupancy rate of 97.8%

The occupancy rate in the retail properties equalled 97.8% as of 30 June 2018 (30 June 2017: 96.2%; 31 December 2017: 97.2%). In the STOP SHOPS and VIVO!s the occupancy rate equalled 98.3% and 97.8%, respectively. The take-up amounted to approx. 81,100 sqm in the first half of 2018, whereby 26,900 sqm represent new rentals and 54,200 sqm contract extensions. Major new rentals of roughly 2,000 sqm and 1,900 sqm included, for example, the *Polus City Center* in Bratislava and the *STOP SHOP Požarevac* in Serbia.

IMMOFINANZ relies on a balanced tenant mix and the inclusion of recreational and entertainment opportunities to create an optimal environment for retailers and their customers. All of the larger IMMOFINANZ retail properties have numerous solid international and local anchor tenants. Retailers from the fashion sector are the largest tenant group based on rented space, followed by food products. Other important tenant groups are electronics & telecommunications, health & beauty, furniture & household, shoes, sport and entertainment & fitness. The WAULT* equalled 4.1 years as of 30 June 2018.

BRANCH MIX – RETAIL

Only rented space in standing investments as of 30 June 2018



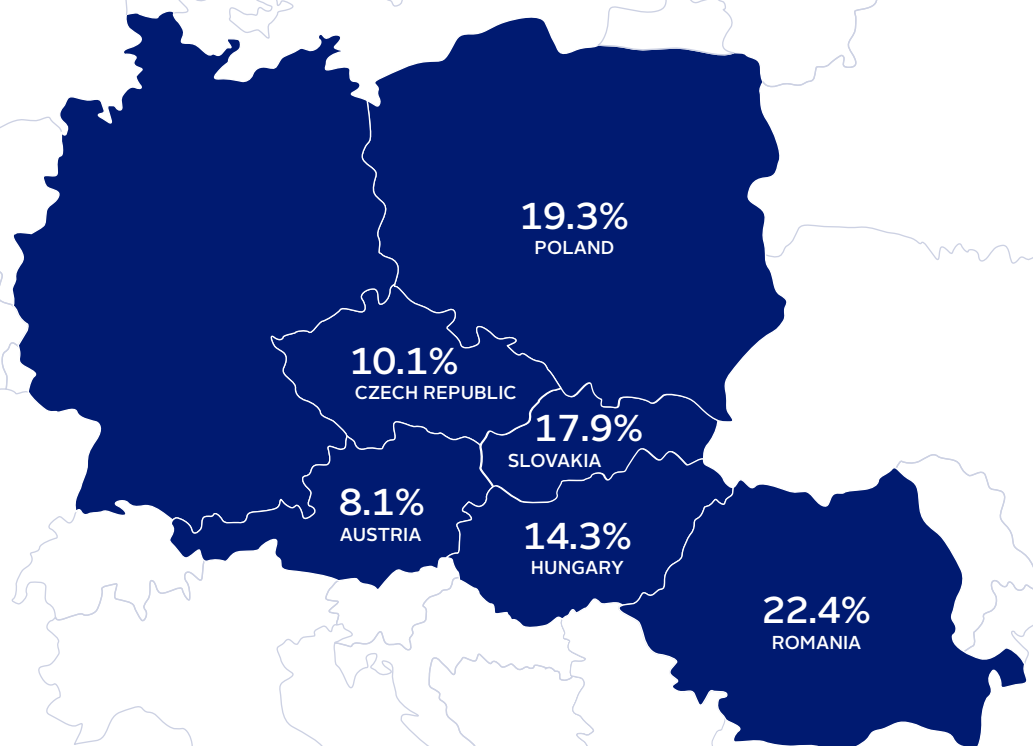
The ten largest standing investments in the retail portfolio based on the carrying amount (in declining order) are the VIVO! Cluj (Romania), Tarasy Zamkowe (Poland), Polus City Center (Slovakia), VIVO! Constanța (Romania), VIVO! Baia Mare (Romania), VIVO! Stalowa Wola (Poland), VIVO! Piła (Poland), VIVO!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

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



THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 1,381.5)



ROMANIA 22.4%

Number of properties	6
Carrying amount in MEUR	308.8
Rentable space in sqm	153,252
Occupancy rate	98.2%
Rental income Q2 2018 in MEUR ¹	6.4
Gross return in %	8.3%

POLAND 19.3%

Number of properties	11
Carrying amount in MEUR	266.5
Rentable space in sqm	147,302
Occupancy rate	98.3%
Rental income Q2 2018 in MEUR ¹	4.3
Gross return in %	6.5%

SLOVAKIA 17.9%

Number of properties	18
Carrying amount in MEUR	247.0
Rentable space in sqm	141,669
Occupancy rate	96.7%
Rental income Q2 2018 in MEUR ¹	4.9
Gross return in %	7.9%

HUNGARY 14.3%

Number of properties	14
Carrying amount in MEUR	197.9
Rentable space in sqm	136,518
Occupancy rate	97.9%
Rental income Q2 2018 in MEUR ¹	3.6
Gross return in %	7.2%

CZECH REPUBLIC 10.1%

Number of properties	12
Carrying amount in MEUR	139.9
Rentable space in sqm	105,766
Occupancy rate	96.5%
Rental income Q2 2018 in MEUR ¹	2.6
Gross return in %	7.3%

AUSTRIA 8.1%

Number of properties	13
Carrying amount in MEUR	112.4
Rentable space in sqm	60,271
Occupancy rate	98.1%
Rental income Q2 2018 in MEUR ¹	2.1
Gross return in %	7.6%

NON-CORE COUNTRIES² 7.9%

Number of properties	12
Carrying amount in MEUR	109.0
Rentable space in sqm	81,371
Occupancy rate	99.4%
Rental income Q2 2018 in MEUR ¹	2.2
Gross return in %	8.2%

IMMOFINANZ 100.0%

Number of properties	86
Carrying amount in MEUR	1,381.5
Rentable space in sqm	826,149
Occupancy rate	97.8%
Rental income Q2 2018 in MEUR ¹	26.1
Gross return in %	7.5%

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

² Slovenia and Serbia

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
IMMOFINANZ	86	1,381.5	100.0%	826,149	807,930	97.8%
thereof VIVO!/ Shopping Center	10	649.9	47.0%	302,418	295,640	97.8%
thereof STOP SHOP/ Retail Park	72	711.5	51.5%	499,220	490,824	98.3%
Standing investments	Rental income Q2 2018 in MEUR ¹	Gross return (Invoiced rents return ²) in %	Carrying amount financing in MEUR	Financing costs in % ³	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	26.1	7.5% (7.8%)	627.2	2.1%	2.4%	45.4%
thereof VIVO!/ Shopping Center	12.0	7.4% (7.7%)	226.0	2.0%	2.4%	34.8%
thereof STOP SHOP/ Retail Park	13.6	7.6% (7.8%)	401.2	2.1%	2.4%	56.4%

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

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

2 Yield based on invoiced rents; this information is provided to improve comparability with the peer group.

3 Financing costs based on nominal outstanding liability

DEVELOPMENT PROJECTS

Active development projects with a carrying amount of EUR 231.6 million

The development projects had a carrying amount of EUR 327.1 million as of 30 June 2018, which represented 7.7% of the total property portfolio. Included in this amount are EUR 231.6 million of active development projects and EUR 95.5 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 382.2 million. At EUR 317.0 million, the core market Germany represents the focus of these activities based on the expected fair value after completion. The active development projects also include the expansion and refurbishment of existing properties which will be reclassified to the standing investment portfolio after completion. These types of projects were ongoing in two buildings as of 30 June 2018: the conversion of an office building in the *myhive Wienerberg* into a hotel and office property and the expansion of the *VIVO! Stalowa Wola* shopping center.

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

The following development projects were reclassified to standing investments in the first half of 2018: the *STOP SHOP Požarevac* and *STOP SHOP Vršac* in Serbia as well as 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 approx. 26,000 sqm of rentable office space in the first building section. This six-storey, horizontally structured building opens towards the harbour basin, which creates an expansive campus with a welcoming atmosphere. The *trivago Campus* was reclassified to the standing investment portfolio as of 30 June 2018. The additional space in the second section amounts to roughly 21,000 sqm; the outstanding construction costs are estimated at approx. EUR 70.0 million, and completion is planned for 2020.

Also under development in the Medienhafen is the *FLOAT*, an office ensemble with six buildings designed by the star architect Renzo Piano. The utility company Uniper has leased the entire office space of approx. 28,000 sqm and will use the building as its new headquarters starting in the third quarter of 2018.

AUSTRIA

In the *myhive 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 Wienerberg:
*conversion of an
office building into
a hotel and office
property*

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 22,500 sqm of space and is almost fully rented. It will now be expanded by 2,800 sqm in a first phase, 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.

SERBIA

One STOP SHOP in Serbia was under development as of 30 June 2018. The opening of the *STOP SHOP Sremska Mitrovica*, which will have roughly 7,000 sqm of space, is planned for 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	15.7	6.8%	20.9	12,611	36.6	2.2	6.1%
Germany	2	213.2	92.1%	82.8	52,364	317.0	14.0	4.7%
Poland	2	0.5	0.2%	18.2	17,435	20.0	1.5	8.1%
Non-Core Countries	1	2.2	0.9%	5.8	7,011	8.6	0.8	9.8%
Active Projects	6	231.6	100.0%	127.7	89,421	382.2	18.6	5.2%
Projects in preparation	11	95.5						
IMMOFINANZ	17	327.1						

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

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

ACTIVE DEVELOPMENT PROJECTS BY BRAND

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Active Projects	6	231.6	100.0%	127.7	89,421	382.2	18.6	5.2%
thereof VIVO!/ Shopping Center	1	0.3	0.1%	4.5	6,610	5.6	0.4	9.0%
thereof STOP SHOP/ Retail Park	2	2.4	1.0%	19.5	17,836	23.0	1.9	8.5%

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

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

REAL ESTATE INVENTORIES

Real estate inventories are apartments that are intended for sale after completion or have already been sold (i.e. in Germany) as well as underground garages and the hotel in Cologne's *Gerling Quartier* which was still in the project development phase as of 30 June 2018. This hotel was sold as a forward purchase, but was developed by IMMOFINANZ and completed in July 2018 – it is leased to 25hours and opened at the end of July.

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	6	41.3	97.6%	8.6	49.8 ¹
Romania	6	0.9	2.1%	0.0	0.9
Non-Core Countries	1	0.1	0.3%	0.0	0.1
IMMOFINANZ	13	42.3	100.0%	8.6	50.8

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

1. Reduction versus 31 December 2017 due to the initial application of IFRS 15

PIPELINE PROJECTS

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

Pipeline projects with a carrying amount of EUR 208.5 million

The pipeline projects had a carrying amount of EUR 208.5 million as of 30 June 2018 (31 December 2017: EUR 202.3 million). They are evaluated quarterly for possible transfer to an active development status. IMMOFINANZ intends to reduce the share of pipeline projects in the property portfolio through selected sales.

PIPELINE PROJECTS BY CORE MARKET

Pipeline projects	Number of properties	Carrying amount in MEUR	Carrying amount in %
Austria	2	9.8	4.7%
Czech Republic	1	1.9	0.9%
Hungary	4	28.0	13.4%
Poland	1	1.6	0.8%
Romania	33	132.0	63.3%
Slovakia	1	1.2	0.6%
Non-Core Countries	4	34.1	16.4%
IMMOFINANZ	46	208.5	100.0%

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

ASSETS HELD FOR SALE

The assets held for sale totalled EUR 864.9 million (incl. CA Immo) as of 30 June 2018 and are not included in this portfolio report (31 December 2017: EUR 265.1 million). Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in note 4.5 to the *consolidated interim 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 follows the EPRA's Best Practices Policy Recommendations for the application of the fair value method as defined in IFRS.

As of 30 June 2018, CBRE appraised the CEE portfolio (EUR 2.9 billion or 67.9% of the property portfolio) and BNP Paribas Real Estate Consult (BNPP REC) appraised the properties in Austria and Germany (EUR 1.3 billion or 30.8%). Internal appraisals covered 1.2% or EUR 52.3 million.

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

DEVELOPMENT OF PROPERTY VALUATION IN THE FIRST HALF OF 2018

Revaluation results totalled EUR 37.9 million in the first half of 2018 (Q1-2 2017: EUR 8.3 million) and included EUR 32.1 million (Q1-2 2017: EUR 6.9 million) of foreign exchange-adjusted revaluations. Positive effects were provided, among others, by an increase in the value of the *FLOAT* and *trivago Campus* projects in Germany, whereby the latter was reclassified to the standing investment portfolio as of 30 June 2018. Other positive effects were recorded in the following office properties: the *Polus Towers* in Bratislava and *myhive Metrooffice* in Bucharest.

*Positive
revaluation effect
of EUR 37.9 million*

Foreign exchange-based revaluations amounted to EUR 5.8 million (Q1-2 2017: EUR 1.4 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 valuation effect of EUR 3.9 million for the first half of 2018. Higher occupancy rates and/or an improvement in the market environment were responsible for valuation increases in Hungary and Slovakia. Slight valuation reductions in Austria and Romania resulted, among others, 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 Q1-2 2018 in MEUR
Austria	28	775.6	25.0%	-3.8
Germany	1	41.5	1.3%	1.3
Czech Republic	17	335.4	10.8%	-0.3
Hungary	23	465.7	15.0%	5.3
Poland	20	592.4	19.1%	0.6
Romania	16	574.3	18.5%	-2.8
Slovakia	13	209.1	6.7%	3.2
Non-Core Countries	10	105.9	3.4%	0.3
IMMOFINANZ	128	3,099.9	100.0%	3.9

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 Q1-2 2018 in MEUR
Office	52	1,883.2	60.8%	3.9
Retail	72	1,215.5	39.2%	0.1
Others	4	1.1	0.0%	0.0
IMMOFINANZ	128	3,099.9	100.0%	3.9

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



CITY TOWER VIENNA
Vienna | AT | approx. 26,600 sqm
rentable space

Financing

Financial liabilities totalled EUR 2.7 billion as of 30 June 2018 (31 December 2017: EUR 2.6 billion). Cash and cash equivalents rose to EUR 563.7 million (31 December 2017: EUR 477.9 million). Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.1 billion (31 December 2017: EUR 2.1 billion).

