

Q1-2

News for our investors

FINANCIAL REPORT ON THE FIRST HALF-YEAR OF 2017

1 January – 30 June 2017

Significant increase in occupancy

Occupancy rate in the standing investment portfolio rises to 92.8%

Focus on office and retail

Closing for the purchase of nine STOP SHOPS in the first half-year

Improvement in credit profile

Substantial reduction in medium-term interest expense through multi-stage refinancing

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KEY FIGURES

Earnings Data

		Q1-2 2017	Q1-2 2016	Change in %
Rental income	in MEUR	114.9	115.9	-0.9%
Results of asset management	in MEUR	79.1	71.9	10.0%
Results of property sales	in MEUR	2.0	-12.6	n.a.
Results of property development	in MEUR	-28.9	7.3	n.a.
Results of operations	in MEUR	33.8	49.8	-32.2%
Revaluations	in MEUR	8.3	-81.6	n.a.
EBIT	in MEUR	35.8	-68.5	n.a.
Financial results	in MEUR	104.4	-58.0	n.a.
EBT	in MEUR	140.2	-126.5	n.a.
Net profit for the period	in MEUR	105.3	-243.3	n.a.
FFO 1 (excl. results of property sales & property development) ¹	in MEUR	43.3	10.3	≥ +100.0%
FFO 2 (incl. results of property sales) ¹	in MEUR	45.4	-2.2	n.a.

¹ See calculation on page 43

Asset Data

		30 June 2017	31 Dec. 2016	Change in %
Balance sheet total	in MEUR	7,022.8	7,003.4	0.3%
Equity as % of the balance sheet total	in %	39.9%	37.8%	n.a.
Net financial liabilities	in MEUR	3,096.3	3,316.9	-6.7%
Cash and cash equivalents	in MEUR	310.0	189.3	63.8%
Loan to value ratio (net)	in %	49.5%	52.2%	n.a.
Gearing	in %	82.5%	92.6%	n.a.
Average interest rate on financial liabilities, incl. hedging	in %	3.8%	4.0%	n.a.
Average term of financial liabilities	in years	3.3	3.3	0.0%

Property Data

		30 June 2017	31 Dec. 2016	Change in %
Total number of properties		242	244	-0.8%
Lettable space	in sqm	1,766,019	1,770,031	-0.2%
Occupancy rate	in %	92.8%	89.6%	n.a.
Gross return	in %	6.1%	6.1%	n.a.
Gross return adjusted for occupancy	in %	6.6%	6.8%	n.a.
Portfolio value	in MEUR	4,059.6	4,003.5	1.4%
thereof investment properties	in MEUR	3,566.4	3,531.4	1.0%
thereof property under construction	in MEUR	433.4	379.0	14.3%
thereof real estate inventories	in MEUR	59.8	93.1	-35.8%
Unencumbered investment property	in MEUR	913.8	755.2	21.0%

EPRA Indicators

		30 June 2017	31 Dec. 2016	Change in %
EPRA Net Asset Value	in MEUR	3,291.0	3,014.2	9.2%
EPRA Net Asset Value per share	in EUR	2.90	3.12	-7.1%
EPRA Triple Net Asset Value	in MEUR	3,209.3	2,867.9	11.9%
EPRA Triple Net Asset Value per share	in EUR	2.83	2.97	-4.8%

		30 June 2017	30 June 2016	Change in %
EPRA earnings	in MEUR	102.9	-24.3	n.a.
EPRA earnings per share	in EUR	0.10	-0.02	n.a.
EPRA earnings after company-specific adjustments	in MEUR	0.8	-19.6	n.a.
EPRA earnings per share after company-specific adjustments	in EUR	0.001	-0.02	n.a.
EPRA Net Initial Yield	in %	5.2%	4.9%	n.a.

Stock Exchange Data

		30 June 2017	31 Dec. 2016	Change in %
Book value per share	in EUR	2.60	2.75	-5.7%
Share price at end of period	in EUR	2.00	1.85	8.0%
Discount of share price to diluted NAV per share	in %	31.0%	40.6%	n.a.
Number of shares		1,052,525,375	975,955,651	7.8%
Number of treasury shares		3,600,000	9,999,973	-64.0%
Market capitalisation at end of period	in MEUR	2,106.1	1,808.4	16.5%

		30 June 2017	30 June 2016	Change in %
Earnings per share	in EUR	0.11	-0.24	n.a.
Earnings per share (diluted)	in EUR	0.09	-0.24	n.a.

The harmonisation of the financial year with the calendar year as of 31 December 2016 resulted in the presentation of comparative data which reflect the corresponding period in the 2016 calendar year. Consequently, this data does not reflect the data previously published for the first two quarters of the abbreviated 2016 financial year (Q1-Q2 2016A), but covers the first half of the 2016 calendar year.

The retail portfolio Moscow, which was presented as a discontinued operation for the first time in IMMOFINANZ's consolidated financial statements as of 31 December 2016, is also included in these new comparative figures in accordance with IFRS 5 – i.e. through the separate presentation of the retail portfolio Moscow as a discontinued operation in the consolidated income statement.

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 $\geq +100\%$ or $\leq -100\%$. The designation "not applicable" (n.a.) is used when there is a change in the sign (i.e. from plus to minus or from minus to plus) and for changes in percentage rates.

“Our achievements during the first half-year included an increase in the occupancy rate to a new high of 92.8%, a significant improvement in our credit profile, a long-term reduction in financing costs and the termination of the last historical legal disputes at the shareholders’ level.”

Oliver Schumy, CEO

Dear Shareholders,

Our activities in the operating business during the first six months of the 2017 financial year continued to focus on quality and efficiency improvements, the strengthening of ties with existing tenants and the acquisition of new tenants as well as the optimisation of our offering – and we made substantial progress in all of these areas. The occupancy rate in our standing investment portfolio (excluding Russia) rose from 89.6% at year-end 2016 to 92.8% at the end of June 2017. In our office properties, the occupancy rate increased from 87.3% to 90.1% and, at nearly 96.2%, our retail properties are essentially fully rented.

The project development business included the opening of our *Cluster Produktionstechnik* in Aachen, Germany, during May. With roughly 30,000 sqm of gross floor space, it is the largest building ensemble completed to date at the RWTH Aachen campus. The realisation of our two other major projects in that country, the *trivago-Campus* and *FLOAT*, which is leased to the German utility company Uniper, is proceeding on schedule. We also finalised the takeover of nine retail parks in Slovakia, Hungary and Romania that were acquired at the end of 2016, which now gives us a portfolio of 67 STOP SHOPS in eight countries.

The optimisation of our portfolio continued with the planned sale of the entire *Gerling Quartier* property in Cologne through two steps – during January and in July after the end of the reporting period. However, outstanding obligations from the transfer and completion of our properties in Cologne had a negative effect on second quarter earnings. This sale underscores our strategic reorientation on the office and retail sectors with our myhive, STOP SHOP and VIVO! brands. They stand for a high degree of standardisation as well as high portfolio efficiency. The *Gerling Quartier*, which is subject to extensive historical protection specifications, no longer fits with this strategy.

Our work in the financing area included an important multi-stage refinancing programme, which was carried out at the Group level in January. Both the volume and the historically high interest rates on our bonds clearly differentiated us from our competitors in the past. These latest measures – which covered a reduction in the outstanding volume of the convertible bond 2018 through an incentivised conversion and the issue of a new convertible bond with a term ending in 2024 – will reduce our financing costs by more than EUR 21 million over the medium-term.

The partial conversion of the convertible bond 2018 and the resulting decrease in servicing requirements reduced our required holding in BUWOG shares by roughly 4.5 million. We therefore placed these shares on the capital market and, after the deduction of all costs, realised proceeds of approximately EUR 97.4 million. Our historically most expensive corporate bond, which had a volume of EUR 100.0 million and a coupon of 5.25%, was redeemed as scheduled at the beginning of July.

A share buyback programme with a volume of up to 20 million shares was launched in March, and a dividend of six Euro cents per share for the abbreviated 2016 financial year was paid in June.

We reached a milestone during the past half-year with an agreement to terminate the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ in 2010. The settlement process has since been formally completed and involved compensation of 0.088 IMMOFINANZ shares for each previous IMMOEAST share to the former IMMOEAST shareholders. That marks the end of the last historical legal dispute at the shareholders' level.

The past is now history, and we can turn our attention to the future and the creation of sustainable added value for you, our shareholders.



Oliver Schumy

Outlook

The second half of this year is expected to bring a continuation of the generally positive economic trends in our core markets.

Our focus for the next quarters will be placed on the further optimisation of the portfolio structure, efficiency improvements and value-creating growth to strengthen the standing investments. Development projects in the second half of 2017 will include the opening of a new VIVO! shopping center in Poland and a STOP SHOP in Serbia.

We are also working, as previously announced, on the separation of our Russian portfolio, which has distinct market characteristics and a higher risk profile. Discussions with interested parties have reached an advanced stage and we are optimistic that this separation will be completed as planned by year-end.

A next step will involve the resumption of detailed discussions with CA Immo on the planned merger of our two companies.

On the capital market, IMMOFINANZ has regained its standing as a sustainable dividend stock. Plans for the 2017 financial year include the payment of a ordinary dividend of six Euro cents per share.

Vienna, 25 August 2017

A handwritten signature in black ink, appearing to read 'Oliver Schumy'. The signature is stylized and cursive.

Oliver Schumy
CEO

Our Company at a Glance

Focus on office and retail properties in seven core markets

Our portfolio includes office and retail properties at the best locations in the most promising countries. In addition to the professional management of these properties, we focus on value-creating growth through our own development projects and acquisitions and on the further optimisation of the portfolio structure – always with the goal of strengthening our standing investments and sustainable cash flow.

Seven core markets form the geographical focus of our business activities: Austria, Germany, Poland, Czech Republic, Slovakia, Romania and Hungary. Our local teams in each of the core markets are the guarantee for a strong service orientation and customer satisfaction.

On 19 December 2016 the Executive Board and Supervisory Board approved the separation of the retail portfolio in Russia through a sale or spin-off. In accordance with IFRS 5, the Russian portfolio has therefore been presented as a discontinued operation since 31 December 2016.

The IMMOFINANZ share has traded on the Vienna Stock Exchange since December 1994 and on the Warsaw Stock Exchange since May 2013.

Key data on the property portfolio excl. Russia		30 June 2017	31 December 2016	Change in %
Total number of properties		242	244	-0.8%
Rentable space	in m ²	1,766,019	1,770,031	-0.2%
Occupancy rate	in %	92.8%	89.6%	n.a.
Gross return on the standing investments	in %	6.1% ¹	6.1%	n.a.
Gross return on the standing investments occupancy-adjusted	in %	6.6%	6.8%	n.a.
Portfolio value	in MEUR	4,060	4,004	1.4%
thereof Office	in MEUR	2,481	2,510	-1.2%
thereof Retail	in MEUR	1,354	1,264	7.1%
thereof Other	in MEUR	225	230	-1.9%

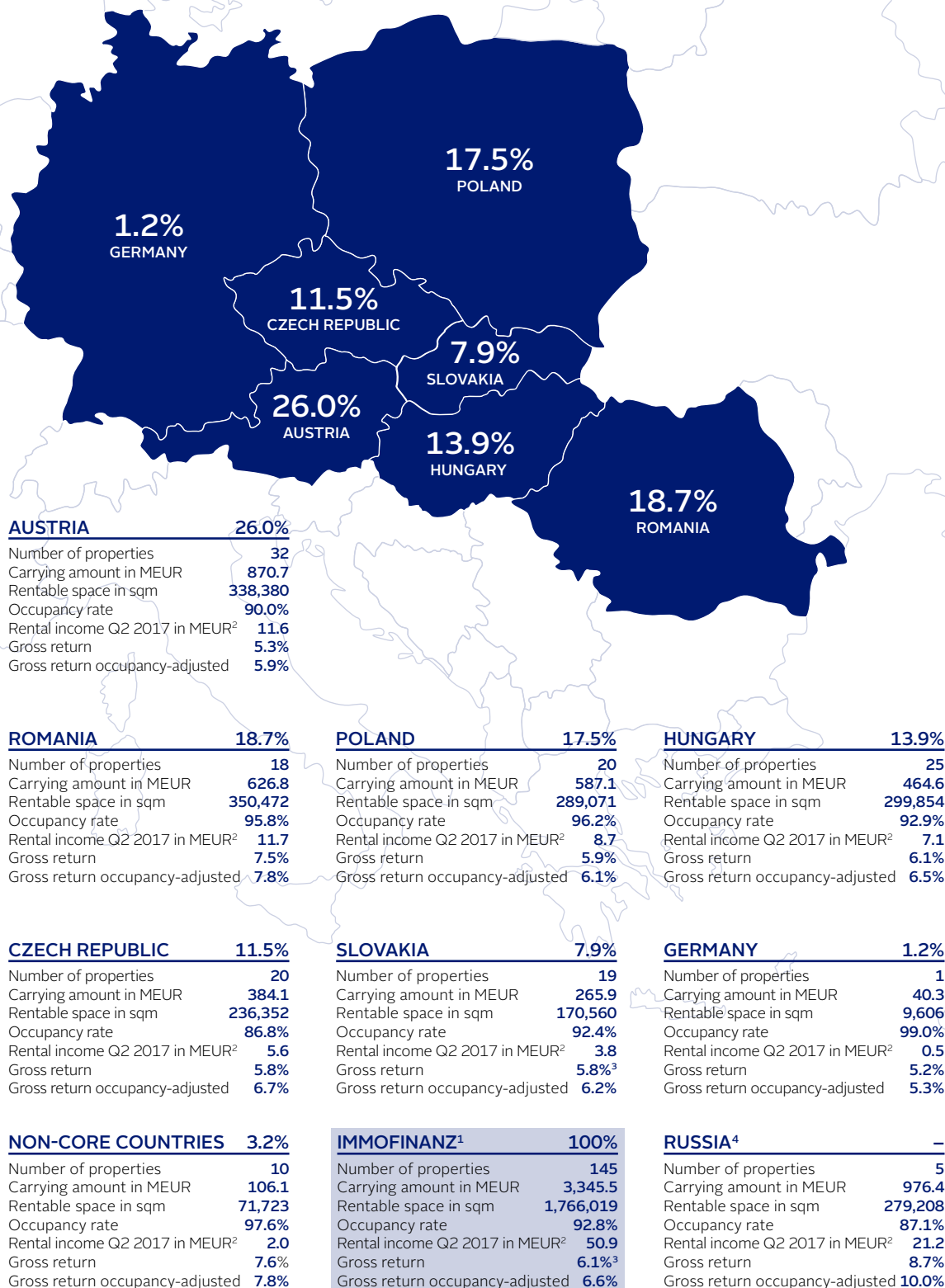
¹ The gross return is distorted by closing of the purchase of six STOP SHOPS in Slovakia as of 30 June 2017; excluding these purchases the gross return of IMMOFINANZ (excl. Russia) would then equal 6.2% instead of 6.1%.

myhive Greenpoint 7
Budapest | HU | approx. 16,000 sqm rentable space



KEY DATA ON THE STANDING INVESTMENT PORTFOLIO BY CORE MARKET AS OF 30 JUNE 2017

Share of the standing investment portfolio
(based on the carrying amount of MEUR 3,345.5¹)



1 Excluding the discontinued operation Russia

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

3 The Gross return is distorted by closing of the purchase of six STOP SHOPS in Slovakia as of 30 June 2017; excluding these purchases: 7.3%. The gross return of IMMOFINANZ (excl. Russia) would then equal 6.2% instead of 6.1%.

4 Discontinued operation

OUR BRANDS

In recent years we have developed and established two brands for our retail portfolio: STOP SHOP and VIVO!. Our latest step was the introduction of myhive, our international office brand, in September 2016. This brand strategy is driving the steady expansion of our competitive position.

myhive

Our offices meet all the expectations of a modern working environment and are concentrated at locations in capital cities and the major office locations in Germany. We rely on innovative office concepts to meet the needs of our tenants. myhive stands for a friendly and lively atmosphere and for an international community, combined with optimal infrastructure and services.

OUR OFFICE PORTFOLIO AS OF 30 JUNE 2017

	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	74	2,028.8	373.5	18.9	59.8	2,481.0	61.1%
thereof myhive	19	940.9	34.1	0.0	0.0	975.0	24.0%

VIVO!

VIVO! is our brand for shopping centers. These facilities are designed for cities with a catchment area of at least 200,000 residents and are characterised by strong anchor tenants and an attractive branch mix. VIVO! combines shopping with a special experience factor for the entire family. These shopping centers are generally single-storey, have a high recognition value and are ideally suited for further growth.

STOP SHOP

STOP SHOP is our brand for retail parks in Central and Eastern Europe. They are appealing and practical local suppliers in catchment areas of 30,000 to 150,000 residents and have a diverse product offering with attractive value for money. With their good traffic links and extensive parking, they address price-conscious "smart shoppers" who value easy accessibility.

OUR RETAIL PORTFOLIO AS OF 30 JUNE 2017 EXCL. RUSSIA

	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Retail	102	1285.5	28.7	39.2	1,353.5	33.3%
thereof VIVO!/ Shopping Center	11	613.2	14.7	0.3	628.2	15.5%
thereof STOP SHOP/ Retail Park	80	639.1	14.1	7.3	660.5	16.3%

RUSSIA (DISCONTINUED OPERATION)

The portfolio category **Retail Moscow** consists of five shopping centers in Moscow, which had a combined value of EUR 976.4 million as of 30 June 2017. Since the Russian properties have distinct market characteristics and a different risk profile than the remainder of the portfolio, IMMOFINANZ plans to sell or spin off these shopping centers. Retail Moscow is therefore presented as a discontinued operation in accordance with IFRS 5.

You can find detailed information on the development and structure of the property portfolio starting on page 14 of this report.

IMMOFINANZ on the Capital Markets

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

The favourable development of corporate profits, positive economic indicators and a continuation of expansive monetary policies supported a generally friendly mood on the stock exchanges during the first half of 2017. Moderate interest rate hikes by the US Federal Reserve led to smaller price corrections in the USA at mid-March and mid-June. In Europe, high June growth rates in the Euro zone fuelled concerns over an increase in interest rates by the European Central Bank as well as fears that the current strength of the Euro will have a negative effect on the sound level of exports. The Vienna Stock Exchange continued the positive development that began in the third quarter of 2016 during the first two quarters of 2017.

The IMMOFINANZ share started the 2017 financial year at a price of EUR 1.85 and closed the reporting period on 30 June 2017 at EUR 2.00. As of the editorial deadline for this report (25 August 2017), the share traded at EUR 2.12.

INFORMATION ON THE IMMOFINANZ SHARE

		30 June 2017	31 December 2016	Change in %
EPRA Net Asset Value per share	in EUR	2.90	3.12	-7.1%
EPRA Triple Net Asset Value per share	in EUR	2.83	2.97	-4.8%
Book value per share	in EUR	2.60	2.75	-5.7%
Discount of share price to NAV per share	in %	31.0%	40.6%	n.a.

		30 June 2017
Share capital	in EUR	1,052,525,375
Total number of shares		1,052,525,375
thereof treasury shares		3,600,000 ¹
Free float	in %	approx. 79%
Established		April 1990
Segment		ATX, WIG
Class of shares		Bearer common shares
ISIN		AT0000809058
Reuters		IMFI VI
Bloomberg		IIA AV
Datastream		O: IMMO 866289
ISIN ADR programme		US45253U2015
2017 financial year		1 January to 31 December
Share price on 30 June 2017	in EUR	2.00
Share price high H1 2017 (end of the day)	in EUR	2.08
Share price low H1 2017 (end of the day)	in EUR	1.70
Market capitalisation on 30 June 2017	in MEUR	2,106.1

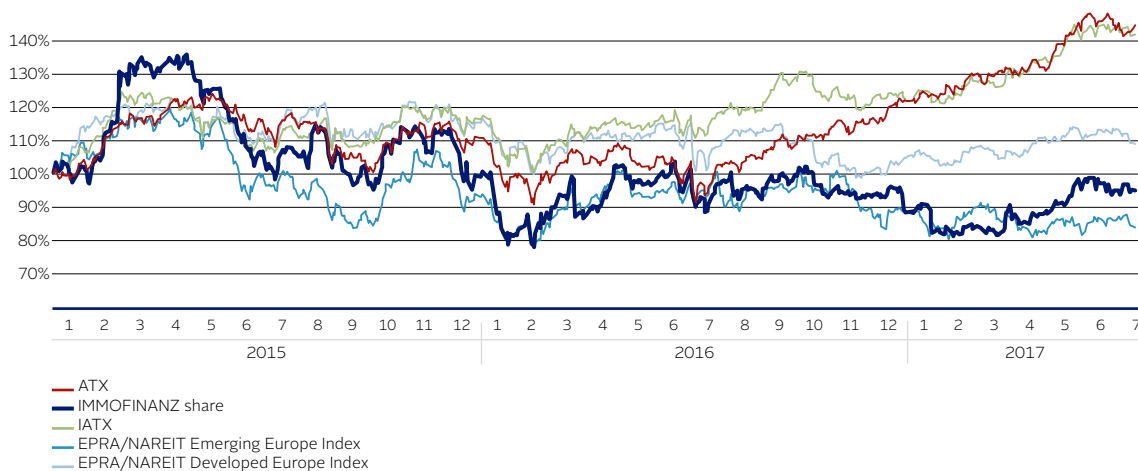
¹ IMMOFINANZ AG started a share buyback programme on 22 March 2017. The share buyback programme 1/2017 has a maximum volume of 20 million shares and can be reviewed on the company's website under <http://www.immofinanz.com/en/investor-relations/our-share/share-buyback-programmes>.