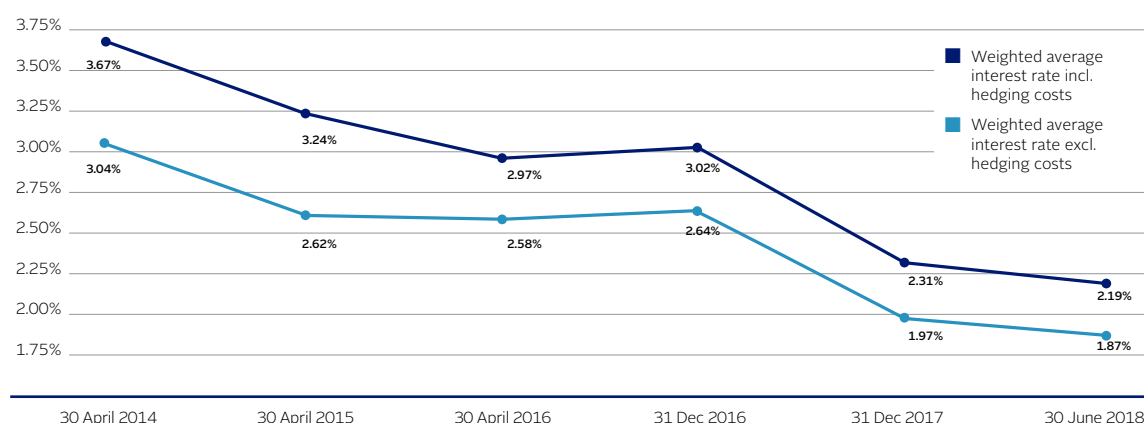
Robust balance sheet structure

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 45.6% (31 December 2017: 46.3%) and a net loan-to-value ratio (net LTV) of 41.0% (31 December 2017: 40.8%).

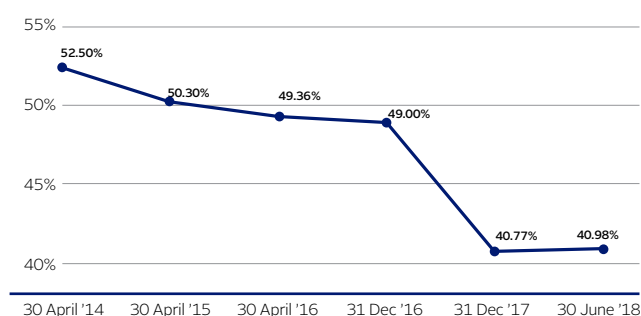
**Net loan-to-value
of 41.0%**

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 proceeds from the sale of the roughly 26% investment in CA Immobilien Anlagen AG (CA Immo). The agreement for the package sale of this investment, including four registered shares, for a total price of EUR 757.9 million was signed at the beginning of July 2018. The transaction is expected to close during the third quarter of 2018.

DEVELOPMENT OF AVERAGE FINANCING COSTS



DEVELOPMENT OF NET LTV



CALCULATION OF NET LTV AS OF 30 JUNE 2018

Amounts in TEUR	
Carrying amount of financing	2,688,481.1
- Cash and cash equivalents ¹	-563,722.3
Net carrying amount of financing	2,124,758.8
Carrying amount of property & sale price for CA Immo shares ²	5,184,802.6
Net LTV	40.98%

¹ Cash and cash equivalents, incl. cash and cash equivalents in assets held for sale
² 25.7 million CA Immo shares at a sale price of EUR 29.50 per share

Further reduction in financing costs

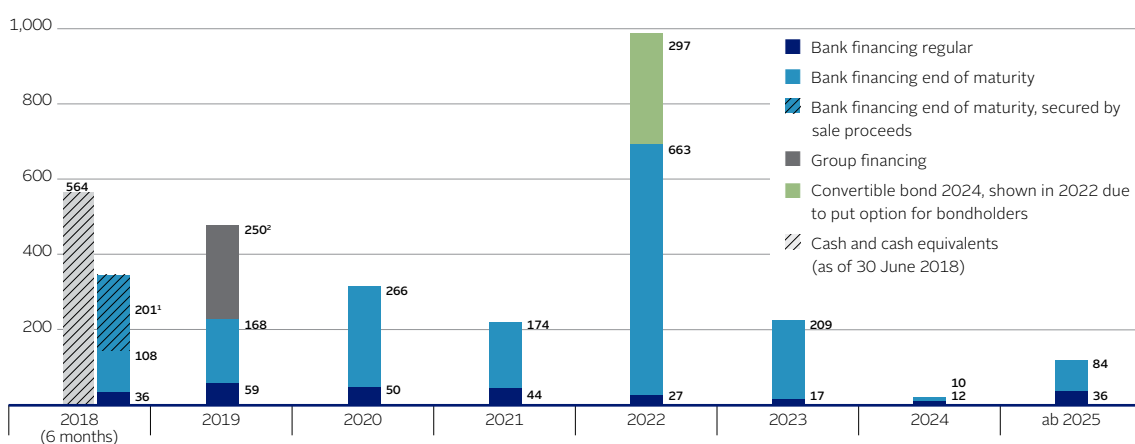
Financing costs declined to EUR -33.8 million in the first quarter of 2018 (H1 2017: EUR -52.2 million). The average financing costs for IMMOFINANZ equalled 2.19% per year as of 30 June 2018 including the derivatives used for interest rate hedging (31 December 2017: 2.31% per year) and 1.87% per year excluding the derivatives used for interest rate hedging (31 December 2017: 1.97% per year).

The average financing costs for the standing investments amount to 2.35% per year including derivatives and 1.89% per year excluding derivatives.

Term structure

The weighted average remaining term of the financial liabilities equals 3.25 years. The following graph shows the term structure by year for IMMOFINANZ as of 30 June 2018. The liabilities scheduled to expire during the 2018 financial year totalled EUR 308.7 million as of 30 June 2018 (31 December 2017: EUR 447.6 million). This amount includes EUR 200.8 million of financing for properties which have already been sold and will be repaid from the respective sale proceeds in 2018. The weighted average remaining term of the property financing equals 3.5 years

TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEARS AS OF 30 JUNE 2018



1 EUR 200.8 million are attributable to financing for properties which have been sold; this financing will be repaid from the sale proceeds in 2018.
2 This represents a margin loan on the CA Immo shares which will be repaid when the transaction closes.

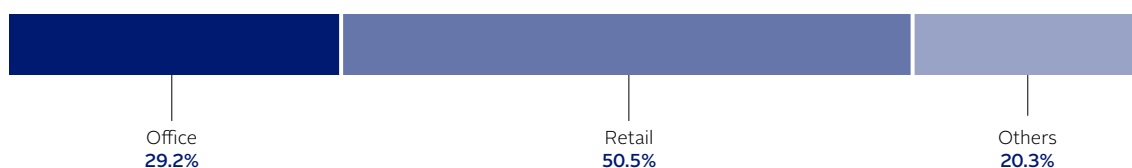
14.6% of property carrying amount unencumbered

Unencumbered property

In addition to properties which carry external financing and are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 648.2 million, or 14.6%, of the total property carrying amount was not externally financed and therefore unencumbered as of 30 June 2018 (31 December 2017: EUR 846.1 million or 19.0%). The unencumbered standing investments have a combined carrying amount of EUR 425.1 million or 9.6% (31 December 2017: EUR 566.7 million or 16.1%).

UNENCUMBERED PROPERTY BY ASSET CLASS

Unencumbered property in total: MEUR 648.2



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 30 June 2018 is as follows:

	Outstanding liability in TEUR as of 30 June 2018	Weighted average interest rate excl. derivatives ¹	Share of fixed interest in % ¹	Share of floating interest in % ¹	Fixed interest rate in % ¹	Floating interest rate in % ¹
Convertible bond in EUR	282,262.4	2.00%	100.00%	n.a.	2.00%	n.a.
Bank liabilities in EUR	2,406,218.7	1.85%	93.08%	6.92%	1.20%	1.90%
IMMOFINANZ	2,688,481.1	1.87%	93.84%	6.16%	1.71%	1.90%

1 Calculation basis: actual remaining debt (nominal amount)

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 2,688.5 million as of 30 June 2018. As of that date, all of the financing was denominated in Euros.

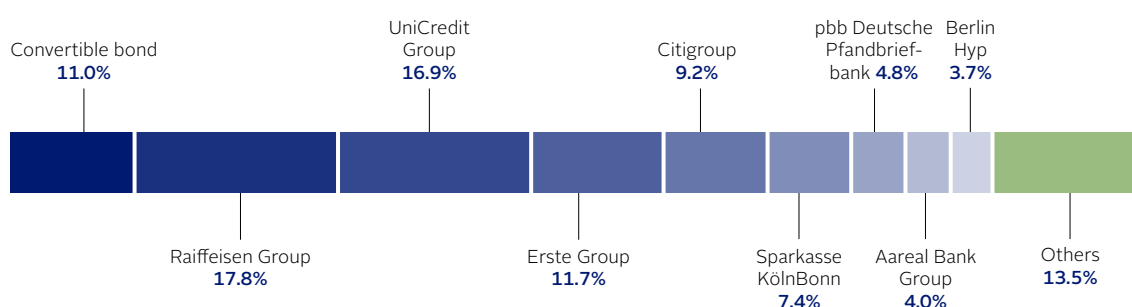
BANK LIABILITIES

The total volume of refinancing, long-term extensions and new financing from bank liabilities amounted to EUR 240.8 million in the reporting period.

Refinancing of EUR 213.9 million was arranged for properties in the office asset class. The transactions included, among others, long-term portfolio financing for office properties in Prague and refinancing for the *trivago* project in Düsseldorf.

In the retail segment, new financing of EUR 26.9 million was arranged for the *VIVO! Krosno* shopping center in Poland.

FINANCING BANKING GROUPS AS OF 30 JUNE 2018



DERIVATIVES

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted to EUR 1,256.5 million as of 30 June 2018 (31 December 2017: EUR 1,182.7 million). In total, 63.52% of financial liabilities are hedged against interest rate risk; 46.38% via interest rate derivatives, while a further 17.14% represent financial liabilities with fixed interest rates.

63.5% of financial liabilities hedged against interest rate risk

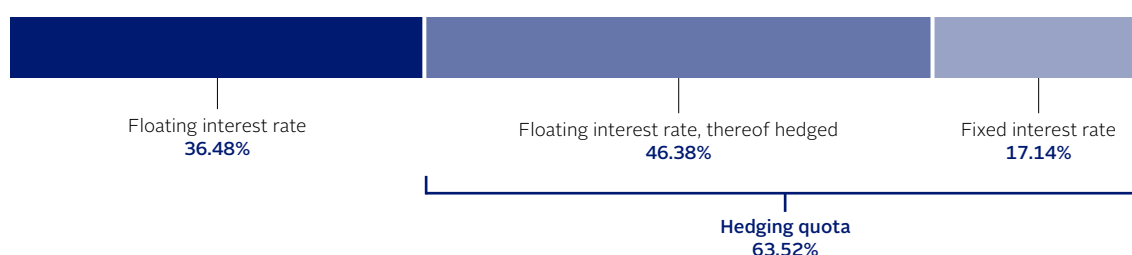
Derivatives ¹	Floating leg	Market value incl. interest & CVA/ DVA as of 30 June 2018 in TEUR	Notional amount in TEUR	Average hedged interest rate
Interest rate swap	3-M-EURIBOR	-9,077.7	1,039,509.0	0.33%
Interest rate swap	6-M-EURIBOR	-2,259.3	217,000.0	0.96%
IMMOFINANZ AG		-11,337.0	1,256,509.0	

¹ Including IFRS 5

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

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

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 30 JUNE 2018



One convertible bond with a nominal value of EUR 297.2 million outstanding

BONDS

One bond with a total nominal value of EUR 297.2 million was outstanding as of 30 June 2018 (31 December 2017: EUR 330.0 million). It represents the convertible bond issued in January 2017 which has a term ending in 2024 and a put option in 2022.

The development 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 30 June 2018 in TEUR
Convertible bond 2011–2018	XS0592528870	8 March 2018	4.25%	32,819.7	-32,819.7	0.0
Convertible bond 2017–2024	XS1551932046	24 Jan 2022 ¹	2.00% ²	297,200.0	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 reduction of 50 basis points upon receipt of 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.

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



Business Development

IMMOFINANZ more than tripled the results of operations to EUR 114.8 million in the first half of 2018 (Q1-2 2017: EUR 33.8 million), and rental income rose by 3.5% to EUR 119.0 million. The results of asset management increased by a sound 19.8% to EUR 94.8 million, supported by a sizeable reduction in property expenses. Substantial improvement was recorded in both the results of property sales and the results of property development: the results of property sales rose to EUR 20.6 million (Q1-2 2017: EUR 2.0 million), while the results of property development turned positive at EUR 24.2 million following a loss in the first half of the previous year (Q1-2 2017: EUR -28.9 million).