PERFORMANCE COMPARISON

1 January to 30 June 2017	in %
IMMOFINANZ share	8.1%
ATX	18.6%
Immobilien ATX	15.2%
EPRA/NAREIT Emerging Europe Index	-4.5%
EPRA/NAREIT Developed Europe Index	2.9%

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 January 2015



SHARE CAPITAL AND DISTRIBUTION POLICY

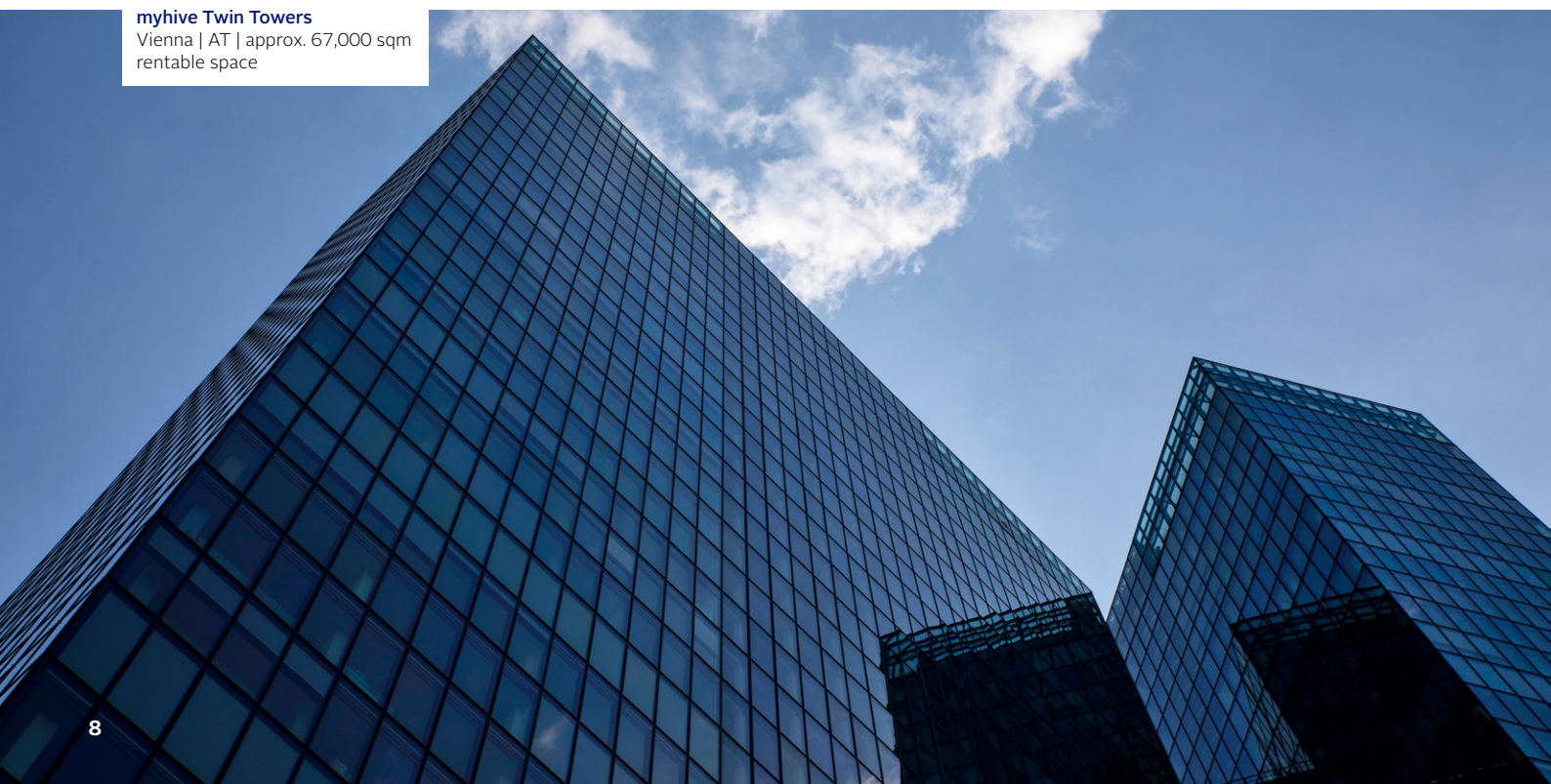
The share capital of IMMOFINANZ AG totalled EUR 1,052.5 million as of 30 June 2017 (31 December 2016: EUR 976.0 million) and was divided into 1,052,525,375 bearer shares (ISIN AT0000809058; 31 December 2016: 975,955,651 shares), each of which represents a proportional share of EUR 1.00 in share capital.

In January 2017 the conversion offer was accepted for approximately 43.4% of the nominal value of the convertible bond 2018 outstanding as of the effective date (see below). This acceptance resulted in the issue of 63.5 million IMMOFINANZ shares.

The legal proceedings over the review of the exchange ratio applied to the 2010 merger of IMMOEAST and IMMOFINANZ were terminated through a settlement in May 2017. The agreement calls for the distribution of an additional 29,985,306 IMMOFINANZ shares to the former IMMOEAST shareholders. Of this total, 16,948,049 shares were taken from treasury stock and the remaining 13,037,257 shares came from a capital increase from authorised capital.

The share buyback programme 1/2017 was approved on 14 March 2017. It has a maximum volume of 20 million shares. IMMOFINANZ held 3,600,000 treasury shares as of 30 June 2017.

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



Dividends

The 24th annual general meeting on 1 June 2017 approved a dividend of EUR 0.06 per share for the abbreviated 2016 financial year (1 May 2016 to 31 December 2016). The dividend is classified as a repayment of capital under Austrian law (§ 4 (12) of the Austrian Income Tax Act) and is therefore not subject to withholding tax for natural persons who are resident in Austria and who hold IMMOFINANZ shares as part of their private assets.* The ex-dividend date was 2 June, and the dividend was paid on 7 June 2017.

**EUR 0.06 dividend
per share paid for
FY 2016A**

Plans also call for the payment of a ordinary dividend of EUR 0.06 for the 2017 financial year.

SHAREHOLDER STRUCTURE

IMMOFINANZ shares are widely held, primarily by Austrian private investors and long-term value-oriented institutional investors from Europe and the USA. Free float, excluding treasury shares, equalled approximately 79% as of 30 June 2017.

LARGEST SINGLE SHAREHOLDERS

Fries Group	69,781,813 shares	6.6%
CA Immobilien Anlagen (via PHI Finanzbeteiligungs und Investment GmbH)	54,805,566 shares	5.2%
Och-Ziff Capital Management Group LLC (together with subsidiaries)	52,766,698 voting rights ¹	5.0% ¹
Erste Asset Management (together with subsidiaries)	52,827,102 shares	5.0%
S Immo (via CEE Immobilien GmbH) ²	42,204,522 shares	4.0%

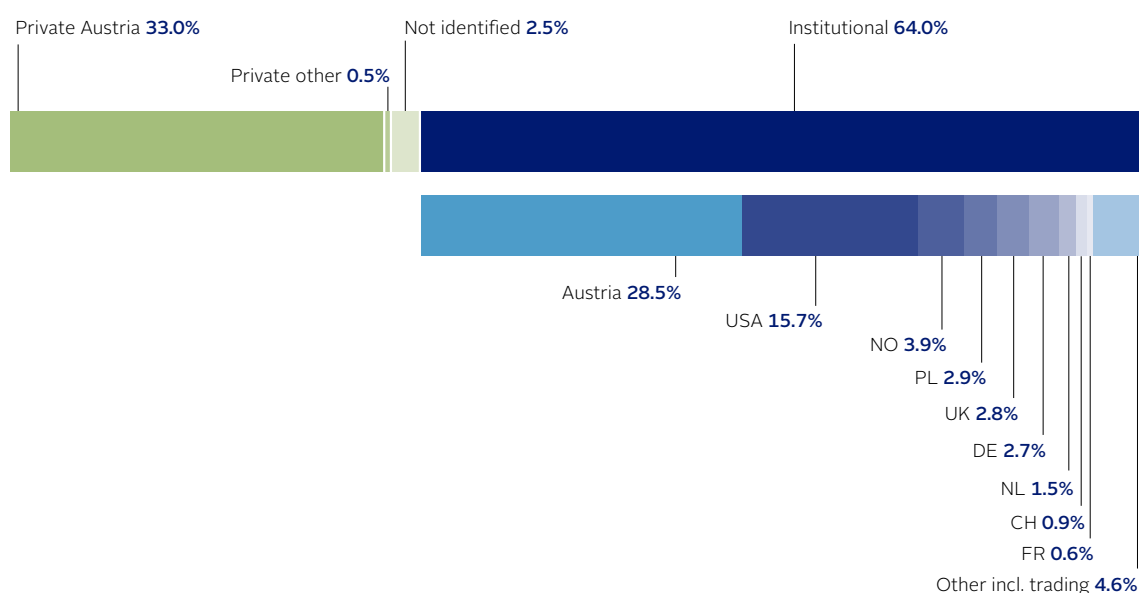
¹ Includes shares and other financial instruments of IMMOFINANZ AG
² Report as of 21 August 2017

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

Detailed analysis

Regular shareholder surveys help to define the regional focal points for investor relations activities. The latest survey was carried out in May 2017 and shows the following picture: 33.0% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold 64.1%, whereby most come from Austria (28.5%), the USA (15.7%) and Norway (3.9%). Polish investors hold 2.9% of the shares. The remaining 3.0% are not identified investors or represent treasury shares or holdings by foreign private investors.

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



Source: IPREO, May 2017

* Subject to certain assumptions, e.g. when the capital repayment exceeds the purchase cost of the shares for tax purposes.

24TH ANNUAL GENERAL MEETING

The 24th annual general meeting of IMMOFINANZ AG was held in the Austria Center Vienna on 1 June 2017 with more than 600 shareholders or shareholder representatives. The related documents and information can be found on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/general-meeting and a summary is provided in our company blog under <http://blog.immofinanz.com/en/2017/06/01/after-thoughts-on-the-immofinanz-annual-general-meeting-for-the-abbreviated-2016-financial-year/>. The agenda is listed below, and all proposals were approved by the shareholders.

1. Presentation of the adopted annual financial statements including the management report, the consolidated corporate governance report, the consolidated financial statements including the group management report, the proposal for the appropriation of the balance sheet profit and the report of the supervisory board, each on the abbreviated 2016 financial year.
2. Resolution on the appropriation of the balance sheet profit stated in the financial statements for the abbreviated 2016 financial year.
3. Resolution on the approval of the actions of the members of the Executive Board for the abbreviated 2016 financial year.
4. Resolution on the approval of the actions of the members of the Supervisory Board for the abbreviated 2016 financial year.
5. Resolution on the remuneration of the Supervisory Board members for the abbreviated 2016 financial year.
6. Election of the auditor for the individual and consolidated financial statements for the 2017 financial year.
7. Resolution on authorisations of the Executive Board for the repurchase and sale of treasury shares.
8. Resolution on the amendment of the Articles of Association.
9. Resolution on the approval of a settlement with the former member of the Executive Board Karl Petrikovics according to § 84 (4) sentence 3 of the Austrian Stock Corporation Act.

BONDS

IMMOFINANZ had three convertible bonds and one corporate bond outstanding as of 30 June 2017. These securities had a total nominal value of EUR 705.9 million outstanding.

The 4.25% convertible bond 2018 (ISIN XS0592528870) had an outstanding volume of EUR 287.3 million as of 30 June 2017. On 12 January 2017 IMMOFINANZ invited the holders of the convertible bond 2018 to submit incentivised conversion declarations for their bond certificates. The bondholders issued conversion declarations for a total of EUR 219.8 million, or 43.4%. The remaining outstanding volume will be repaid on 8 March 2018 (maturity date) unless there are conversions into shares before that date. As of 30 June 2017, one certificate of this bond (nominal value: EUR 4.12) can be converted into 1.2410 IMMOFINANZ shares and 0.0653 BUWOG shares.

The 1.25% convertible bond 2017 (ISIN XS0332046043) still has a nominal value of EUR 21.4 million outstanding and will be redeemed on 19 November 2017 (maturity date) unless it is converted in full or in part before that date. As of 30 June 2017, one certificate of the convertible bond 2017 (nominal value: EUR 100,000.0) can be converted into 13,308.36 IMMOFINANZ shares and 722.21 BUWOG shares.

IMMOFINANZ held roughly 10 million BUWOG shares as of 31 December 2016, which represented an investment of approx. 10%. After the incentivised conversion of the convertible bond 2018 in January 2017 (see above), approximately 4.5 million BUWOG shares were successfully placed through an accelerated bookbuilding process. The net proceeds from the transaction totalled EUR 97.4 million. IMMOFINANZ held approximately 4.7 million BUWOG shares, representing an investment of 4.2%, as of 30 June 2017, which are reserved for the proportional servicing of the convertible bonds 2017 and 2018.

Parallel to the incentivised conversion of the convertible bond 2018, IMMOFINANZ issued a seven-year convertible bond (ISIN XS1551932046) with a 2% coupon and a volume of EUR 297.2 million. The bond terms call for a reduction of 50 basis points in the coupon starting with the interest payment period which begins on the day after the company receives an investment grade rating from S&P, Moody's or Fitch. The conversion price equalled EUR 2.2937 as of 30 June 2017 (original conversion price on the issue date: EUR 2.3933). The convertible bond 2024 includes a put option for bondholders after five years (i.e. 24 January 2022) and will be repaid at 100% of the nominal value on 24 January 2024 (maturity date) unless it is redeemed in full or in part before that date.

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

Additional details on the bonds are provided under *Financing* on page 38.

INVESTOR RELATIONS ACTIVITIES

The goal of investor relations activities is to communicate an accurate picture of the Group and thereby ensure an appropriate valuation of the IMMOFINANZ share. We also took part in a wide variety of investor conferences, roadshows and information events to date in 2017, among others in Berlin, Frankfurt/Main, Helsinki, London, Paris, Stockholm, Tallinn, Vienna, Warsaw, Zurich and Zürs. Numerous investors and analysts also took advantage of the opportunity to learn about the IMMOFINANZ property portfolio through visits to our various core markets. The continuous and timely distribution of information is supported by our company website www.immofinanz.com, corporate blog <http://blog.immofinanz.com> and newsletter.

As an additional service for investors and analysts, the IMMOFINANZ investor relations app provides up-to-date information on the share price as well as financial reports, presentations, ad-hoc press releases and corporate news. IMMOFINANZ's financial reporting dates can also be transferred directly to a personal calendar with a simple click.

ANALYSTS' RECOMMENDATIONS

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

FINANCIAL CALENDAR 2017

28 November 2017	Announcement of results for the first three quarters of 2017 (after the close of trading)
29 November 2017	Report on the first three quarters of 2017

CONTACT

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

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GROUP MANAGEMENT REPORT

Economic Overview and Property Markets

The EU Commission's spring forecast* generally confirmed previous growth expectations for 2017 and 2018. Estimates for the Euro zone now point to an increase of 1.7% in 2017 (winter forecast: 1.6%) and 1.8% in 2018 (1.8%). The forecast for the European Union as a whole was raised slightly from 1.8% to 1.9% for 2017 and 2018.

Positive expectations for growth

Growth forecasts for the IMMOFINANZ core markets can be summarised as follows: Austria (2017: 1.7%; 2018: 1.7%), Germany (1.6% and 1.9%), Hungary (3.6% and 3.6%), Slovakia (3.0% and 3.6%) and Poland (3.5% and 3.2%). Projections remained unchanged for the Czech Republic (2017: 2.6%; 2018: 2.7%) and were reduced slightly for Romania (4.3% and 3.7%).

The general improvement in the economic climate has had a positive effect on the labour market and leads to expectations of a decline in the unemployment rate in all core countries. The leader in this respect is Hungary with a projected significant drop in unemployment to 4.1% in 2017 and 3.9% in 2018. That represents a forecasted decline in unemployment of 0.7 percentage points in 2017 and 0.6 percentage points in 2018. The lowest unemployment is still expected in the Czech Republic at 3.5%.

Inflation has increased in recent months due to the rise in energy prices, whereby the core inflation rate has remained relatively constant and is still below the long-term average. The inflation rate in the Euro zone is expected to equal 1.6% in 2017 before declining to 1.3% in 2018.

These forecasts could, however, be negatively influenced by US trade policies and/or geopolitical crises in the future. Additional risk factors include the economic situation in China, the capitalisation of European banks and health sector financing as well as the consequences of the Brexit.

TRANSACTION MARKET WITH RECORD VOLUMES

Strongest investment half-year to date in Austria

The European transaction markets were again characterised by strong momentum. Commercial property transactions rose by 13% year-on-year to EUR 130 billion in the first half of 2017. Germany was responsible for EUR 25.8 billion of this volume, for an increase of 45% in investments over the previous year. The strong demand for office properties in Germany reflects investors' confidence in the long-term stable development of the economy. The prime yield for office properties in Düsseldorf equalled 3.6%, but again dropped to 3.3% for the top five cities.

The transaction volume in Austria rose by 80% year-on-year to EUR 2.4 billion in the first half of 2017 and marks the highest volume of investments ever recorded in this country. A minimum volume of EUR 3.5 billion is expected for the full year, which would break the previous record set in 2015. Yields remain under pressure – they currently equal 4.0% for prime properties on the Vienna office market, but are expected to trend downwards towards 3.8%.

In the CEE core region**, the transaction volume totalled approx. EUR 5.2 billion in the first half of 2017. Rental prices remained largely stable. The office market in Warsaw, which saw increasing pressure on yields in recent quarters, stabilised during the past six months.

* European Commission, European Economic Forecast Spring 2017 (published in May 2017)
** CEE core region according to CBRE: Czech Republic, Hungary, Poland, Romania and Slovakia

Polus Tower I
Bratislava | SK |
approx. 17,000 sqm
rentable space



The vacancy rates in IMMOFINANZ's core markets are stable to declining. Only the office market in Bratislava recorded a slight rise in vacancies to 7.2% due to a seasonal decline in take-up. Vacancies on the Warsaw office market fell slightly to 13.9% based on a lower level of completions. The vacancy rate fell by a substantial 1.2 percentage points to 9.4% in Prague and reached a historical low of 9.2% in Budapest following a further 0.3 percentage point decline.

*Positive trend in
the development of
vacancies*

The vacancy rate in the Moscow shopping centers has fallen by 1.7 percentage points to 8.8% since year-end 2016. No shopping centers were completed during the first six months, but approx. 195,000 sqm of additional space is expected by the end of this year. Twenty-three international retailers entered the Moscow market during the reporting period, which represents a slight increase over the 21 market entries recorded in the first half of 2016.

Portfolio Report

The core business of IMMOFINANZ covers the management and development of retail and office properties in selected countries of Central and Eastern Europe. The company's activities in the office sector – with the new international brand myhive – are concentrated on the capital cities of the core countries and on the largest office locations ("Big 7" cities) in Germany. Office properties represented 61.1% of the portfolio value and 56.1% of the rental income from standing investments in the first half of 2017. The expansion of the retail portfolio is focused on the *STOP SHOP* and *VIVO!* brands, which are designed primarily for secondary and tertiary cities. Retail properties represented 33.3% of the portfolio value and 43.4% of the rental income from standing investments. IMMOFINANZ's goal is to create a high-quality, profitable portfolio of commercial properties.

The properties assigned to the Other asset class represent 5.5% of the total portfolio and are not part of IMMOFINANZ's core real estate assets. They cover all other activities that cannot be allocated to the office or retail businesses. This category includes, above all, the condominium apartments developed by IMMOFINANZ in Romania (Adama) and Poland as well as residential buildings in Austria that are designated for sale and the apartments in the *Gerling Quartier* in Germany which were sold after the end of the reporting period.

Portfolio value of EUR 4.0 billion, excluding Russia

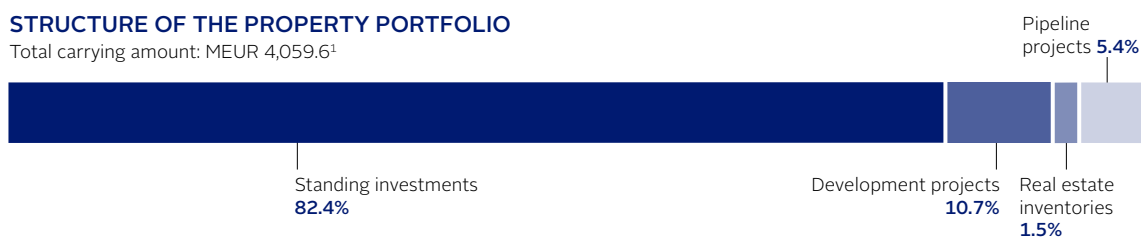
The property portfolio covered 242* properties with a combined value of EUR 4,059.6 million* as of 30 June 2017, which are located in the core markets of Austria, Germany, Czech Republic, Slovakia, Hungary, Romania and Poland. Standing investments represent the largest component at EUR 3,345.5 million* or 82.4%* of the total carrying amount and approximately 1.8 million* sqm of rentable space. These properties generate steady rental income and are allocated to the Asset Management sector. Active development projects comprise EUR 433.4 million or 10.7% of the carrying amount and real estate inventories EUR 59.8 million or 1.5%. A carrying amount of EUR 220.9 million or 5.4% is attributable to pipeline projects, which include future planned development projects and undeveloped land.