Financial results benefited from a strong decline in financing costs. The refinancing transactions carried out in the previous year led to a reduction of 35.3% to EUR -33.8 million. Financial results declined, as expected, from EUR 104.4 million to EUR 1.5 million due to the absence of the high positive valuation effects recorded in 2017 from the CA Immo and BUWOG investments. Net profit for the first half of 2018 totalled EUR 86.2 million, compared with EUR 105.3 million in the first half of the previous year, and earnings per share (basic) equalled EUR 0.79 (Q1-2 2017: EUR 1.05).

INCOME STATEMENT

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

Amounts in TEUR	Q1-2 2018	Q1-2 2017
Rental income	118,967	114,906
Results of asset management	94,751	79,060
Results of property sales	20,649	2,045
Results of property development	24,159	-28,931
Other operating income	3,100	5,392
Other operating expenses	-27,816	-23,773
Results of operations	114,843	33,793
Other revaluation results	9,272	1,979
Operating profit (EBIT)	124,115	35,772
Financial results	1,511	104,383
Earnings before tax (EBT)	125,626	140,155
Net profit for the period from continuing operations	89,453	113,143
Net profit or loss from discontinued operations	-3,240	-7,876
Net profit or loss	86,213	105,267

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 3.5% to EUR 119.0 million, compared with EUR 114.9 million in the first half of the previous year. Revenues increased by 3.6% to EUR 165.8 million (Q1-2 2017: EUR 160.1 million).

Property expenses were 31.8% lower year-on-year at EUR -28.4 million (Q1-2 2017: EUR -41.7 million). This decline resulted primarily from a reduction in the costs for fit-outs (EUR -0.8 million versus EUR -6.5 million), vacancies (EUR -4.9 million versus EUR -6.1 million) and maintenance (EUR -7.9 million versus EUR -8.8 million). The growth in rental income combined with the reduction in property expenses led to an increase of 19.8% in the results of asset management to EUR 94.8 million (Q1-2 2017: EUR 79.1 million).

RESULTS OF PROPERTY SALES AND PROPERTY DEVELOPMENT

The results of property sales improved substantially from EUR 2.0 million in the first half of the previous year to EUR 20.6 million. The results of property development turned positive at EUR 24.2 million following a loss in the previous year (Q1-2 2017: EUR -28.9 million) and resulted, in particular, from positive revaluation effects on the *FLOAT* and *trivago Campus* development projects in Düsseldorf.

RESULTS OF OPERATIONS

The results of operations more than tripled to EUR 114.8 million in the first half of 2018 (Q1-2 2017: EUR 33.8 million). Other operating expenses rose to EUR -27.8 million (Q1-2 2017: EUR -23.8 million) – as reported in Q1 2018 – among others due to 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 -1.4 million involved costs related to the simplification of the corporate structure. After an adjustment for these non-recurring factors, other operating expenses were 5.7% lower year-on-year at EUR -22.4 million. Personnel expenses adjusted for the special bonuses were 8.3% below the comparable prior year value at EUR -15.7 million (Q1-2 2017: EUR -17.2 million).

REVALUATION, FINANCIAL RESULTS AND EBT

The revaluation of investment property totalled EUR 9.4 million (Q1-2 2017: EUR 2.7 million). Financing costs fell, as expected, by a substantial 35.3% to EUR -33.8 million (Q1-2 2017: EUR -52.2 million) due to the extensive refinancing measures carried out in 2017. The share of profit/loss from equity-accounted investments amounted to EUR 31.3 million (including EUR 24.0 million attributable to the CA Immo investment), whereby the previous year was positively influenced by valuation effects from the very positive development of the CA Immo and BUWOG share prices (Q1-2 2017: EUR 164.2 million). Financial results totalled EUR 1.5 million for the reporting period (Q1-2 2017: EUR 104.4 million).

Earnings before tax (EBT) totalled EUR 125.6 million (Q1-2 2017: EUR 140.2 million). Income tax amounted to EUR -36.2 million (Q1-2 2017: EUR -27.0 million), whereby EUR -31.9 million represent deferred taxes for the income taxes that could become due in later financial years. Included here, among others, are EUR -18.2 million from property valuation.

NET PROFIT

Net profit from continuing operations equalled EUR 89.5 million in the first half of 2018 (Q1-2 2017: EUR 113.1 million).

The results of discontinued operations totalled EUR -3.2 million (Q1-2 2017: EUR -7.9 million). Included here – as reported in Q1 2018 – are subsequent costs related to tax proceedings involving the logistics properties which were sold in 2016, but are attributable to IMMOFINANZ as the owner at that time.

Net profit for the first half of 2018 equalled EUR 86.2 million (Q1-2 2017: EUR 105.3 million) and represents earnings per share (basic) of EUR 0.79 (Q1-2 2017: EUR 1.05).

BALANCE SHEET

The condensed balance sheet is shown below:

Amounts in TEUR	30 June 2018	in %	31 Dec 2017	in %
Investment property	3,881,368	73.2%	3,729,519	73.6%
Property under construction	327,120	(excl.	404,064	
Real estate inventories	42,257	CA Immo	61,221	
Assets held for sale	864,850	share)	265,148	
Other tangible assets	1,161	0.02%	1,719	0.03%
Intangible assets	24,793	0.4%	25,056	0.4%
Equity-accounted investments	5,418	0.1%	685,984	11.3%
Trade and other receivables	313,410	5.2%	365,137	6.0%
Other financial assets	10,717	0.2%	32,015	0.5%
Deferred tax assets	4,936	0.1%	5,291	0.1%
Income tax receivables	10,747	0.2%	9,621	0.2%
Cash and cash equivalents	563,719	9.3%	477,889	7.9%
ASSETS	6,050,496	100.0%	6,062,664	100.0%
Equity	2,761,600	45.6%	2,808,043	46.3%
Liabilities from convertible bonds	282,262	4.7%	313,217	5.2%
Financial liabilities	2,406,220	39.8%	2,306,418	38.0%
Trade and other payables	190,246	3.1%	242,656	4.0%
Income tax liabilities	7,610	0.1%	5,704	0.1%
Provisions	49,065	0.8%	58,853	1.0%
Deferred tax liabilities	352,204	5.8%	325,112	5.4%
Financial liabilities held for sale	1,289	0.02%	2,661	0.0%
EQUITY AND LIABILITIES	6,050,496	100.0%	6,062,664	100.0%

Assets totalled EUR 6.1 billion as of 30 June 2018 (31 December 2017: EUR 6.1 billion) and comprise non-current assets of EUR 4.4 billion and current assets of EUR 1.7 billion.

The value of the property portfolio amounted to EUR 4.4 billion and represented 73.2% of total assets as of 30 June 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. This asset category has a carrying amount of EUR 688.4 million and consists primarily of the equity-accounted investment in CA Immo. After the sale was announced at the beginning of July 2018, this investment was reclassified from non-current assets to assets held for sale. The closing of the sale is expected to take place in the third quarter of 2018.

The equity-accounted investments totalled EUR 5.4 million after the reclassification of the CA Immo investment (31 December 2017: EUR 686.0 million).

The following properties were transferred from property under construction to investment property during the reporting period: the *trivago Campus*, a car park at the *Cluster Produktionstechnik* in Germany and two STOP SHOP retail parks in Serbia.

Other financial assets declined to EUR 10.7 million (31 December 2017: EUR 32.0 million) due to the sale of the remaining BUWOG shares. The 436,443 BUWOG shares held by IMMOFINANZ after the conversion of the convertible bond 2018 were sold to Vonovia SE in connection with the takeover offer during the first quarter of 2018.

Cash and cash equivalents increased from EUR 477.9 million as of 31 December 2017 to EUR 563.7 million.

Equity amounted to EUR 2.8 billion as of 30 June 2018 (31 December 2017: EUR 2.8 billion). Liabilities totalled EUR 3.3 billion (31 December 2017: EUR 3.3 billion), whereby the non-current component equalled EUR 2.4 billion and the current component EUR 0.9 billion. The equity ratio equalled 45.6% as of 30 June 2018 (31 December 2017: 46.3%).

CASH FLOW STATEMENT

The condensed cash flow statement is presented below:

Amounts in TEUR	Q1-2 2018	Q1-2 2017
Gross cash flow after tax	57,096	67,159
Cash flow from operating activities	24,130	44,450
Cash flow from investing activities	97,679	102,364
Cash flow from financing activities	-35,518	-30,250

FUNDS FROM OPERATIONS (FFO)

Amounts in TEUR	P&L Q1-2 2018	Adjustments	FFO Q1-2 2018	FFO Q1-2 2017 (adjusted)
Results of asset management	94,751		94,751	79,060
Results of property sales	20,649	-20,649		
Results of property development	24,159	-24,159		
Other operating income	3,100	-379	2,721	4,814
Other operating expenses	-27,816	5,940	-21,876	-23,349
Results of operations	114,843	-39,247	75,596	60,525
Other revaluation results	9,272	-9,272		
Operating profit (EBIT)	124,115	-48,519	75,596	60,525
Financing costs	-33,762			
Financing income	3,085			
Foreign exchange differences	1,244			
Other financial results	-319			
Net profit or loss from equity-accounted investments	31,263			
Financial results	1,511	-28,727	-27,216	-32,695
Earnings before tax (EBT) / FFO 1	125,626	-77,246	48,380	27,830
Net profit or loss from discontinued operations	-3,240	3,240		
FFO 1 before tax (excl. CA Immo)			48,380	27,830
Number of shares (EPS)			111,530,821	102,444,646
FFO 1 per share before tax			0.43	0.27

The development of sustainable funds from operations, an important profitability indicator for the real estate branch, underscores IMMOFINANZ's strong earning power. FFO 1 (before tax) from the standing investment business improved by roughly 73.8% to EUR 48.4 million. In addition, FFO 1 (before tax) per share increased by 59.7% to EUR 0.43. FFO 1 does not include the dividend or the economic interest in CA Immo.

EPRA INDICATORS

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

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

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

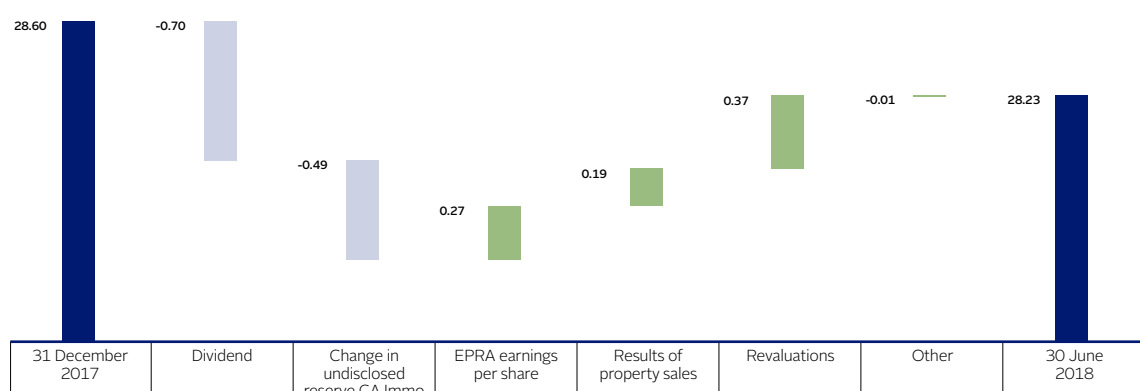
The EPRA NNNAV calculation also includes the deferred taxes from the adjustments to derivative financial instruments and from the fair value measurement of financial liabilities. The objective is to give investors an overview of the current value of all assets and liabilities.

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

	30 June 2018		31 December 2017	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	2,779,749		2,821,521	
Diluting effects of convertible bond 2018	0		19,121	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	2,779,749		2,840,642	
Undisclosed reserves in the investment in the CA Immo Group	67,067		123,993	
Undisclosed reserves in real estate inventories	74		74	
Fair value of derivative financial instruments	10,098		7,375	
Deferred taxes on investment property	291,421		274,977	
Deferred taxes on real estate inventories and derivative financial instruments	-2,299		-1,643	
Goodwill excl. deferred taxes	-24,507		-24,848	
Number of shares excl. treasury shares (in 1,000)		110,585		111,617
Potential shares (in 1,000)		0		989
EPRA NAV	3,121,603	28.23	3,220,570	28.60
Fair value of derivative financial instruments	-10,098		-7,375	
Effect of fair value measurement of financial liabilities	10,580		5,737	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	-420		197	
Deferred taxes on investment property	-20,144		-17,495	
EPRA NNNAV	3,101,521	28.05	3,201,634	28.43

The EPRA NAV per share equalled EUR 28.23 after the dividend payment of EUR 0.70 in May (31 December 2017: EUR 28.60), and the EPRA NNNAV per share equalled EUR 28.05 (31 December 2017: EUR 28.43).

EPRA NAV BRIDGE



EPRA EARNINGS PER SHARE

Amounts in TEUR	Q1-2 2018	Q1-2 2017
Weighted average number of shares (in 1,000)	111,531	102,445
Net profit or loss from continuing operations excl. non-controlling interests	91,260	115,538
Revaluation of investment properties and development properties	-41,776	-11,485
Results of property sales	-20,656	-2,045
Goodwill impairment, negative differences and earn-out effects on income	100	733
Changes in fair value of financial instruments	1,842	-2,856
Acquisition costs on share deals	4	0
Taxes in respect of EPRA adjustments	6,242	1,380
EPRA adjustment in respect of joint ventures and non-controlling interests	-6,749	1,657
EPRA earnings	30,267	102,923
EPRA earnings per share	0.271	1.005
Company specific adjustments		
Result from termination of equity accounting of BUWOG AG	0	-25,841
Result from incentivised conversion of the convertible bond 2018	0	12,580
Recognition of outside basis difference CA Immo Group	2,437	
Foreign exchange gains and losses	-1,244	-22
Impairment loss/reversal CA IMMO Group	0	-91,850
Deferred tax in respect of the company specific adjustments	241	3,041
Company-specific adjusted earnings	31,702	830
EPRA earnings per share after company-specific adjustments	0.284	0.008

EPRA earnings per share equalled EUR 0.27, respectively EUR 0.28 per share after company-specific adjustments.

EPRA NET INITIAL YIELD

Amounts in TEUR	Q1-2 2018	Q1-2 2017
Investment property	3,961,884	4,825,684
Investment property - proportional share of joint ventures	54,498	44,498
Less undeveloped land	-216,722	-209,919
Less Russian portfolio	0	-976,410
Less undeveloped land - proportional share of joint ventures	0	-1,958
Total property portfolio	3,799,660	3,681,895
Allowance for estimated purchasers' costs	68,394	66,274
Gross value of total property portfolio	3,868,054	3,748,169
Annualised cash rental income	243,209	229,535
Annualised cash rental income - proportional share of joint ventures	1,913	1,729
Non-recoverable property operating expenses	-31,766	-37,819
Non-recoverable property operating expenses - proportional share of joint ventures	-136	-56
Annualised net rental income	213,220	193,389
EPRA Net Initial Yield	5.512%	5.160%

The EPRA net initial yield rose from 5.2% in the first half of the previous year to 5.5% for the reporting period.

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 first half of 2018 shows no major changes in comparison with the 2017 financial year.

RISKS IN THE FIRST HALF OF 2018

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 remain generally unchanged compared with the 2017 financial year.

Risks generally unchanged

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 327.1 million (31 December 2017: EUR 404.1 million), and real estate inventories have a carrying amount of EUR 42.3 million (31 December 2017: EUR 61.2 million). The budgeted outstanding construction costs for these development projects and real estate inventories totalled EUR 136.3 million as of 30 June 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 and human resources risks remained generally unchanged in comparison with the 2017 financial year.

The progressive digitalisation of the company and the related system conversions have led to a temporary increase in IT security risks. The introduction of the EU Data Protection Regulation ("Datenschutzgrundverordnung") has also created legal risks in the area of data protection, which are minimised by various systems and internal procedures.

With the signing of share purchase agreements on 18 April 2018, IMMOFINANZ AG acquired 19,499,437 bearer shares (representing an investment of 29.14%) in S IMMO AG. The transaction is expected to close during the third quarter of 2018. S IMMO shares are listed in the Prime Market Segment of the Vienna Stock Exchange and are therefore exposed to market price risks.

The 26% investment in CA Immo was sold during the first half of 2018. The settlement of this transaction is expected to take place in the third quarter of 2018 and is connected with minimal closing risks.

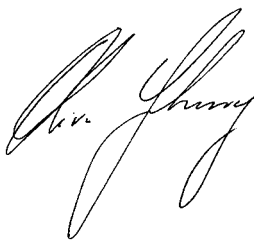
Significant events occurring after the end of the reporting period are described in note 8 of the *interim consolidated financial statements*.

Vienna, 28 August 2018

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO



trivago

trivago Campus
Düsseldorf | DE | approx. 33,700 sqm
rentable space

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheet	36
Consolidated Income Statement	37
Consolidated Statement of Comprehensive Income	38
Consolidated Cash Flow Statement	39
Consolidated Statement of Changes in Equity	40
Notes	42
1. Basis of Preparation	42
2. Scope of Consolidation	45
3. Information on Operating Segments	48
4. Notes to the Consolidated Balance Sheet	53
5. Notes to the Consolidated Income Statement	59
6. Information on Financial Instruments	63
7. Transactions with Related Parties	67
8. Subsequent Events	68
Statement by the Executive Board	70

Consolidated Balance Sheet

All amounts in TEUR	Notes	30 6 2018	31 12 2017
Investment property	4.1	3,881,368	3,729,519
Property under construction	4.2	327,120	404,064
Other tangible assets		1,161	1,719
Intangible assets		24,793	25,056
Equity-accounted investments	4.3	5,418	685,984
Trade and other receivables	4.4	108,241	118,767
Other financial assets		10,717	32,015
Deferred tax assets		4,936	5,291
Non-current assets		4,363,754	5,002,415
Trade and other receivables	4.4	205,169	246,370
Income tax receivables		10,747	9,621
Assets held for sale	4.5	864,850	265,148
Real estate inventories		42,257	61,221
Cash and cash equivalents		563,719	477,889
Current assets		1,686,742	1,060,249
Assets		6,050,496	6,062,664
Share capital	4.6	112,085	1,116,174
Capital reserves	4.6	4,465,304	3,452,324
Treasury shares	4.6	-31,574	0
Accumulated other equity		-165,221	-129,961
Retained earnings		-1,600,845	-1,617,016
Equity attributable to owners of IMMOFINANZ AG		2,779,749	2,821,521
Non-controlling interests		-18,149	-13,478
Equity		2,761,600	2,808,043
Liabilities from convertible bonds	4.7	276,318	277,460
Financial liabilities	4.8	1,713,015	1,773,688
Trade and other payables	4.9	37,522	40,680
Provisions		1,584	2,151
Deferred tax liabilities		352,204	325,112
Non-current liabilities		2,380,643	2,419,091
Liabilities from convertible bonds	4.7	5,944	35,757
Financial liabilities	4.8	693,205	532,730
Trade and other payables	4.9	152,724	201,976
Income tax liabilities		7,610	5,704
Provisions		47,481	56,702
Liabilities held for sale	4.5	1,289	2,661
Current liabilities		908,253	835,530
Equity and liabilities		6,050,496	6,062,664

Consolidated Income Statement

All amounts in TEUR	Notes	Q2 2018	Q1-2 2018	Q2 2017	Q1-2 2017
Rental income	5.1	59,959	118,967	57,798	114,906
Operating costs charged to tenants		21,754	44,241	21,505	41,710
Other revenues		1,471	2,613	1,711	3,504
Revenues		83,184	165,821	81,014	160,120
Expenses from investment property	5.2	-12,311	-28,421	-21,252	-41,675
Operating expenses		-21,163	-42,649	-20,175	-39,385
Results of asset management		49,710	94,751	39,587	79,060
Proceeds from the sale of properties	5.3	50,362	52,711	93,000	106,101
Carrying amount of sold properties		-50,362	-52,711	-93,000	-106,101
Results from deconsolidation	2.2	20,098	26,692	10,564	8,013
Expenses from property sales		-1,186	-2,207	-1,898	-2,777
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	5.7	-2,337	-4,671	-1,004	-5,526
Results of property sales before foreign exchange effects		16,575	19,814	7,662	-290
Revaluation of properties sold and held for sale resulting from foreign exchange effects	5.7	530	835	349	2,335
Results of property sales	5.3	17,105	20,649	8,011	2,045
Proceeds from the sale of real estate inventories		7,285	9,989	10,068	21,908
Cost of real estate inventories sold		-7,294	-9,998	-7,267	-17,776
Expenses from real estate inventories	5.4	-3,234	-4,928	-30,070	-39,687
Expenses from real estate development		-1,985	-3,308	628	-2,149
Revaluation of properties under construction adjusted for foreign exchange effects	5.7	27,666	32,439	3,578	8,881
Results of property development before foreign exchange effects		22,438	24,194	-23,063	-28,823
Revaluation of properties under construction resulting from foreign exchange effects	5.7	-35	-35	-116	-108
Results of property development	5.4	22,403	24,159	-23,179	-28,931
Other operating income	5.5	894	3,100	4,298	5,392
Other operating expenses	5.6	-10,799	-27,816	-12,677	-23,773
Results of operations		79,313	114,843	16,040	33,793
Revaluation of investment properties adjusted for foreign exchange effects	5.7	9,695	4,323	6,650	3,522
Revaluation of investment properties resulting from foreign exchange effects	5.7	3,365	5,049	-337	-810
Goodwill impairment and earn-out effects on income		0	-100	-521	-733
Other revaluation results		13,060	9,272	5,792	1,979
Operating profit (EBIT)		92,373	124,115	21,832	35,772
Financing costs	5.8	-17,356	-33,762	-25,465	-52,203
Financing income	5.8	1,707	3,085	1,508	2,770
Foreign exchange differences		852	1,244	26	21
Other financial results	5.8	-1,568	-319	5,257	-10,375
Net profit or loss from equity-accounted investments	4.3	22,384	31,263	30,044	164,170
Financial results	5.8	6,019	1,511	11,370	104,383
Earnings before tax (EBT)		98,392	125,626	33,202	140,155
Current income tax		3,401	-4,305	-2,999	-7,184
Deferred tax		-16,679	-31,868	-18,760	-19,828
Net profit or loss from continuing operations		85,114	89,453	11,443	113,143
Net profit or loss from discontinued operations	2.3	146	-3,240	13,124	-7,876
Net profit or loss		85,260	86,213	24,567	105,267
Thereof attributable to owners of IMMOFINANZ AG		85,937	88,020	26,388	107,662
Thereof attributable to non-controlling interests		-677	-1,807	-1,821	-2,395
Basic earnings per share in EUR		0.77	0.79	0.27	1.05
Net profit or loss from continuing operations per share in EUR		0.77	0.82	0.15	1.13
Net profit or loss from discontinued operations per share in EUR		0.00	-0.03	0.12	-0.08
Diluted earnings per share in EUR		0.71	0.73	0.86	0.93
Net profit or loss from continuing operations per share in EUR		0.71	0.76	0.75	0.99
Net profit or loss from discontinued operations per share in EUR		0.00	-0.03	0.10	-0.06

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	Q2 2018	Q1-2 2018	Q2 2017	Q1-2 2017
Net profit or loss		85,260	86,213	24,567	105,267
Other comprehensive income (reclassifiable)					
Currency translation adjustment		-25,556	-33,721	-26,801	-18,561
Thereof changes during the financial year		-4,491	-6,338	-16,337	-10,665
Thereof reclassification to profit or loss	2.2 / 2.3	-21,065	-27,383	-10,464	-7,896
Other comprehensive income from equity-accounted investments	4.3	-1,061	-1,196	3,035	3,211
Thereof changes during the financial year		-1,061	-1,196	3,284	3,506
Thereof income taxes		0	0	-249	-295
Total other comprehensive income (reclassifiable)		-26,617	-34,917	-23,766	-15,350
Other comprehensive income (not reclassifiable)					
Other comprehensive income from equity-accounted investments	4.3	-1,018	-1,447	72	72
Thereof changes during the financial year		-1,009	-1,479	106	106
Thereof income taxes		-9	32	-34	-34
Total other comprehensive income (not reclassifiable)		-1,018	-1,447	72	72
Total other comprehensive income after tax		-27,635	-36,364	-23,694	-15,278
Total comprehensive income		57,625	49,849	873	89,989
Thereof attributable to owners of IMMOFINANZ AG		61,632	53,856	5,107	94,223
Thereof attributable to non-controlling interests		-4,007	-4,007	-4,234	-4,234

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	Q1-2 2018	Q1-2 2017
Earnings before tax (EBT)		125,626	140,155
Earnings before tax (EBT) from discontinued operations	2.3	-3,070	-4,907
Revaluations of investment properties	2.3 / 5.7	-37,942	6,319
Goodwill impairment		0	5,831
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.4	4,099	38,245
Write-downs and write-ups on receivables and other assets		-1,148	1,171
Net profit or loss from equity-accounted investments	4.3	-31,263	-164,171
Foreign exchange differences and fair value measurement of financial instruments		182	-4,631
Net interest income/expense		30,677	77,135
Results from deconsolidation	2.2 / 2.3	-26,877	-8,012
Other non-cash income/expense/reclassifications		178	-76
Gross cash flow before tax		60,462	87,059
Income taxes paid		-3,366	-19,900
Gross cash flow after tax		57,096	67,159
Change in real estate inventories		-8,350	-5,920
Change in trade and other receivables		-12,894	7,656
Change in trade payables and other liabilities		-4,526	-16,427
Change in provisions		-7,196	-8,018
Cash flow from operating activities		24,130	44,450
Acquisition of investment property and property under construction		-84,770	-157,754
Consideration paid for business combinations in prior periods		-325	0
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents		5,135	0
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents		76,385	17,501
Acquisition of other non-current assets		-252	-19,057
Acquisition of equity accounted investments and increase in receivables from other net investment positions		-899	0
Disposal of investment property and property under construction		62,732	134,191
Disposal of other non-current assets		14,912	9,095
Disposal of equity-accounted investments and cash flows from other net investment positions		62	98,689
Dividends received from equity-accounted investments	4.3	24,072	18,365
Interest or dividends received from financial instruments		627	1,334
Cash flow from investing activities		97,679	102,364
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		322,336	401,588
Proceeds from the issue of convertible bonds less transaction costs	4.7	0	294,972
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-197,876	-485,411
Redemption of convertible bonds	4.7	-17,286	0
Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio)	4.6	0	-203
Incentivised conversion of convertible bonds plus transaction costs	4.7	0	-112,934
Derivatives		-4,870	-6,552
Interest paid		-26,451	-57,437
Distributions	4.6	-77,928	-63,152
Transactions with non-controlling interest owners		-1,850	19,211
Share buyback	4.6	-31,593	-20,332
Cash flow from financing activities		-35,518	-30,250
Net foreign exchange differences		-1,836	-791
Change in cash and cash equivalents		84,455	115,773
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		479,267	206,228
Cash and cash equivalents at the end of the period		563,722	322,001
Less cash and cash equivalents in discontinued operations and disposal groups	4.5	3	12,004
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		563,719	309,997