On 19 December 2016 the Executive Board and Supervisory Board approved the separation of the Russian retail portfolio (Retail Moscow) through a sale or spin-off. The Russian portfolio has therefore been reported in the consolidated financial statements since 31 December 2016 as a discontinued operation in accordance with IFRS 5.

The key indicators on Russia and Retail Moscow are still presented separately in this portfolio report due to the size of the portfolio (property value as of 30 June 2017: EUR 976.4 million). Other properties that fall under the scope of application of IFRS 5 – i.e. properties classified as held for sale – are not included in the portfolio report in line with previous practice (detailed information is provided in section 4.5, page 68, of the consolidated interim financial statements).

STRUCTURE OF THE PROPERTY PORTFOLIO

Total carrying amount: MEUR 4,059.6¹



¹ Excluding the discontinued operation Russia

A geographical analysis shows the main focus of the portfolio in Austria with 22.4%, followed by Romania with 20.7%, Poland with 15.0% and Hungary with 12.2%. Properties in the non-core countries represent 3.1% of the carrying amount of the property portfolio.

* Excluding the discontinued operation Russia

PROPERTY PORTFOLIO BY CORE MARKET

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Real estate Portfolio in MEUR	Real estate Portfolio in %
Austria	36	870.7	30.0	0.0	9.7	910.4	22.4%
Germany	14	40.3	308.3	52.2	0.0	400.8	9.9%
Czech Republic	21	384.1	0.0	0.0	0.9	385.0	9.5%
Hungary	32	464.6	0.0	0.0	31.9	496.5	12.2%
Poland	27	587.1	16.1	6.1	1.6	610.9	15.0%
Romania	72	626.8	48.6	1.4	164.3	841.0	20.7%
Slovakia	21	265.9	22.9	0.0	1.2	289.9	7.1%
Non-Core Countries ¹	19	106.1	7.5	0.2	11.3	125.0	3.1%
IMMOFINANZ continuing operations	242	3,345.5	433.4	59.8	220.9	4,059.6	100.0%
		82.4%	10.7%	1.5%	5.4%	100.0%	
Russia ²	5	976.4	0.0	0.0	0.0	976.4	

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

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

² The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

PROPERTY SALES

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

This strategy was consistently followed in the first half of 2017 with the sale of properties totalling EUR 128.0 million. These transactions included, for example, a number of retail properties and office buildings in Austria as well as real estate inventories in Poland and Romania. The *Friesenquartier* in Cologne, a package that includes mixed use properties and an underground garage, was sold at the end of January 2017. The closing for the transaction took place in April 2017. In addition, the hotel in Cologne's *Gerling Quartier*, which is currently in the project development phase and will be completed by IMMOFINANZ, was sold through a forward purchase. This package also includes the undeveloped property in the second construction section of the *Gerling Quartier*.

In July, i.e. after the end of the reporting period, the six office buildings in the first construction section of the *Gerling Quartier* (total rentable space: approx. 21,500 sqm) were sold to Quantum Immobilien Kapitalverwaltungsgesellschaft mbH. Quantum and PROXIMUS also purchased a currently unused commercial property at *Hohenzollernring 62* in Cologne, which has approx. 10,000 sqm of rentable space and the remaining apartments in the first construction section of the *Gerling Quartier*. These transactions are expected to close by year-end 2017.

PROPERTY ACQUISITIONS

In November 2016 IMMOFINANZ announced the acquisition of eight retail parks in Slovakia and Hungary. A further retail park was also purchased in Romania. These transactions closed in several stages during the first half of 2017.

INVESTMENTS

IMMOFINANZ invested a total of EUR 163.6 million in the property portfolio during the first half of 2017 (H1 2016: EUR 86.7 million).

THE IMMOFINANZ BRANDS

IMMOFINANZ developed and established the *STOP SHOP* and *VIVO!* brands for its retail portfolio in recent years. *myhive*, an international office brand, was introduced in September 2016. This clearly defined brand strategy is supporting the steady expansion of the company's competitive position.

OFFICE

*myhive: the office
of the future*

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

The first phase is almost complete and involves the redesign and rebranding of 19 office properties as *myhive* locations. This category represents an important source of income for IMMOFINANZ with a 24.0% share of the portfolio value and 26.5% of the rental income from standing investments. The *myhive* office buildings include, among others, the *myhive Twin Towers* (Vienna, Austria), *myhive S-Park* (Bucharest, Romania), *myhive Park Postępu* and *myhive Nimbus* (Warsaw, Poland) and *myhive Átrium Park* (Budapest, Hungary).

RETAIL

*VIVO! shopping
centers in four
markets*

VIVO! stands for high-quality shopping centers, primarily on a single level. The tenants are generally a mix of international and local retailers, with a focus on fashion and entertainment. The VIVO! concept is based on high standardisation and therefore optimally suited for further development projects. Recent activities also involved the roll-out of the VIVO! brand to further shopping centers. The VIVO!/shopping center properties represent 15.5% of the portfolio value and 20.8% of the rental income from standing investments. These shopping centers include, among others, the four Romanian locations VIVO! Cluj, VIVO! Constanța, VIVO! Baia Mare and VIVO! Pitești as well as the two VIVO! shopping centers in the Polish cities of Piła and Stalowa Wola.

STOP SHOP
Simmering | AT | approx.
4,000 sqm rentable space



STOP SHOPs are retail parks with a standardised format and an attractive tenant mix. They represent 16.3% of the total portfolio value and 21.2% of the rental income from standing investments. The STOP SHOP locations are found primarily in catchment areas with 30,000 to 150,000 residents and have 8,000 to 15,000 sqm of rentable space. This concept is suitable, above all, for secondary and tertiary cities in lower-income regions. The STOP SHOPS are attractive properties with uniform quality standards, an easy-shopping concept for everyday needs and high recognition value.

STOP SHOP:
*retail parks for
everyday needs*

RUSSIA (DISCONTINUED OPERATION)

The portfolio category **Retail Moscow** consists of five shopping centers in Moscow, which had a combined value of EUR 976.4 million and generated rental income of EUR 21.2 million in the second quarter of 2017. Since the Russian properties have distinct market characteristics and a different risk profile than the remainder of the portfolio, IMMOFINANZ plans to sell or spin off these shopping centers. Retail Moscow is therefore presented as a discontinued operation in accordance with IFRS 5.

**Sale or spin-off of
the Retail Moscow
portfolio**

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 3,834.5 (excl. Other. excl. discontinued operation Russia)



The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 30 June 2017:

PROPERTY PORTFOLIO BY CATEGORY

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Office	74	2,028.8	373.5	18.9	59.8	2,481.0	61.1%
thereof myhive	19	940.9	34.1	0.0	0.0	975.0	24.0%
Retail	102	1,285.5	28.7	0.0	39.2	1,353.5	33.3%
thereof VIVO!/ Shopping Center	11	613.2	14.7	0.0	0.3	628.2	15.5%
thereof STOP SHOP/ Retail Park	80	639.1	14.1	0.0	7.3	660.5	16.3%
Other	66	31.2	31.2	40.9	121.8	225.1	5.5%
IMMOFINANZ continuing operations	242	3,345.5	433.4	59.8	220.9	4,059.6	100.0%
Retail Moscow ¹	5	976.4	0.0	0.0	0.0	976.4	

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates. The presentation is based on the primary use of the property (in the income statement based on the actual use of the property; marginal differences to the income statement are therefore possible).
1 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

STANDING INVESTMENTS

With 82.4%* of the total property portfolio, the standing investments are the major source of earnings for IMMOFINANZ. Standing investments are properties held to generate rental income. The most important objectives for the management of these properties include the continuous improvement of quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants.

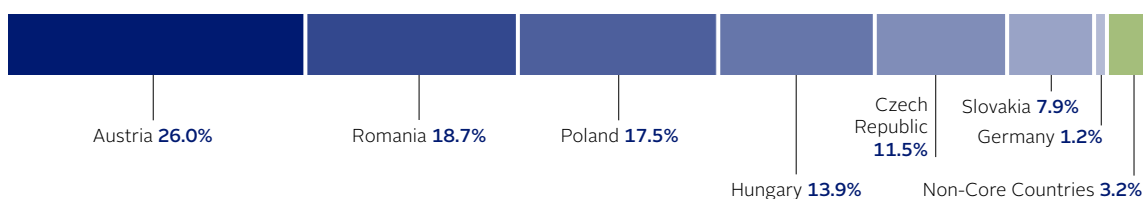
The 145* standing investments had a combined carrying amount of EUR 3,345.5 million* as of 30 June 2017. Of this total, 60.6% are attributable to office properties and 38.4%* to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Austria (EUR 870.7 million), Romania (EUR 626.8 million) and Poland (EUR 587.1 million).

These properties have 1,766,019* sqm of rentable space. Based on annualised rental income**, the portfolio has a gross return of 6.1%, respectively 6.6% after an adjustment for occupancy.

Occupancy rate raised to 92.8%

The occupancy rate rose to 92.8% in the first half of 2017 (31 December 2016: 89.6%). IMMOFINANZ rented approx. 122,000 sqm of usable space during the reporting period (excl. Other standing investments and excl. Russia), including roughly 10% (12,000 sqm) of pre-rentals in development projects. The take-up in the standing investments amounted to approx. 110,000 sqm, or 6% of the total rentable space in these properties. Of this total, 34,000 sqm, or 31%, represent new rentals and 76,000 sqm contract extensions with existing tenants. The average unexpired lease term (WAULT***) weighted by rental income equalled four* years as of 30 June 2017.