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	4.6			
Net profit or loss				
Total comprehensive income				
Share buyback	4.6		-19	-31,574
Issue of shares (for conversion of the convertible bond 2011–2018)	4.7	4,678	4,232	
Increase in share capital from internal funds		750,000	-750,000	
Ordinary capital decrease		-1,758,767	1,758,767	
Distributions	4.6			
Transactions with non-controlling interest owners				
Balance on 30 June 2018		112,085	4,465,304	-31,574
Balance on 31 December 2016		975,956	3,353,263	-18,214
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Share buyback				-20,331
Issue of shares (for incentivised conversion of the convertible bond 2011–2018)		63,532	45,108	
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	-44,496	31,306
Distributions				
Transactions with non-controlling interest owners				
Balance on 30 June 2017		1,052,525	3,375,530	-7,239

	Accumulated other equity			Retained earnings	Total	Non-controlling interests	Total equity
	Revaluation reserve (former AFS reserve)	IAS 19 reserve	Currency translation reserve				
	4,323	-414	-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	-133,870	-1,609,660	2,827,781	-13,478	2,814,303
	-1,478	31	-32,717		-34,164	-2,200	-36,364
				88,020	88,020	-1,807	86,213
	-1,478	31	-32,717	88,020	53,856	-4,007	49,849
					-31,593		-31,593
					8,910		8,910
					0		0
					0		0
				-77,928	-77,928	-90	-78,018
				-1,277	-1,277	-574	-1,851
	1,749	-383	-166,587	-1,600,845	2,779,749	-18,149	2,761,600
	-783	-461	-629,919	-1,019,542	2,660,300	-9,684	2,650,616
	3,166	72	-16,677		-13,439	-1,839	-15,278
				107,662	107,662	-2,395	105,267
	3,166	72	-16,677	107,662	94,223	-4,234	89,989
					-20,331		-20,331
					108,640		108,640
					21,655		21,655
					-153		-153
				-63,152	-63,152	-11,095	-74,247
				291	291	23,620	23,911
	2,383	-389	-646,596	-974,741	2,801,473	-1,393	2,800,080

NOTES

1. Basis of Preparation

The consolidated interim financial statements of IMMOFINANZ as of 30 June 2018 were prepared for the period from 1 January 2018 to 30 June 2018 (H1 2018) in accordance with the International Financial Reporting Standards (IFRS) which were adopted by the EU and are applicable to interim reporting

The condensed scope of reporting in these consolidated interim financial statements is in agreement with IAS 34. Information on the application of IFRS, on the significant accounting policies and on further disclosures is provided in the consolidated financial statements of IMMOFINANZ as of 31 December 2017. Together, this information forms the basis for these consolidated interim financial statements. Information on the changes resulting from the initial application of IFRS 15 and IFRS 9 are provided in section 1.1.

These consolidated interim financial statements of IMMOFINANZ were not subjected to a full audit or review by the auditor, Deloitte Audit Wirtschaftsprüfungs GmbH.

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

1.1 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations required mandatory application for IMMOFINANZ in the first half of 2018; the option for voluntary premature application was not elected.

IFRS 9: Financial Instruments

IFRS 9 replaced 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 has recorded the differences in the carrying amounts which result from the initial application of IFRS 9 as of 1 January 2018 directly in equity without recognition through 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. These new classification requirements led to changes in the recognition and measurement of other financial assets. The equity effect equalled EUR 1.0 million as of 1 January 2018.

IFRS 9 replaces the incurred loss model previously applied to financial assets under IAS 39 with an expected loss model. Under the new model, impairment losses must be recognised at the amount of the credit defaults that are expected within the next 12 months or at the amount of the credit defaults that are expected over the entire term of the asset. The first alternative is applied when the credit risk has not increased significantly since the initial recognition of the asset; the second alternative is applied when the credit risk has increased significantly since the initial recognition of the asset or when there are objective indications of impairment as a result of default events similar to those listed in IAS 39. A default event is assumed when a receivable is overdue more than 90 days. The trade receivables held by IMMOFINANZ are principally secured (primarily through deposits) up to a due date of 90 days, and an impairment loss must therefore only be recorded when a default event is assumed (i.e. when a receivable is more than 90 days overdue). Consequently, there are no major changes in comparison with IAS 39. The equity effect from the impairment of cash and cash equivalents and other receivables, after the deduction of deferred taxes, amounted to EUR -0.1 million as of 1 January 2018.

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

Section 6.2 includes a comparison of the classification of financial assets and financial liabilities under the previously applied IAS 39 valuation categories and the valuation categories applicable under IFRS 9 as of 1 January 2018.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 replaces 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 used the cumulative method for the conversion. In accordance with IFRS 15, revenue recognition must be changed from a point in time to over time when the performance obligation leads to an asset with no alternative use for IMMOFINANZ and IMMOFINANZ has an enforceable right to payment for the performance transferred to date. This will lead to a change from revenue recognition at a point in time to revenue recognition over time for apartment development projects sold but not transferred as of 31 December 2017. It will also result in the reporting of contractual assets and contractual liabilities in place of real estate inventories and prepayments received which are included under trade payables and other liabilities. Since the involved apartment development projects were measured at their respective net realisable value less transaction costs as of 31 December 2017 in accordance with IAS 2, there will be no resulting effects on equity. As of 1 January 2018, real estate inventories as reported on the consolidated balance sheet were therefore reduced by EUR 26.4 million and trade receivables and other liabilities by EUR 20.5 million; contractual assets of EUR 5.9 million were recognised as of that date.

A further effect of the initial application of IFRS 15 for IMMOFINANZ results 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 equity effect equalled EUR 4.6 million as of 1 January 2018.

Summary of the effects on the individual balance sheet positions from the initial application of IFRS 9 and IFRS 15 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	0	5,861	252,231
Real estate inventories	61,221	0	-26,403	34,818
Cash and cash equivalents	477,889	-119	0	477,770
Current assets	1,060,249	-119	-20,542	1,039,588
Assets	6,062,664	1,947	-15,909	6,048,702
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	-20,542	181,434
Current liabilities	835,530	0	-20,542	814,988
Equity and liabilities	6,062,664	1,947	-15,909	6,048,702

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

Summary of the effects of IFRS 15 on the individual balance sheet and income statement positions as of 30 June 2018

The following tables on the consolidated balance sheet as of 30 June 2018 and the consolidated income statement for H1 2018 only show the details for positions which were influenced by the initial application of IFRS 15 as of 1 January 2018.

All amounts in TEUR	30 6 2018 as reported	Adjustment as per IFRS 15	Amounts excl. application of IFRS 15
Non-current assets	4,363,754	0	4,363,754
Trade and other receivables	205,169	-5,226	199,943
Real estate inventories	42,257	24,950	67,207
Current assets	1,686,742	19,724	1,706,466
Assets	6,050,496	19,724	6,070,220
Equity	2,761,600	0	2,761,600
Non-current liabilities	2,380,643	0	2,380,643
Trade and other payables	152,724	19,724	172,448
Current liabilities	908,253	19,724	927,977
Equity and liabilities	6,050,496	19,724	6,070,220

The earnings effects from H1 2018 on the equity-accounted investment in CA Immo, which resulted from the initial application of IFRS 15 and IFRS 9, are included in the proportional share of results for the period (IAS 28). These effects are not reported separately.

Since the apartment development projects affected by the initial application of IFRS 15 were measured at their net realisable value less transaction costs as of 31 December 2017, there were no effects on Group earnings in H1 2018. The only effect involves the results of property development, where revenues from the sale of real estate inventories and the corresponding production cost of the sold inventories would have been higher without the initial application of IFRS 15.

All amounts in TEUR	Q1-2 2018 as reported	Adjustment as per IFRS 15	Amounts excl. application of IFRS 15
Proceeds from the sale of real estate inventories	9,989	1,453	11,442
Cost of real estate inventories sold	-9,998	-1,453	-11,451
Results of property development	24,159	0	-8,245

1.2 STANDARDS AND INTERPRETATIONS APPLICABLE IN THE FUTURE

IFRS 16: Leasing

IFRS 16 replaces the previous rules for the recognition and measurement of leases (above all by the lessee) as of 1 January 2019; this standard was adopted into EU law through the endorsement procedure on 31 October 2017. IMMOFINANZ will initially apply this new standard as of 1 January 2019; premature application is not planned. IMMOFINANZ is the lessee for usage rights to land (construction rights, leasehold rights), above all in Poland and Germany. These right-of-use assets must be recognised in accordance with IFRS 16 and presented as part of property assets; a lease liability must also be recognised at the same time. The amounts of the resulting effects are currently under evaluation. The analyses have also shown that the scope of other leased operating assets (individual offices, autos and other items of furniture, fixtures and office equipment) are immaterial for the lessee. With regard to accounting by the lessor, no material effects are expected on the consolidated financial statements of IMMOFINANZ AG.

A further change involves the revenue from operating costs charged out which is not contrasted by the provision of services in the narrow sense of the term, but only represents compensation for costs incurred in connection with the legal ownership of a property (i.e. land tax and building insurance). As of 1 January 2019, this revenue must be presented as revenue in accordance with IFRS 16. This differentiation does not lead to an earnings effect on the income statement, but only to a change in presentation.

2. Scope of Consolidation

2.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the development of the scope of consolidation during the first half of 2018:

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				
New foundations	0	0	1	1
Companies no longer included				
Sales	-14	0	0	-14
Mergers	-2	0	0	-2
Liquidations	-31	-1	-2	-34
Balance on 30 June 2018	374	7	12	393
Thereof foreign companies	219	5	5	229
Thereof in liquidation	53	0	1	54
Thereof intragroup merger resolution adopted	6	0	0	6

2.2 SALE AND LIQUIDATION OF SUBSIDIARIES

The effects of deconsolidations on the balance sheet position and earnings are summarised in the following table:

All amounts in TEUR	Q1-2 2018
Investment property (see 4.1)	57,977
Goodwill	341
Receivables and other assets	31,276
Deferred tax assets	3,833
Investment properties held for sale	19,900
Assets held for sale	46
Cash and cash equivalents held for sale	156
Cash and cash equivalents	1,939
Financial liabilities	-29,537
Trade payables	-982
Other liabilities	-20,647
Income tax liabilities	-275
Provisions	-26
Deferred tax liabilities	-5,258
Liabilities held for sale	-142
Net assets sold	58,601
Consideration received in cash and cash equivalents	56,161
Outstanding purchase price receivables	1,750
Less net assets sold	-58,590
Less non-controlling interests	-11
Reclassification of foreign exchange differences to profit or loss	27,382
Results from deconsolidation	26,692
Consideration received in cash and cash equivalents	56,161
Less cash and cash equivalents sold	-2,095
Net inflow of cash and cash equivalents	54,066

In the first two quarters of 2018, IMMOFINANZ received payments of EUR 22.3 million on outstanding receivables resulting from the sale of subsidiaries in previous years.

The reclassification of foreign exchange differences to profit or loss resulted primarily from three Czech and three Ukrainian subsidiaries.

2.3 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 in H1 2018 and in the comparative period are reported on a separate line. The results from discontinued operations in H1 2018 also include other operating income of TEUR 147 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. The recognition of other operating income of TEUR 147 in the second quarter of 2018 reflects the near certainty of the cash inflows as of 30 June 2018. 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 30 June 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	Q1-2 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	Q1-2 2018	Q1-2 2017
Net profit or loss retail portfolio Moscow	-3	-7,876
Net profit or loss logistics portfolio	-3,237	0
Net profit or loss from discontinued operations	-3,240	-7,876

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

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Rental income	0	43,363	0	0
Operating costs charged to tenants	0	9,195	0	0
Other revenues	0	896	0	0
Revenues	0	53,454	0	0
Expenses from investment property	0	-14,401	0	0
Operating expenses	0	-8,879	0	0
Results of asset management	0	30,174	0	0
Expenses from property development and inventories	0	-21	0	0
Results of property development	0	-21	0	0
Other operating income	124	483	0	0
Other operating expenses	-145	-2,150	-3,237	0
Results of operations	-21	28,486	-3,237	0
Revaluation of investment properties adjusted for foreign exchange effects	0	6,539	0	0
Revaluation of investment properties resulting from foreign exchange effects	0	-21,153	0	0
Goodwill impairment	0	-5,098	0	0
Other revaluation results	0	-19,712	0	0
Operating profit (EBIT)	-21	8,774	-3,237	0
Financing costs	0	-27,704	0	0
Financing income	0	6	0	0
Foreign exchange differences	3	14,017	0	0
Financial results	3	-13,681	0	0
Earnings before tax (EBT)	-18	-4,907	-3,237	0
Current income tax	-16	-2,492	0	0
Deferred tax	-154	-477	0	0
Earnings from discontinued operations	-188	-7,876	-3,237	0
Result from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	185	0	0	0
Net profit or loss from discontinued operations	-3	-7,876	-3,237	0
Thereof attributable to owners of IMMOFINANZ AG	-3	-7,876	-3,237	0

The cash flows from the discontinued operations can be summarised as follows:

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Cash flow from operating activities	-1,110	13,644	0	0
Cash flow from investing activities	-33	-824	0	0
Cash flow from financing activities	0	-37,359	0	0
Net cash flow from discontinued operations	-1,143	-24,539	0	0

3. Information on Operating Segments

Information on the reportable segments of IMMOFINANZ is presented in the following section. Segment assets also include investment property held for sale.