The following graph shows the geographical distribution of IMMOFINANZ's standing investment portfolio as of 30 June 2017, based on the carrying amount:



CONTRACT EXPIRATION PROFILE STANDING INVESTMENTS (TOTAL)

Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas¹), excluding the discontinued operation Russia:

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

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

* Excluding the discontinued operation Russia

** Rental income for the second quarter of 2017 multiplied by four to develop an annualised amount.

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

STANDING INVESTMENTS BY CORE MARKET

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
Austria	32	870.7	26.0%	338,380	304,380	90.0%
Germany	1	40.3	1.2%	9,606	9,513	99.0%
Czech Republic	20	384.1	11.5%	236,352	205,202	86.8%
Hungary	25	464.6	13.9%	299,854	278,560	92.9%
Poland	20	587.1	17.5%	289,071	278,181	96.2%
Romania	18	626.8	18.7%	350,472	335,804	95.8%
Slovakia	19	265.9	7.9%	170,560	157,614	92.4%
Non-Core Countries	10	106.1	3.2%	71,723	70,022	97.6%
IMMOFINANZ continuing operations	145	3,345.5	100.0%	1,766,019	1,639,275	92.8%
Russia ³	5	976.4		279,208	243,252	87.1%

Standing investments	Rental income Q2 2017 in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
Austria	11.6	5.3% (5.9%)	461.6	1.9%	2.8%	53.0%
Germany	0.5	5.2% (5.3%)	24.2	1.3%	1.6%	60.0%
Czech Republic	5.6	5.8% (6.7%)	115.6	2.0%	2.4%	30.1%
Hungary	7.1	6.1% (6.5%)	130.7	1.8%	2.1%	28.1%
Poland	8.7	5.9% (6.1%)	369.7	1.9%	2.2%	63.0%
Romania	11.7	7.5% (7.8%)	175.5	3.3%	3.8%	28.0%
Slovakia	3.8	5.8% ⁶ (6.2%)	37.7	2.7%	3.5%	14.2%
Non-Core Countries	2.0	7.6% (7.8%)	38.8	3.2%	3.6%	36.6%
IMMOFINANZ continuing operations	50.9	6.1%⁶ (6.6%)	1,353.7	2.1%	2.7%	40.5%

Development projects and pipeline projects	1.6		167.1	1.5%	1.7%	
Rental income from properties sold / acquired and development projects	5.3		0.0	0.0%	0.0%	
Group financing	0.0		948.4	3.0%	3.0%	
IMMOFINANZ continuing operations	57.8		2,469.3	2.4%	2.7%	
Market value property portfolio						4,059.6
Market value BUWOG shares (4.7 million shares) ⁴						118.9
EPRA NAV CA Immo shares (25.7 million shares) ⁵						709.0
Cash and cash equivalents			-316.7			
Properties/liabilities held for sale (asset & share deals)			274.3			393.6
IMMOFINANZ continuing operations			2,426.9			46.0%⁷
Russia ³	21.2	8.7% (10.0%)	674.7	8.1%	8.1%	69.1%

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

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

2 Financing costs based on the nominal outstanding liability

3 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

4 Approx. 4.7 million BUWOG shares multiplied by the closing price of EUR 25.16 on 30 June 2017

5 25.7 million CA Immobilien Anlagen AG shares at the EPRA NAV of EUR 27.60 per share on 30 June 2017

6 The gross return is distorted by closing of the purchase of six STOP SHOPS in Slovakia as of 30 June 2017; excluding these purchases: 7.3%. The gross return on the total line would then equal 6.2% instead of 6.1%.

7 The LTV of the standing investment portfolio, including the discontinued operation Russia, equals 49.5%.

RENTAL INCOME LIKE-FOR-LIKE

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with the first half of 2016) shows an improvement in rental income to EUR 92.4 million in the first six months of 2017. That represents an increase of 4.6% compared with the first two quarters of 2016. Higher occupancy led to an increase in rental income by EUR 1.2 million to EUR 23.5 million in Romania, by EUR 1.0 million to EUR 13.6 million in Hungary, by EUR 0.7 million to EUR 22.9 million in Austria and by EUR 0.3 million to EUR 10.9 million in the Czech Republic.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount 30 June 2017 in MEUR	Carrying amount in %	Rental income H1 2017 in MEUR	Rental income H1 2016 in MEUR	Change in rental income H1 2017 vs. H1 2016 in MEUR
Austria	31	848.1	28.8%	22.9	22.1	0.7
Germany	1	40.3	1.4%	1.0	0.9	0.1
Czech Republic	19	361.3	12.3%	10.9	10.6	0.3
Hungary	23	444.3	15.1%	13.6	12.6	1.0
Poland	14	376.1	12.8%	11.4	10.8	0.6
Romania	16	619.4	21.0%	23.5	22.3	1.2
Slovakia	12	181.9	6.2%	6.7	6.4	0.3
Non-Core Countries	7	71.4	2.4%	2.4	2.5	-0.1
IMMOFINANZ continuing operations	123	2,942.8	100.0%	92.4	88.3	4.1
Rental income from properties sold/ acquired and development projects				22.5		
IMMOFINANZ continuing operations				114.9		
Russia ²	5	976.4		43.4	38.1	5.3

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount 30 June 2017 in MEUR	Carrying amount in %	Rental income H1 2017 in MEUR	Rental income H1 2016 in MEUR	Change in rental income H1 2017 vs. H1 2016 in MEUR
Office	54	1,928.0	65.5%	54.3	51.8	2.4
Retail	63	1,006.2	34.2%	37.9	36.5	1.4
Other	6	8.6	0.3%	0.3	0.0	0.2
IMMOFINANZ continuing operations	123	2,942.8	100.0%	92.4	88.3	4.1

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.

2 The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off and is therefore not included in the total.

OFFICE STANDING INVESTMENTS

The carrying amount of the 57 office standing investments totalled EUR 2,028.8 million as of 30 June 2017 and represents 60.6% of the standing investment portfolio. A regional analysis shows the focal points of these properties in the core markets of Austria (EUR 736.8 million), Poland (EUR 362.6 million) and Romania (EUR 314.0 million).

The office standing investments have 977,209 sqm of rentable space. Based on annualised rental income (rental income Q2 2017: EUR 28.5 million), these properties generated a gross return of 5.6% or 6.2% after an adjustment for occupancy.

The occupancy rate in the office portfolio rose to 90.1% in the first half of 2017 (31 December 2016: 87.3%). The take-up in the office properties totalled approx. 98,000 sqm. Nearly 92,000 sqm of this take-up was located in standing investments and represents over 9% of the total space in these office properties. The standing investment take-up covered 29% of new rentals and contract supplements and 71% of contract extensions by existing tenants. The largest individual new rentals were registered at over 1,600 sqm each in Warsaw at the *myhive Crown Point* with a co-working provider and in Vienna for the *myhive Twin Towers* with an IT company. The take-up in development projects amounted to roughly 5,900 sqm.

**Occupancy rate
in the office portfolio rises
to 90.1%**

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 20% of the space in the standing investments, and no single tenant has rented more than 3% of the total space in these office properties. Of the total leases for office space, 38% have a term of five years or longer. The WAULT* equalled nearly four years as of 30 June 2017.

CONTRACT EXPIRATION OFFICE SECTOR

Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas¹):

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

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

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

KEY DATA ON THE OFFICE STANDING INVESTMENTS BY CATEGORY

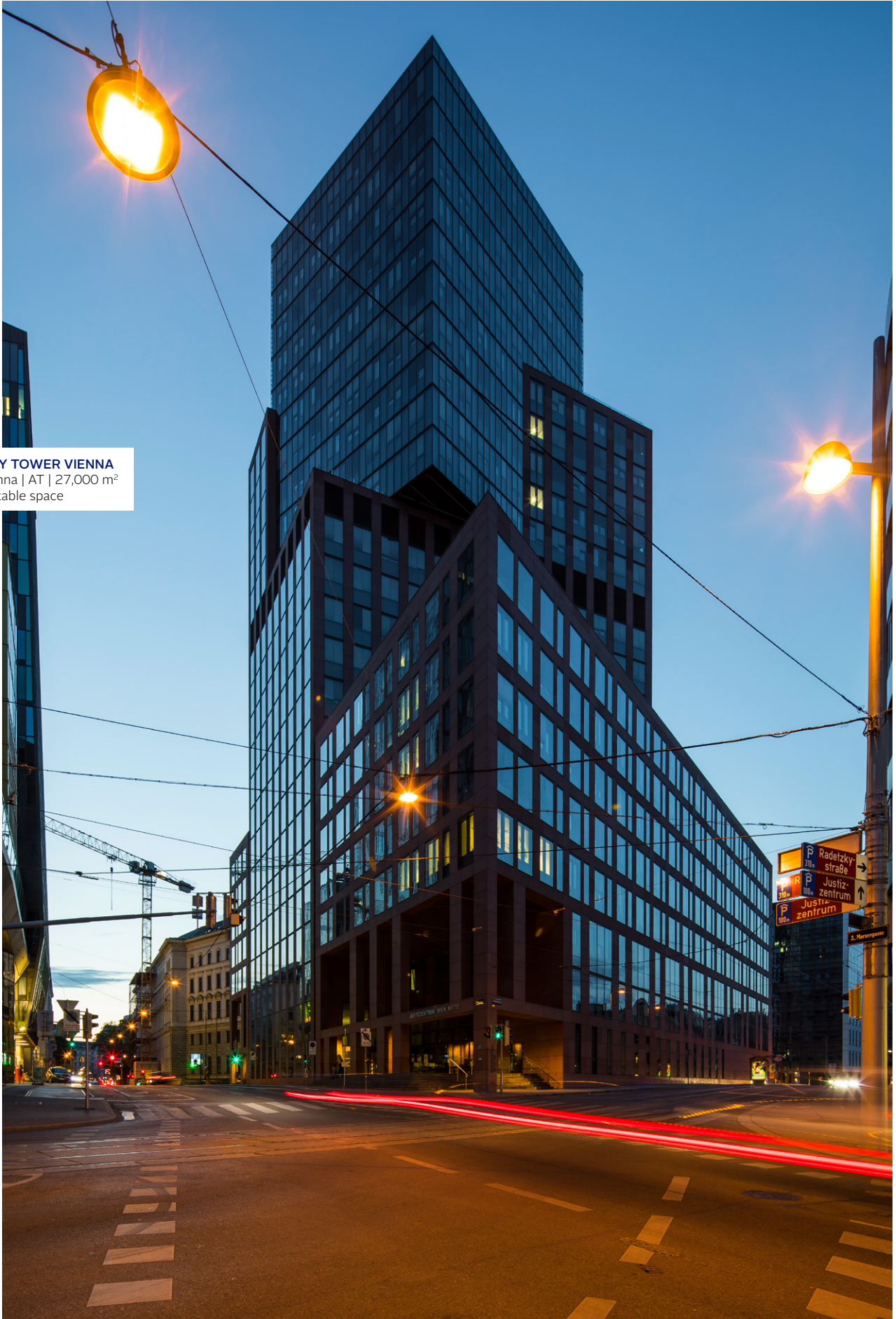
Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	57	2,028.8	100.0%	977,209	880,773	90.1%
thereof myhive	18	940.9	46.4%	436,137	400,916	91.9%
Standing investments	Rental income Q2 2017 in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	28.5	5.6% (6.2%)	925.6	2.1%	2.8%	45.6%
thereof myhive	13.5	5.7% (6.2%)	487.4	2.0%	2.7%	51.8%

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

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

² Financing costs based on nominal outstanding liability

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

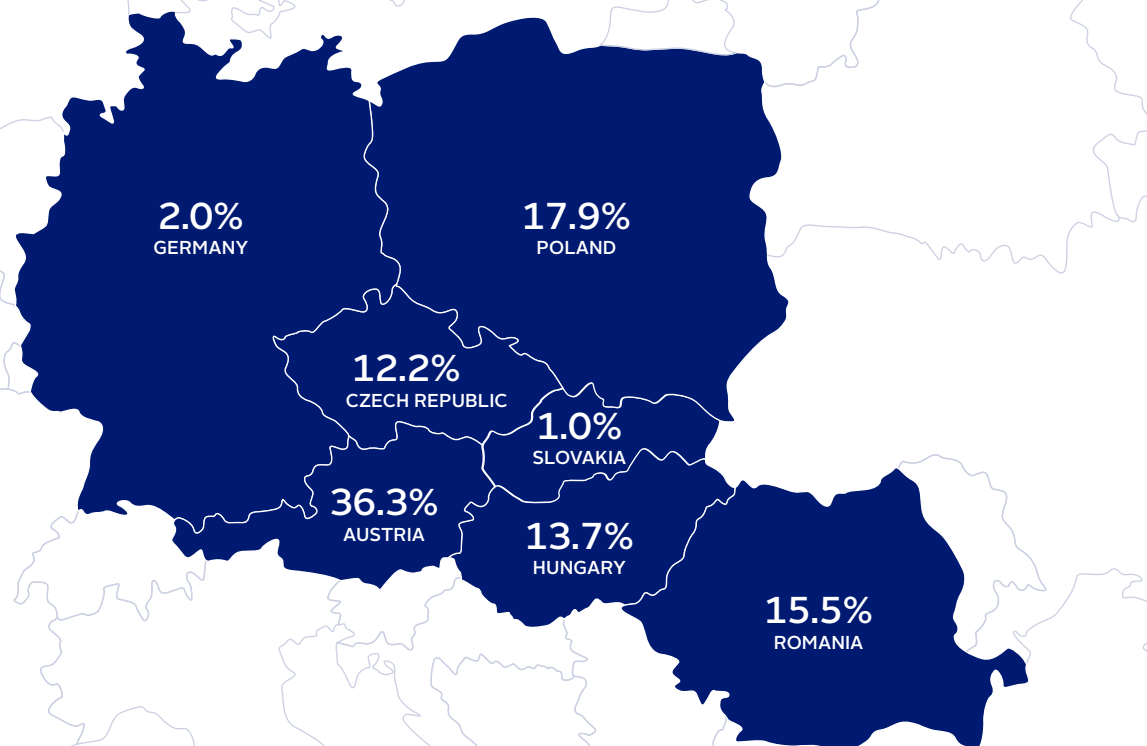


CITY TOWER VIENNA
Vienna | AT | 27,000 m²
rentable space



THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,028.8)



AUSTRIA	36.3%
Number of properties	17
Carrying amount in MEUR	736.8
Rentable space in sqm	281,640
Occupancy rate	88.4%
Rental income Q2 2017 in MEUR ¹	9.3
Gross return	5.1%
Gross return occupancy-adjusted	5.7%

POLAND	17.9%
Number of properties	10
Carrying amount in MEUR	362.6
Rentable space in sqm	162,097
Occupancy rate	97.1%
Rental income Q2 2017 in MEUR ¹	5.4
Gross return	5.9%
Gross return occupancy-adjusted	6.1%

ROMANIA	15.5%
Number of properties	8
Carrying amount in MEUR	314.0
Rentable space in sqm	196,960
Occupancy rate	94.0%
Rental income Q2 2017 in MEUR ¹	5.5
Gross return	7.0%
Gross return occupancy-adjusted	7.5%

HUNGARY	13.7%
Number of properties	11
Carrying amount in MEUR	277.5
Rentable space in sqm	163,548
Occupancy rate	90.9%
Rental income Q2 2017 in MEUR ¹	4.0
Gross return	5.8%
Gross return occupancy-adjusted	6.4%

CZECH REPUBLIC	12.2%
Number of properties	8
Carrying amount in MEUR	248.0
Rentable space in sqm	130,583
Occupancy rate	78.4%
Rental income Q2 2017 in MEUR ¹	3.0
Gross return	4.8%
Gross return occupancy-adjusted	6.2%

GERMANY	2.0%
Number of properties	1
Carrying amount in MEUR	40.3
Rentable space in sqm	9,606
Occupancy rate	99.0%
Rental income Q2 2017 in MEUR ¹	0.5
Gross return	5.2%
Gross return occupancy-adjusted	5.3%

SLOVAKIA	1.0%
Number of properties	1
Carrying amount in MEUR	21.2
Rentable space in sqm	16,886
Occupancy rate	79.6%
Rental income Q2 2017 in MEUR ¹	0.4
Gross return	6.8%
Gross return occupancy-adjusted	8.5%

NON-CORE COUNTRIES²	1.4%
Number of properties	1
Carrying amount in MEUR	28.4
Rentable space in sqm	15,889
Occupancy rate	96.5%
Rental income Q2 2017 in MEUR ¹	0.4
Gross return	5.8%
Gross return occupancy-adjusted	6.0%

IMMOFINANZ	100%
Number of properties	57
Carrying amount in MEUR	2,028.8
Rentable space in sqm	977,209
Occupancy rate	90.1%
Rental income Q2 2017 in MEUR ¹	28.5
Gross return	5.6%
Gross return occupancy-adjusted	6.2%

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

² Non-core countries: Croatia

RETAIL STANDING INVESTMENTS

The carrying amount of the 81* standing investments in the retail sector totalled EUR 1,285.5 million* as of 30 June 2017 and represents 38.4%* of the total standing investment portfolio. The largest regional markets are Romania with EUR 311.2 million, Slovakia with EUR 244.6 million and Poland with EUR 224.5 million.

The retail standing investments have 788,810* sqm of rentable space. Based on annualised rental income (rental income in Q2 2017: EUR 22.1 million*), these properties generated a gross return of 6.9%* or 7.2% after an adjustment for occupancy.

37% of the retail rental contracts have a term of five years or longer

The occupancy rate in the retail properties rose to 96.2%* as of 30 June 2017 (31 December 2016: 93.0%*). The take-up in the retail properties, excluding Russia, amounted to roughly 24,000 sqm in the reporting period. This volume includes 18,000 sqm in standing investments, which corresponds to roughly 2% of the total space in the retail standing investments. The take-up covered 40% of new rentals and contract supplements and 60% of contract extensions by existing tenants. Major new rentals over roughly 1,000 sqm each included, for example, the Polish *VIVO! Krosno* development project and the *Na Příkopě* standing investment in Prague.

IMMOFINANZ relies on a balanced tenant mix and the inclusion of recreational and entertainment opportunities to create an optimal environment for retailers and their customers. All of the larger IMMOFINANZ retail properties have numerous solid international and local anchor tenants. Retailers from the fashion sector are the largest tenant group based on rented space, followed by food products. Other important tenant groups are electronics, health & beauty, shoes and entertainment. Of the total rental contracts, 37% have a term of five years or longer. The WAULT** equalled roughly four years as of 30 June 2017.

CONTRACT EXPIRATION RETAIL SECTOR

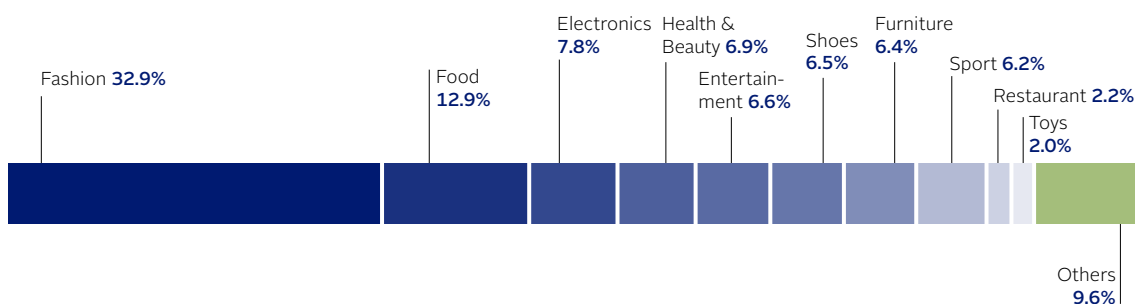
Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas, GLA¹), excluding the discontinued operation Russia:

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
12%	14%	16%	19%	12%	6%	3%	16%	2%

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

BRANCH MIX – RETAIL, EXCLUDING RUSSIA

Only rented space in standing investments.
As of 30 June 2017



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

* Excluding the discontinued operation Russia

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

KEY DATA ON THE RETAIL STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	81	1,285.5	100.0%	788,810	758,502	96.2%
thereof VIVO!/ Shopping Center	9	613.2	47.7%	293,464	275,772	94.0%
thereof STOP SHOP/ Retail Park	67	639.1	49.7%	455,518	444,905	97.7%
Standing investments	Rental income Q2 2017 in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	22.1	6.9%³ (7.2%)	417.5	2.2%	2.5%	32.5%
thereof VIVO!/ Shopping Center	10.6	6.9% (7.4%)	215.4	2.3%	2.6%	35.1%
thereof STOP SHOP/ Retail Park	10.8	6.8% ³ (6.9%)	199.0	2.2%	2.5%	31.1%

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

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

² Financing costs based on nominal outstanding liability

³ The gross return is distorted by closing of the purchase of six STOP SHOPS in Slovakia as of 30 June 2017; excluding these purchases: 7.4%. The gross return on the total line would then equal 7.2% instead of 6.9%.

RETAIL MOSCOW (DISCONTINUED OPERATION)

The carrying amount of the five standing investments in the retail sector, which have 279,208 sqm of rentable space, totalled EUR 976.4 million as of 30 June 2017. Based on annualised rental income (rental income Q2 2017: EUR 21.2 million), the gross return equalled 8.7% or 10.0% after an adjustment for occupancy.

The occupancy rate in Retail Moscow equalled 87.1% as of 30 June 2017 (31 December 2016: 87.7%). The take-up in the first half of 2017 amounted to roughly 43,000 sqm, whereby 34% involved new rentals and contract supplements, while the remaining 66% are attributable to contract extensions by existing tenants. The WAULT* equalled roughly five years as of 30 June 2017.