All amounts in TEUR	Austria		Germany	
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Office	15,035	15,998	5,934	3,414
Retail	5,602	8,116	56	268
Other	3,805	3,026	467	1,222
Rental income	24,442	27,140	6,457	4,904
Operating costs charged to tenants	5,666	5,468	1,414	1,505
Other revenues	232	1,277	0	4
Revenues	30,340	33,885	7,871	6,413
Expenses from investment property	-8,538	-15,659	-1,590	-2,271
Operating expenses	-5,673	-5,342	-1,493	-1,493
Results of asset management	16,129	12,884	4,788	2,649
Proceeds from the sale of properties	16,886	58,437	19,850	47,045
Carrying amount of sold properties	-16,886	-58,437	-19,850	-47,045
Results from deconsolidation	269	23	0	0
Expenses from property sales	-863	-2,107	-193	-344
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-1,080	-4,735	-964	4,735
Results of property sales before foreign exchange effects	-1,674	-6,819	-1,157	4,391
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-1,674	-6,819	-1,157	4,391
Proceeds from the sale of real estate inventories	0	0	4,596	19,909
Cost of real estate inventories sold	0	0	-4,579	-16,091
Expenses from real estate inventories	-430	-255	-4,504	-39,138
Expenses from real estate development	356	-436	-2,628	-168
Revaluation of properties under construction adjusted for foreign exchange effects	-3,391	-4,377	31,567	20,651
Results of property development before foreign exchange effects	-3,465	-5,068	24,452	-14,837
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-3,465	-5,068	24,452	-14,837
Other operating income	260	443	46	109
Other operating expenses	-197	-1,357	-2,808	-2,016
Results of operations	11,053	83	25,321	-9,704
Revaluation of investment properties adjusted for foreign exchange effects	-5,037	-385	-857	73
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment and earn-out effects on income	0	0	0	0
Other revaluation results	-5,037	-385	-857	73
Operating profit (EBIT)	6,016	-302	24,464	-9,631
	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Investment property	805,870	809,060	275,160	114,040
Property under construction	15,720	9,040	214,000	293,550
Goodwill	0	0	0	0
Investment properties held for sale	34,498	72,407	122,226	136,437
Real estate inventories	0	0	41,262	55,859
Segment assets	856,088	890,507	652,648	599,886
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Segment investments	11,831	3,921	49,391	49,855

All amounts in TEUR	Poland		Czech Republic	
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Office	12,441	13,334	5,430	5,560
Retail	8,716	6,295	5,164	5,124
Other	1,756	1,546	486	514
Rental income	22,913	21,175	11,080	11,198
Operating costs charged to tenants	11,069	10,336	3,750	3,470
Other revenues	1,055	922	103	88
Revenues	35,037	32,433	14,933	14,756
Expenses from investment property	-4,871	-8,556	-2,566	-2,848
Operating expenses	-10,630	-9,681	-3,620	-3,393
Results of asset management	19,536	14,196	8,747	8,515
Proceeds from the sale of properties	0	0	0	0
Carrying amount of sold properties	0	0	0	0
Results from deconsolidation	333	-2,400	7,142	95
Expenses from property sales	-98	47	-625	-425
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-1,994	-3,123	-131	-1,837
Results of property sales before foreign exchange effects	-1,759	-5,476	6,386	-2,167
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-1,759	-5,476	6,386	-2,167
Proceeds from the sale of real estate inventories	4,750	1,665	0	0
Cost of real estate inventories sold	-4,750	-1,522	0	0
Expenses from real estate inventories	-212	-121	0	0
Expenses from real estate development	-378	-532	-123	-232
Revaluation of properties under construction adjusted for foreign exchange effects	-39	-159	0	0
Results of property development before foreign exchange effects	-629	-669	-123	-232
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-629	-669	-123	-232
Other operating income	337	103	11	1,205
Other operating expenses	-1,583	-1,513	-856	-741
Results of operations	15,902	6,641	14,165	6,580
Revaluation of investment properties adjusted for foreign exchange effects	1,814	-10,224	658	6,127
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment and earn-out effects on income	0	-554	-100	-99
Other revaluation results	1,814	-10,778	558	6,028
Operating profit (EBIT)	17,716	-4,137	14,723	12,608
	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Investment property	718,500	712,869	337,270	391,290
Property under construction	43,030	44,974	0	0
Goodwill	32	32	7,056	7,396
Investment properties held for sale	11,732	13,742	0	0
Real estate inventories	0	3,935	0	0
Segment assets	773,294	775,552	344,326	398,686
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Segment investments	1,166	11,324	2,298	2,607

All amounts in TEUR	Slovakia		Hungary	
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Office	1,389	977	6,622	7,069
Retail	8,782	6,711	7,468	6,464
Other	225	160	1,000	559
Rental income	10,396	7,848	15,090	14,092
Operating costs charged to tenants	4,771	4,165	5,641	5,222
Other revenues	207	104	111	86
Revenues	15,374	12,117	20,842	19,400
Expenses from investment property	-2,296	-2,004	-1,787	-3,806
Operating expenses	-3,915	-3,451	-5,523	-5,084
Results of asset management	9,163	6,662	13,532	10,510
Proceeds from the sale of properties	0	0	859	0
Carrying amount of sold properties	0	0	-859	0
Results from deconsolidation	-3	0	0	0
Expenses from property sales	-22	-34	-40	-95
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	0	0	714	0
Results of property sales before foreign exchange effects	-25	-34	674	-95
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-25	-34	674	-95
Proceeds from the sale of real estate inventories	0	0	0	0
Cost of real estate inventories sold	0	0	0	0
Expenses from real estate inventories	0	0	0	0
Expenses from real estate development	-44	-59	-8	-124
Revaluation of properties under construction adjusted for foreign exchange effects	0	-933	0	0
Results of property development before foreign exchange effects	-44	-992	-8	-124
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-44	-992	-8	-124
Other operating income	30	75	35	10
Other operating expenses	-703	-650	-657	-702
Results of operations	8,421	5,061	13,576	9,599
Revaluation of investment properties adjusted for foreign exchange effects	6,830	4,066	5,089	9,128
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment and earn-out effects on income	0	-25	0	0
Other revaluation results	6,830	4,041	5,089	9,128
Operating profit (EBIT)	15,251	9,102	18,665	18,727
	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Investment property	300,640	291,300	515,290	513,025
Property under construction	0	0	2,580	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	300,824	291,484	520,578	515,733
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Segment investments	2,632	62,907	113	18,901

All amounts in TEUR	Romania		Other non-core countries	
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Office	8,103	9,696	600	590
Retail	13,225	12,888	4,183	3,211
Other	2,284	1,988	194	176
Rental income	23,612	24,572	4,977	3,977
Operating costs charged to tenants	10,570	10,598	1,360	946
Other revenues	869	940	36	83
Revenues	35,051	36,110	6,373	5,006
Expenses from investment property	-5,744	-5,614	-1,029	-917
Operating expenses	-10,471	-10,037	-1,324	-904
Results of asset management	18,836	20,459	4,020	3,185
Proceeds from the sale of properties	15,116	619	0	0
Carrying amount of sold properties	-15,116	-619	0	0
Results from deconsolidation	-1	0	18,952	10,295
Expenses from property sales	-271	-52	-95	233
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-86	-225	-1,130	-341
Results of property sales before foreign exchange effects	-358	-277	17,727	10,187
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	835	2,335
Results of property sales	-358	-277	18,562	12,522
Proceeds from the sale of real estate inventories	600	334	43	0
Cost of real estate inventories sold	-600	-163	-69	0
Expenses from real estate inventories	222	-167	-4	-6
Expenses from real estate development	-305	-417	-178	-181
Revaluation of properties under construction adjusted for foreign exchange effects	871	-5,950	3,431	-351
Results of property development before foreign exchange effects	788	-6,363	3,223	-538
Revaluation of properties under construction resulting from foreign exchange effects	0	0	-35	-108
Results of property development	788	-6,363	3,188	-646
Other operating income	1,936	240	48	51
Other operating expenses	-3,018	-1,772	-1,201	-991
Results of operations	18,184	12,287	24,617	14,121
Revaluation of investment properties adjusted for foreign exchange effects	989	-3,208	-5,163	-2,055
Revaluation of investment properties resulting from foreign exchange effects	0	0	5,049	-810
Goodwill impairment and earn-out effects on income	0	-8	0	-47
Other revaluation results	989	-3,216	-114	-2,912
Operating profit (EBIT)	19,173	9,071	24,503	11,209
	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Investment property	757,169	772,899	171,469	125,036
Property under construction	49,620	48,620	2,170	7,880
Goodwill	13,529	13,529	998	999
Investment properties held for sale	3,173	1,890	4,570	38,859
Real estate inventories	879	1,242	116	185
Segment assets	824,370	838,180	179,323	172,959
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Segment investments	308	6,733	10,200	7,378

	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
All amounts in TEUR	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Office	55,554	56,638	0	0	55,554	56,638
Retail	53,196	49,077	0	0	53,196	49,077
Other	10,217	9,191	0	0	10,217	9,191
Rental income	118,967	114,906	0	0	118,967	114,906
Operating costs charged to tenants	44,241	41,710	0	0	44,241	41,710
Other revenues	2,613	3,504	0	0	2,613	3,504
Revenues	165,821	160,120	0	0	165,821	160,120
Expenses from investment property	-28,421	-41,675	0	0	-28,421	-41,675
Operating expenses	-42,649	-39,385	0	0	-42,649	-39,385
Results of asset management	94,751	79,060	0	0	94,751	79,060
Proceeds from the sale of properties	52,711	106,101	0	0	52,711	106,101
Carrying amount of sold properties	-52,711	-106,101	0	0	-52,711	-106,101
Results from deconsolidation	26,692	8,013	0	0	26,692	8,013
Expenses from property sales	-2,207	-2,777	0	0	-2,207	-2,777
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-4,671	-5,526	0	0	-4,671	-5,526
Results of property sales before foreign exchange effects	19,814	-290	0	0	19,814	-290
Revaluation of properties sold and held for sale resulting from foreign exchange effects	835	2,335	0	0	835	2,335
Results of property sales	20,649	2,045	0	0	20,649	2,045
Proceeds from the sale of real estate inventories	9,989	21,908	0	0	9,989	21,908
Cost of real estate inventories sold	-9,998	-17,776	0	0	-9,998	-17,776
Expenses from real estate inventories	-4,928	-39,687	0	0	-4,928	-39,687
Expenses from real estate development	-3,308	-2,149	0	0	-3,308	-2,149
Revaluation of properties under construction adjusted for foreign exchange effects	32,439	8,881	0	0	32,439	8,881
Results of property development before foreign exchange effects	24,194	-28,823	0	0	24,194	-28,823
Revaluation of properties under construction resulting from foreign exchange effects	-35	-108	0	0	-35	-108
Results of property development	24,159	-28,931	0	0	24,159	-28,931
Other operating income	2,703	2,236	397	3,156	3,100	5,392
Other operating expenses	-11,023	-9,742	-16,793	-14,031	-27,816	-23,773
Results of operations	131,239	44,668	-16,396	-10,875	114,843	33,793
Revaluation of investment properties adjusted for foreign exchange effects	4,323	3,522	0	0	4,323	3,522
Revaluation of investment properties resulting from foreign exchange effects	5,049	-810	0	0	5,049	-810
Goodwill impairment and earn-out effects on income	-100	-733	0	0	-100	-733
Other revaluation results	9,272	1,979	0	0	9,272	1,979
Operating profit (EBIT)	140,511	46,647	-16,396	-10,875	124,115	35,772
	30 6 2018	31 12 2017	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Investment property	3,881,368	3,729,519	0	0	3,881,368	3,729,519
Property under construction	327,120	404,064	0	0	327,120	404,064
Goodwill	24,507	24,848	0	0	24,507	24,848
Investment properties held for sale	176,199	263,335	0	0	176,199	263,335
Real estate inventories	42,257	61,221	0	0	42,257	61,221
Segment assets	4,451,451	4,482,987	0	0	4,451,451	4,482,987
	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017	Q1-2 2018	Q1-2 2017
Segment investments	77,939	163,626	0	0	77,939	163,626

4. Notes to the Consolidated Balance Sheet

4.1 INVESTMENT PROPERTY

The development of the investment properties during the first half of 2018 is as follows:

All amounts in TEUR	Q1-2 2018
Beginning balance	3,729,519
Deconsolidations (see 2.2)	-57,977
Currency translation adjustments	-4,998
Additions	7,952
Disposals	-15,975
Revaluation	9,229
Reclassifications	181,150
Reclassification from IFRS 5	33,750
Reclassification to IFRS 5	-1,282
Ending balance	3,881,368

The reclassifications from available-for-sale assets involve two land sites in Turkey. The reclassification to available-for-sale assets represents one property in Romania which is assigned to the asset class Other.

4.2 PROPERTY UNDER CONSTRUCTION

The development of the properties under construction during the first half of 2018 is as follows:

All amounts in TEUR	Q1-2 2018
Beginning balance	404,064
Currency translation adjustments	35
Additions	69,987
Revaluation	32,404
Reclassifications	-179,370
Ending balance	327,120

Additions include, in particular, the *trivago Campus* and *FLOAT projects in Germany*, a development project on the *Wienerberg in Austria* and *STOP SHOP* properties in non-core countries which are assigned to the segment Other.

The following properties were reclassified from properties under construction to investment properties in H1 2018 following their completion: the *trivago Campus*, the *Parkhaus Aachen*, two Serbian *STOP SHOP* retail parks and a part of a Polish *VIVO!* shopping center. In addition, two *STOP SHOPS* were reclassified from investment property to properties under construction.

4.3 EQUITY-ACCOUNTED INVESTMENTS

The following table shows the development of the equity-accounted investments:

All amounts in TEUR	CA Immo Group	NP Investments a.s.	Other	Total
Interest held by IMMOFINANZ	26.0%	50.0%		
Beginning balance	682,007	0	3,977	685,984
Net profit or loss from equity-accounted investments	24,033	5,954	1,276	31,263
Other comprehensive income from currency translation adjustment	-1,063	-53	-80	-1,196
Other comprehensive income from financial instruments measured at fair value through other comprehensive income (FVOCI)	-1,478	0	0	-1,478
Adjustment through other comprehensive income as of 1.1.2018 as per IFRS 9 and IFRS 15	5,397	0	0	5,397
Other comprehensive income from measurement of defined benefit plans	31	0	0	31
Offset of results with other net investment positions	0	-2,475	339	-2,136
Dividend	-20,552	0	-3,520	-24,072
Reclassification to IFRS 5 (see 4.5)	-688,375	0	0	-688,375
Ending balance	0	3,426	1,992	5,418

On 2 July 2018, the Supervisory Board of IMMOFINANZ AG approved the package sale of all shares held by IMMOFINANZ in CA Immobilien Anlagen Aktiengesellschaft (CA Immo) (25,690,163 bearer shares plus four registered shares). The carrying amount of this equity-accounted investment was subsequently reported under current assets held for sale as of 30 June 2018. The reclassification was based on the carrying amount as of 30 June 2018, which is EUR 67 million less than the agreed selling price less transaction costs (see section 8). The undisclosed reserves of EUR 67 million will be realised when the transaction closes.

4.4 TRADE AND OTHER RECEIVABLES

All amounts in TEUR	30 6 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017
Rents receivable	18,010	17,999	11	0	18,515
Miscellaneous	33,016	32,493	523	0	37,166
Total trade accounts receivable	51,026	50,492	534	0	55,681
Receivables due from associates	4,452	4,181	0	271	3,371
Receivables due from joint ventures	35,251	761	34,356	134	30,184
Receivables due from equity-accounted investments	39,703	4,942	34,356	405	33,555
Restricted funds	127,032	85,662	41,370	0	154,806
Financing	12,215	806	1,087	10,322	12,650
Property management	4,975	4,918	19	38	1,651
Outstanding purchase price receivables – sale of properties	13	13	0	0	10,043
Outstanding purchase price receivables – sale of shares in other companies	15,376	1,313	14,063	0	39,924
Miscellaneous	18,075	12,028	5,816	231	17,798
Total other financial receivables	177,686	104,740	62,355	10,591	236,872
Tax authorities	39,769	39,769	0	0	39,029
Other contractual assets	5,226	5,226	0	0	0
Total other non-financial receivables	44,995	44,995	0	0	39,029
Total	313,410	205,169	97,245	10,996	365,137

The other contractual assets of EUR 5.2 million result from the initial application of IFRS 15 as of 1 January 2018. A summary of the effects of IFRS 15 is provided in section 1.1.

4.5 ASSETS AND SPECIFIC LIABILITIES HELD FOR SALE

Of the assets and liabilities held for sale as of 31 December 2017, three retail properties and three office properties were sold during H1 2018. The sale of the Russian service company together with a subsidiary, which were part of the discontinued operation “retail portfolio Moscow”, closed on 8 February 2018 and represented the final step in the sale of the retail portfolio Moscow (see section 2.3).

Management terminated its plans to sell two land sites in Turkey because of ongoing re-zoning proceedings and reclassified the sites to investment property (see section 4.1); as of 31 December 2017, these sites were reported as held for sale. The sale plans remain in effect for three further land sites in Turkey, whereby a foreign exchange-adjusted revaluation of EUR -0.5 million was recognised to the carrying amount in the first half of 2018.

Property sales in Q2 2018 included Romanian properties in the asset classes Other and Office, which were initially classified as held for sale in Q1 2018. In addition, one Romanian office property assigned to the asset class Other was initially classified as held for sale in Q2 2018. This sale is expected to take the form of an asset deal.

On 2 July 2018, the Supervisory Board of IMMOFINANZ AG approved the package sale of all shares held by IMMOFINANZ in CA Immo (see section 8). The carrying amount of this equity-accounted investment was subsequently reclassified from non-current assets (see section 4.3) to assets held for sale as of 30 June 2018. The reserves of EUR -0.4 million from the equity-accounted investment in CA Immo, which were previously recorded under other comprehensive income, will be reclassified to profit or loss on the closing date.

Management's plans remain intact to sell the other assets and liabilities classified as held for sale as of 31 December 2017 and to complete the sales not realised as of 30 June 2018.

The assets and liabilities held for sale as of 30 June 2018 can be summarised as follows:

All amounts in TEUR	CA Immo Group	Friesen-/Gerling-Quartier	Other	Carrying amount as of 30 6 2018	Carrying amount as of 31 12 2017
Investment property	0	27,824	52,693	80,517	132,623
Property under construction	0	88,152	1,280	89,432	124,462
Real estate inventories	0	6,250	0	6,250	6,250
Other tangible assets	0	0	0	0	27
Intangible assets	0	0	0	0	3
Deferred tax assets	0	0	0	0	50
Trade and other receivables	0	0	273	273	355
Other financial assets	688,375	0	0	688,375	0
Cash and cash equivalents	0	0	3	3	1,378
Assets held for sale	688,375	122,226	54,249	864,850	265,148
Reclassifiable reserves	-370	0	682	312	677
Trade and other payables	0	0	47	47	720
Provisions	0	1,200	42	1,242	1,941
Liabilities held for sale	0	1,200	89	1,289	2,661

The properties in the *Gerling Quartier* (first and second building sections), which were classified as a disposal group based on resolutions of the Executive Board and Supervisory Board on 27 July 2016 and 19 December 2016, were still held by IMMOFINANZ as of 30 June 2018. In addition, the sale of the held-for-sale, unused office building on *Hohenzollernring* in Cologne closed shortly before 30 June 2018. The (foreign exchange-adjusted) revaluation of standing investments and impairment losses to real estate inventories totalled EUR -1.0 million in the first half of 2018.

In addition to the above-mentioned properties in the first and second building sections of the *Gerling Quartier*, a hotel under construction and the accompanying underground parking spaces were sold through a forward sale as of 30 January 2017. These two properties remain classified as real estate inventories. Write-downs of EUR -3.9 million were recognised to these two real estate inventories during the reporting period to reflect construction cost overruns; these items are reported under expenses from real estate inventories.

4.6 EQUITY

The initial application of IFRS 15 and IFRS 9 led to the reclassification of EUR -1.1 million from the revaluation reserve recorded under equity (former AFS reserve) to retained earnings as well as the addition of EUR 6.3 million to retained earnings without recognition through profit or loss (see section 1.1).

In Q1 2018, 4,678,921 new shares were issued from conditional capital to service the conversions of the convertible bond 2011–2018. This led to an increase of EUR 4.7 million in share capital and EUR 4.2 million in capital 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 1,120,852,699 to 112,085,269.

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 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 2018/2019) 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 2018/2019 has a volume up to 9,708,526 IMMOFINANZ shares, which represent 8.66% of the current share capital. The share buyback started on 16 July 2018.

The 25th annual general meeting on 11 May 2018 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.

Other comprehensive income of EUR -34.2 million (H1 2017: EUR -13.4 million) is attributable to the shareholders of IMMOFINANZ and EUR -2.2 million (H1 2017: EUR -1.8 million) to non-controlling interests.

4.7 LIABILITIES FROM CONVERTIBLE BONDS

As of 30 June 2018, IMMOFINANZ had convertible bonds with a total nominal value of EUR 297.2 million outstanding (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	30 6 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017
Convertible bond 2011–2018	0	0	0	0	33,151
Convertible bond 2017–2024	282,262	5,944	276,318	0	280,066
Total	282,262	5,944	276,318	0	313,217

Convertible bond 2011–2018

Bondholders converted a nominal value of EUR 15.5 million from the convertible bond 2011–2018 during the first quarter of 2018. This led to the issue of 4,678,921 IMMOFINANZ shares (see section 4.6) from conditional capital as well as the transfer of 252,938 BUWOG shares. The remaining outstanding nominal value of EUR 17.3 million was redeemed as scheduled on 8 March 2018.

The value of the standalone derivative from the convertible bond 2011–2018, which was recorded under other liabilities (see section 4.9) equalled was derecognised through financial results as of 8 March 2018 at an amount of EUR 1.3 million (see section 5.8).

Convertible bond 2017–2024

On 24 January 2017 IMMOFINANZ issued a convertible bond through an accelerate bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an interest rate of 2.0% and a term ending on 24 January 2024. The coupon will be reduced by 50 basis points when IMMOFINANZ receives and maintains an investment grade rating from S&P, Moody's or Fitch. The 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 4.6) 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 4.6) and equalled EUR 22.2 per share as of 30 June 2018. The conversion right can be exercised up to 10 January 2024.

4.8 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 30 June 2018:

All amounts in TEUR	30 6 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017
Amounts due to financial institutions	2,404,769	692,744	1,407,413	304,612	2,305,028
Thereof secured by collateral	2,404,406	692,381	1,407,413	304,612	2,304,691
Thereof not secured by collateral	363	363	0	0	337
Other financial liabilities	1,451	461	0	990	1,390
Total	2,406,220	693,205	1,407,413	305,602	2,306,418

4.9 TRADE AND OTHER PAYABLES

All amounts in TEUR	30 6 2018	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2017
Trade payables	97,762	95,725	2,037	0	114,591
Derivative financial instruments (liabilities)	11,453	1,388	9,189	876	10,929
Property management	7,137	7,137	0	0	2,913
Amounts due to non-controlling interests	3,901	0	262	3,639	6,777
Amounts due to associated companies	86	86	0	0	319
Amounts due to joint ventures	574	6	21	547	386
Deposits and guarantees received	24,286	5,447	12,830	6,009	25,586
Prepayments received on property sales	2,757	2,689	68	0	24,691
Construction and refurbishment	1,257	1,232	25	0	4,552
Outstanding purchase prices (share deals)	49	2	47	0	373
Outstanding purchase prices (acquisition of properties)	0	0	0	0	2,846
Miscellaneous	3,853	2,780	1,068	5	9,969
Total other financial liabilities	55,353	20,767	23,510	11,076	89,341
Tax authorities	17,376	17,376	0	0	14,695
Rental and lease prepayments received	19,732	18,838	894	0	24,006
Other contractual liabilities	12	12	0	0	0
Miscellaneous	11	6	5	0	23
Total non-financial liabilities	37,131	36,232	899	0	38,724
Total	190,246	152,724	26,446	11,076	242,656

Due to the initial application of IFRS 15 as of 1 January 2018, the prepayments reported as of 30 June 2018 were EUR 19.7 million lower than they would have been without the application of this standard. The presentation of other contractual liabilities (TEUR 12) is also attributable to IFRS 15. A summary of the effects of IFRS 15 is provided in section 1.1.

5. Notes to the Consolidated Income Statement

5.1 RENTAL INCOME

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

All amounts in TEUR	Q1-2 2018	Q1-2 2017
Office	55,554	56,638
Retail	53,196	49,077
Other	10,217	9,191
Total	118,967	114,906

5.2 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	Q1-2 2018	Q1-2 2017
Vacancies	-4,871	-6,124
Commission expenses	-282	-580
Maintenance	-7,877	-8,842
Operating costs charged to building owners	-5,555	-5,999
Property marketing	-2,480	-2,301
Personnel expenses from asset management	-2,907	-3,148
Other expenses from asset management	-1,676	-2,785
Rental and lease payments	-1,075	-1,393
Fit-out costs	-844	-6,465
Write-off of receivables from asset management	122	-85
Other expenses	-976	-3,953
Total	-28,421	-41,675

5.3 PROCEEDS FROM THE SALE OF PROPERTIES

The proceeds from property sales through asset deals in the first half of 2018 were generated primarily in Germany, Austria and Romania. Of these proceeds, EUR 19.9 million are attributable to office properties in Germany (H1 2017: EUR 47.0 million), EUR 14.7 million (H1 2017: EUR 28.1 million) to office properties in Austria and EUR 2.2 million (H1 2017: EUR 27.3 million) to retail properties in Austria. Other sales during the first half of 2018 included a Romanian standing investment in the asset class Other for EUR 6.6 million (H1 2017: EUR 0.6 million) and Romanian office properties for EUR 8.3 million (H1 2017: EUR 0.0 million). Sale transactions in Austria during the first half of 2017 also included properties in the asset class Other for proceeds totalling EUR 3.0 million.

5.4 RESULTS OF PROPERTY DEVELOPMENT

All amounts in TEUR	Q1-2 2018	Q1-2 2017
Proceeds from the sale of real estate inventories	9,989	21,908
Cost of real estate inventories sold	-9,998	-17,776
Marketing for real estate inventories	0	-1
Brokerage fees for real estate inventories	0	-236
Other costs to sell for real estate inventories	-218	-2,641
Write-down related reversals of real estate inventories	298	2,123
Write-down of real estate inventories	-4,986	-35,224
Impending losses from the forward sale of real estate inventories	589	-5,143
Operating costs charged to building owners-inventories	-181	1,435
Other expenses from real estate inventories	-430	0
Expenses from real estate inventories	-4,928	-39,687
Expenses from property development	-3,308	-2,149
Revaluation results from properties under construction (see 5.7)	32,404	8,773
Total	24,159	-28,931

Due to the initial application of IFRS 15 as of 1 January 2018, proceeds from the sale of real estate inventories were EUR 1.5 million lower as of 30 June 2018 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 1.5 million lower due to the initial application of IFRS 15. A summary of the effects of IFRS 15 is provided in section 1.1.

5.5 OTHER OPERATING INCOME

Other operating income consists of the following:

All amounts in TEUR	Q1-2 2018	Q1-2 2017
Expenses charged on	42	251
Insurance compensation	155	98
Income from derecognised liabilities	1,568	1,426
Reimbursement for penalties	22	58
Miscellaneous	1,313	3,559
Total	3,100	5,392

5.6 OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

All amounts in TEUR	Q1-2 2018	Q1-2 2017
Administrative expenses	-130	-437
Legal, auditing and consulting fees	-4,548	-5,994
Penalties	-439	-30
Levies	-3,030	-1,217
Advertising	-884	-741
Expenses charged on	-13	-102
Rental and lease expenses	-311	-231
EDP and communications	-1,375	-822
Expert opinions	-364	-322
Personnel expenses	-14,340	-11,091
Other write-downs	-344	-433
Miscellaneous	-2,038	-2,353
Total	-27,816	-23,773

The increase in personnel expenses resulted primarily from a one-time special bonus of EUR 4.0 million for the Executive Board, which was approved by the Personnel Committee of the Supervisory Board during the first quarter of 2018.

The increase in taxes and levies is chiefly attributable to costs for the acquisition of limited partnership shares.

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

The following table shows the revaluation gains and losses resulting from the revaluation of properties adjusted for and resulting from foreign exchange effects. Detailed information on the regional distribution of revaluation gains and losses is provided under segment reporting.

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Q1-2 2018 Revaluation
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Total
Investment property	31,907	-27,584	4,323	4,312	737	5,049	9,372
Property under construction	36,720	-4,281	32,439	-26	-9	-35	32,404
Properties sold and held for sale	3,068	-7,739	-4,671	716	119	835	-3,836
Total	71,695	-39,604	32,091	5,002	847	5,849	37,940

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Q1-2 2017 Revaluation
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Total
Investment property	40,466	-36,944	3,522	-496	-314	-810	2,712
Property under construction	22,213	-13,332	8,881	0	-108	-108	8,773
Properties sold and held for sale	9,014	-14,540	-5,526	2,335	0	2,335	-3,191
Total	71,693	-64,816	6,877	1,839	-422	1,417	8,294

5.8 FINANCIAL RESULTS

All amounts in TEUR	Q1-2 2018	Q1-2 2017
For financial liabilities FLAC	-29,046	-46,945
For derivative financial instruments	-4,716	-5,258
Total financing costs	-33,762	-52,203
For financial receivables AC	3,065	2,750
For derivative financial instruments	20	20
Total financing income	3,085	2,770
Foreign exchange differences	1,244	21
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	62	-11,651
Valuation of financial instruments at fair value through profit or loss	-1,904	1,926
Distributions	498	967
Write-off of receivables	1,025	-1,617
Other financial results	-319	-10,375
Net profit or loss from equity-accounted investments (see 4.3)	31,263	164,170
Total	1,511	104,383

AC: financial assets measured at amortised cost

FLAC: financial liabilities measured at amortised cost

Profit or loss on the valuation of financial instruments at fair value through profit or loss consists, above all, of results from the measurement of derivative financial instruments. Of these measurement results, EUR 0.7 million (H1 2017: EUR -18.1 million) are attributable to the standalone derivative from the convertible bond 2011–2018 and EUR -2.9 million (H1 2017: EUR 8.8 million) to other derivatives. In the first half of 2017 the position profit or loss on other financial instruments and proceeds on the disposal of financial instruments included expenses of EUR -12.6 million for the incentivised conversion of the convertible bond 2011–2018.

Information on the profit or loss from equity-accounted investments is provided in section 4.3.

6. Information on Financial Instruments

6.1 CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair value of each class of financial assets and financial liabilities defined by the company and reconciles these amounts to the appropriate balance sheet line items.

	Carrying amount of financial assets	Carrying amount of non-financial assets	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2018	30 6 2018	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Trade accounts receivable	51,026	0	51,026	55,681	51,026	55,681
Financing receivables	51,918	0	51,918	46,205	51,918	46,205
Loans and other receivables	165,471	44,995	210,466	263,251	210,466	263,251
Trade and other receivables	268,415	44,995	313,410	365,137	313,410	365,137
Real estate fund shares	2,989	0	2,989	4,934	2,989	4,934
Derivatives	1,356	0	1,356	2,206	1,356	2,206
Miscellaneous other financial instruments	6,372	0	6,372	24,875	6,372	24,875
Other financial assets	10,717	0	10,717	32,015	10,717	32,015
Cash and cash equivalents	563,719	0	563,719	477,889	563,719	477,889
Total assets	842,851	44,995	887,846	875,041	887,846	875,041

Non-FI: non-financial assets

Non-financial assets include other contractual assets of EUR 5.2 million which require reporting as of 1 January 2018 under IFRS 15. A summary of the effects of IFRS 15 is provided in section 1.1.

	Carrying amount of financial liabilities	Carrying amount of non-financial liabilities	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2018	30 6 2018	30 6 2018	31 12 2017	30 6 2018	31 12 2017
Liabilities from convertible bonds	282,262	0	282,262	313,217	292,078	320,450
Amounts due to financial institutions	2,404,769	0	2,404,769	2,305,028	2,384,373	2,292,264
Other financial liabilities	1,451	0	1,451	1,390	1,451	1,390
Financial liabilities	2,406,220	0	2,406,220	2,306,418	2,385,824	2,293,654
Trade payables	97,762	0	97,762	114,591	97,762	114,591
Derivatives	11,453	0	11,453	10,929	11,453	10,929
Miscellaneous other liabilities	43,900	37,131	81,031	117,136	81,031	117,136
Trade and other payables	153,115	37,131	190,246	242,656	190,246	242,656
Total equity and liabilities	2,841,597	37,131	2,878,728	2,862,291	2,868,148	2,856,760

Non-FI: non-financial liabilities

The non-financial liabilities reported as of 30 June 2018 also include other contractual liabilities of TEUR 12, which require reporting as of 1 January 2018 under IFRS 15. A summary of the effects of IFRS 15 is provided in section 1.1.

6.2 HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

The fair value measurement hierarchy defined by IFRS 13 covers the following three levels:

- > 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

The financial instruments measured at fair value are classified under the following hierarchy levels:

				30 6 2018
All amounts in TEUR	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	2,989	2,989
Derivatives	-	-	1,356	1,356
Miscellaneous other financial instruments	6,372	-	-	6,372
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	11,453	11,453

				31 12 2017
All amounts in TEUR	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Real estate fund shares	-	-	206	206
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	-	-	4,728	4,728
Miscellaneous other financial instruments	19,820	-	-	19,820
Held for trading				
Derivatives	-	-	2,206	2,206
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	-	-	10,929	10,929

The following table shows the reconciliation of the opening and closing balances of the financial instruments classified under Level 3:

	Real estate fund shares	Derivatives	Total
All amounts in TEUR	Q1-2 2018	Q1-2 2018	Q1-2 2018
Beginning balance	4,934	-8,723	-3,789
Recognised in the consolidated income statement	68	-2,150	-2,082
Disposals	-2,013	776	-1,237
Ending balance	2,989	-10,097	-7,108

The results of EUR -2.1 million which are shown in the above table and recognised in the consolidated income statement include EUR -3.0 million attributable to financial instruments that were held as of 30 June 2018. These amounts were reported under other financial results.

Valuation procedures and input factors used to determine the fair value of financial instruments

Level	Financial instruments	Valuation method	Major input factors	Major non-observable input factors
3	Real estate fund shares	Net present value methods	Discount rate, expected principal repayments and dividends	Discount rate: 9.10%
3	Derivatives (interest rate swaps)	Net present value methods	Interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 1.50% to 3.50%

IMMOFINANZ calculates the fair value of derivatives by discounting the future cash flows based on a net present value method. The interest rates used to discount the future cash flows are based on an interest curve that is observable on the market. The following three parameters are required to calculate the credit value adjustment (CVA) and the debt value adjustment (DVA): the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The probability of default is derived from the credit default swap (CDS) spreads of the respective counterparty. Derivatives with a positive fair value represent receivables for IMMOFINANZ; in these cases, a CVA calculation is used to calculate the amount of the receivable. One parameter for this calculation is the probability of default for the counterparties. IMMOFINANZ concludes contracts with over 30 financial institutions, and observable CDS spreads are available on the market for many of them. In exceptional cases, average branch benchmarks are used as a substitute for unavailable spreads. These benchmarks represent Level 1 and 2 input factors on the fair value measurement hierarchy. Derivatives with a negative fair value represent liabilities for IMMOFINANZ; in these cases, a DVA calculation is used to calculate the amount of the liability and IMMOFINANZ's own probability of default must be determined. IMMOFINANZ generally concludes derivatives at the level of the property company that manages a particular property. Neither observable market CDS spreads, nor benchmarks are available for these property companies. Credit margins are therefore used to estimate CDS spreads which, in turn, form the basis for deriving the probability of default. The credit margin for IMMOFINANZ is determined in a two-step procedure. The first step involves the calculation of an average margin based on previously concluded credit agreements and term sheets, whereby the time horizon for the applied margins equals 12 months. The second step involves obtaining indicative credit margin offers from banks and averaging these values with the margins from the credit agreements and term sheets. These offers are grouped by country and asset class. The individual property companies that have concluded financial instruments are assigned to a group based on country and asset class. The plausibility of the calculated credit margins is also verified by comparison with external market reports. This procedure results in market-conform credit margins that can be used as estimates for valuing the company's own credit risk. These input factors represent Level 3 on the IFRS 13 measurement hierarchy. The loss given default (LGD) is the relative value that would be lost on default. IMMOFINANZ uses an ordinary market default rate to calculate the CVA and DVA. The exposure at default represents the expected amount of the asset or liability at the time of default. The calculation of the exposure at the time of default is based on a Monte Carlo simulation.

For net present value methods, an increase in the discount rate, exit yield or credit spread leads to a reduction in fair value. In contrast, fair value is increased by a reduction in these input factors.

The valuation of default risk includes assumptions for the probability of default, loss rate and the outstanding amount at the time of expected default. An increase in the probability of default and the loss rate will reduce the fair value of a derivative with a positive outstanding amount (receivable) and reduce the liability for a derivative with a negative outstanding amount (liability). A decrease in the probability of default and the loss rate leads to the opposite effect.

The following table provides the following information for each class of financial assets and financial liabilities: the original valuation category under IAS 39 and the valuation category under IFRS 9 as well as the carrying amounts at the time of conversion in accordance with IAS 39 and IFRS 9.

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	224,222
Trade and other receivables			326,108	326,108
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
Current securities				
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	477,770
Total assets			836,012	837,173

Equity and liabilities

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

L&R: loans and receivables

AC: financial assets measured at amortised cost

AFS: available for sale

FVPL: financial assets mandatorily at fair value through profit or loss

Fair value option: financial assets designated at fair value through profit or loss

HFT: held for trading

FLAC: financial liabilities measured at amortised cost

FLPL: financial liabilities at fair value through profit or loss

7. Transactions with Related Parties

Business transactions with equity-accounted investments led to the following amounts in the consolidated interim financial statements of IMMOFINANZ for the first half of 2018:

All amounts in TEUR	30 6 2018	31 12 2017
Relations with joint ventures		
Receivables	35,251	30,185
Thereof allowance for bad debt	-6,915	-10,838
Liabilities	573	386
Relations with associated companies		
Receivables	4,452	3,372
Thereof allowance for bad debt	-6,840	-6,621
Liabilities	86	320
All amounts in TEUR	Q1-2 2018	Q1-2 2017
Relations with joint ventures		
Other income	12	585
Interest income	1,205	1,152
Write-downs for bad debt	2,267	-521
Thereof results that increase or reduce the net investment	2,353	648
Income taxes	-23	-256
Relations with associated companies		
Other income	358	448
Other expenses	-1,545	-2,151
Interest income	345	190
Write-downs for bad debt	-220	-891
Thereof results that increase or reduce the net investment	-220	-318

There were no reportable transactions between IMMOFINANZ and related persons in H1 2018.

8. Subsequent Events

On 18 April 2018 IMMOFINANZ signed an agreement to purchase 19,499,437 bearer shares of S IMMO AG for a price of EUR 20.0 per share from the RPR Group and the SIGNA Group. The purchase price for the shares totalled approximately EUR 390 million, plus transaction costs of roughly EUR 0.5 million. The purchase is subject to conditions precedent, in particular the approval of anti-trust authorities in Austria, Germany and other jurisdictions. The transaction is expected to close during the third quarter of 2018 after the approval of anti-trust authorities is received.

On 2 July 2018 the Supervisory Board of IMMOFINANZ AG approved the package sale of the CA Immo investment (25,690,163 bearer shares and four registered shares). The sale price for the entire package totals EUR 757.9 million, i.e. EUR 29.5 per share. The transaction costs will equal roughly EUR 2.5 million on the closing date. This transaction is subject to the approval of the anti-trust authorities. The consent of the Management Board of CA Immo to the transfer of the registered shares has already been received and announced. The transaction is expected to close during the third quarter of 2018.

The Executive Board and Supervisory Board approved a buyback programme for IMMOFINANZ shares on 2 July 2018 in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. This buyback programme covers up to 9.7 million shares and began on 16 July 2018.

Statement by the Executive Board

We confirm to the best of our knowledge that these consolidated interim financial statements of IMMOFINANZ as of 30 June 2018, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. We also confirm to the best of our knowledge that the Group management report gives a true and fair view of important events that occurred during the first six months of the financial year and their impact on these consolidated interim financial statements as well as of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, 28 August 2018

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

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Concept and Realisation

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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.

FINANCIAL CALENDAR 2018

28 November 2018	Announcement of results for the first three quarters of 2018 (after the close of trading)
29 November 2018	Report on the first three quarters of 2018

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