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



VIVO!
Baia Mare | RO |
32,000 sqm
rentable space

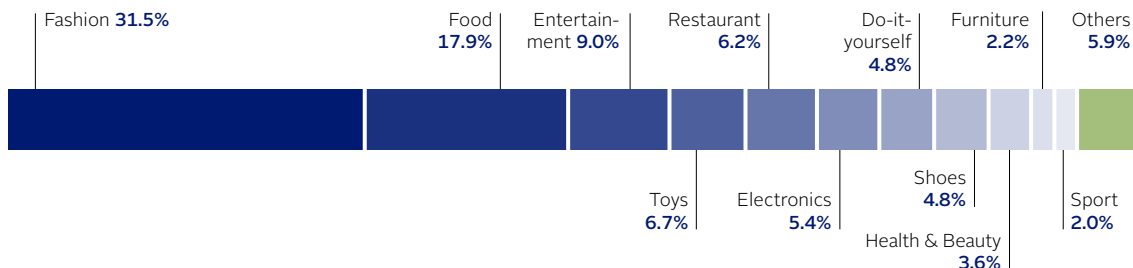
CONTRACT EXPIRATION RETAIL MOSCOW (DISCONTINUED OPERATION)

Expiring space up to the earliest possible contract end in relation to the total rented space (only in gross leasable/lettable "GLA" areas¹):

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
16%	1%	15%	8%	6%	4%	5%	45%	0%

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

BRANCH MIX – RETAIL MOSCOW



KEY DATA ON RETAIL MOSCOW

Standing investments	Number of properties	Carrying amount in MEUR	Rentable space in sqm	Rented space in sqm	Occupancy rate in %	
Retail Moscow ¹	5	976.4	279,208	243,252	87.1%	
Standing investments	Rental income Q2 2017 in MEUR ²	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ³	Financing costs incl. derivatives in %	LTV in %
Retail Moscow ¹	21.2	8.7% (10.0%)	674.7	8.1%	8.1%	69.1%

¹ The Russian portfolio is presented as a discontinued operation due to the planned sale or spin-off.

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

³ Financing costs based on nominal outstanding liability

STOP SHOP

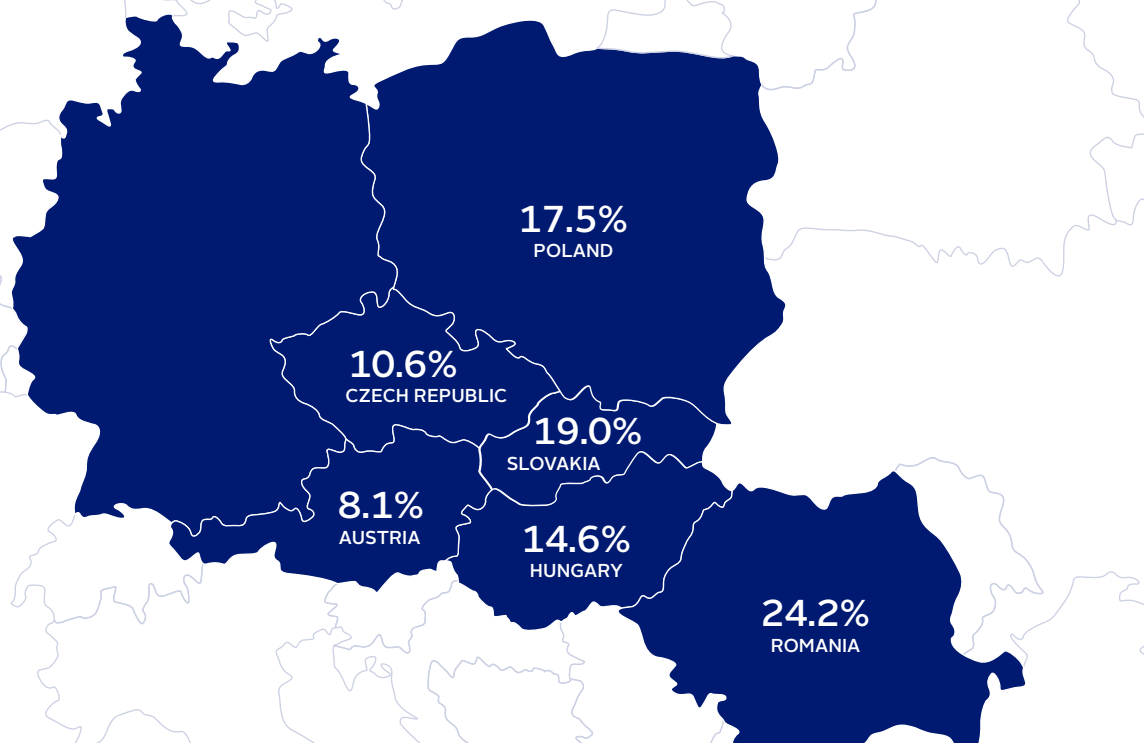
Valjevo | SRB | approx.
6,000 sqm rentable space





THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 1,285.5⁵)



ROMANIA		24.2%
Number of properties	6	
Carrying amount in MEUR	311.2	
Rentable space in sqm	153,512	
Occupancy rate	98.1%	
Rental income Q2 2017 in MEUR ¹	6.2	
Gross return	7.9%	
Gross return occupancy-adjusted	8.1%	

SLOVAKIA		19.0%
Number of properties	18	
Carrying amount in MEUR	244.6	
Rentable space in sqm	153,674	
Occupancy rate	93.8%	
Rental income Q2 2017 in MEUR ¹	3.5	
Gross return	5.7% ³	
Gross return occupancy-adjusted	6.0%	

POLAND		17.5%
Number of properties	10	
Carrying amount in MEUR	224.5	
Rentable space in sqm	126,974	
Occupancy rate	95.2%	
Rental income Q2 2017 in MEUR ¹	3.3	
Gross return	5.9%	
Gross return occupancy-adjusted	6.2%	

HUNGARY		14.6%
Number of properties	14	
Carrying amount in MEUR	187.1	
Rentable space in sqm	136,306	
Occupancy rate	95.3%	
Rental income Q2 2017 in MEUR ¹	3.0	
Gross return	6.5%	
Gross return occupancy-adjusted	6.8%	

CZECH REPUBLIC		10.6%
Number of properties	12	
Carrying amount in MEUR	136.1	
Rentable space in sqm	105,769	
Occupancy rate	97.3%	
Rental income Q2 2017 in MEUR ¹	2.6	
Gross return	7.5%	
Gross return occupancy-adjusted	7.8%	

AUSTRIA		8.1%
Number of properties	12	
Carrying amount in MEUR	104.3	
Rentable space in sqm	56,740	
Occupancy rate	97.6%	
Rental income Q2 2017 in MEUR ¹	2.0	
Gross return	7.5%	
Gross return occupancy-adjusted	7.7%	

NON-CORE COUNTRIES²		6.0%
Number of properties	9	
Carrying amount in MEUR	77.7	
Rentable space in sqm	55,835	
Occupancy rate	97.9%	
Rental income Q2 2017 in MEUR ¹	1.6	
Gross return	8.3%	
Gross return occupancy-adjusted	8.5%	

IMMOFINANZ		100.0%
Number of properties	81	
Carrying amount in MEUR	1,285.5	
Rentable space in sqm	788,810	
Occupancy rate	96.2%	
Rental income Q2 2017 in MEUR ¹	22.1	
Gross return	6.9% ³	
Gross return occupancy-adjusted	7.2%	

RUSSIA⁴		–
Number of properties	5	
Carrying amount in MEUR	976.4	
Rentable space in sqm	279,208	
Occupancy rate	87.1%	
Rental income Q2 2017 in MEUR ¹	21.2	
Gross return	8.7%	
Gross return occupancy-adjusted	10.0%	

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

2 Non-core countries: Slovenia and Serbia

3 The gross return is distorted by closing of the purchase of six STOP SHOPS in Slovakia as of 30 June 2017; excluding these purchases: 7.4%. The gross return of IMMOFINANZ (total, excl. Russia) would then equal 7.2% instead of 6.9%.

4 Discontinued operation

5 Excluding the discontinued operation Russia

DEVELOPMENT PROJECTS

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

Development projects with a carrying amount of EUR 433.4 million

The active development projects had a carrying amount of EUR 433.4 million as of 30 June 2017, which represents 10.7% of the total property portfolio. The expected fair value on completion amounts to EUR 607.6 million. Activities are currently focused on the core markets of Germany, Romania und Poland. Germany is responsible for 71.4% (EUR 433.9 million), Romania for 9.7% (EUR 58.6 million) and Poland for 7.0% (EUR 42.6 million) of the expected fair value after completion. The development projects also include the extensive modernisation of existing properties which will be reclassified to the standing investment portfolio after completion. Modernisation projects were ongoing in two buildings as of 30 June 2017.

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

GERMANY

Düsseldorf

Development projects focused on Germany

The new global headquarters for trivago is currently under construction in the Medienhafen with approx. 26,000 sqm of rentable office space in the first building section. This six-storey, horizontally structured building opens towards the harbour basin, which creates an expansive campus with a welcoming atmosphere. Construction started during spring 2016, and the topping-out ceremony to mark the completion of the building shell was held at the beginning of July. The first section is scheduled for completion in mid-2018. Additional expansion areas can be realised in the second section (up to approx. 16,000 sqm).

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

Aachen

The *Cluster Produktionstechnik* with approx. 28,000 sqm of rentable space is the largest technology cluster in the RWTH (Rheinisch-Westfälische Technische Hochschule) Aachen expansion project. The opening took place on schedule at the end of May 2017 and rentals have already reached roughly 97%.

POLAND

In Poland, IMMOFINANZ is continuing the expansion with its STOP SHOP brand. Six retail parks have already opened in this country, and other locations are currently in preparation or under evaluation. IMMOFINANZ is also constructing a further shopping center under its *VIVO!* brand in the Polish city of Krosno, which will have approx. 21,000 sqm of rentable space. Construction started in October 2016 and the opening is planned for the end of September 2017.

SERBIA

Four further STOP SHOP locations are planned for Serbia. The new retail parks in Požarevac, Lazarevac, Vršac and Sremska Mitrovica will have approx. 30,000 sqm in total and are currently in different stages of construction. The *STOP SHOP Lazarevac* has roughly 10,000 sqm of rentable space and nearly 220 parking spaces – in September it will open as the fourth STOP SHOP location in Serbia. The other locations are scheduled to open in 2018.

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	Estimated fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Austria	2	30.0	6.9%	0.0	0	30.0 ²	0.0 ²	0.0%
Germany	5	308.3	71.1%	110.6	102,133	433.9	20.4	4.9%
Poland	3	16.1	3.7%	21.7	25,132	42.6	3.5	9.2%
Romania	3	48.6	11.2%	10.1	30,793	58.6	5.2	8.8%
Slovakia	1	22.9	5.3%	6.3	18,744	29.2	2.8	9.5%
Non-Core Countries	2	7.5	1.7%	4.5	10,384	13.2	1.1	9.6%
IMMOFINANZ	16	433.4	100.0%	153.2	187,187	607.6	32.9³	5.6%

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

¹ Expected rental income after completion in relation to the current carrying amount, including outstanding construction costs

² Projects in the planning stage, therefore no outstanding construction costs; rental income based on current use

³ Thereof approx. EUR 2.3 million included in H1 2017

DEVELOPMENT PROJECTS BY CATEGORY

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Estimated fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
IMMOFINANZ	16	433.4	100.0%	153.2	187,187	607.6	32.9	5.6%
thereof myhive	1	34.1	7.9%	4.1	20,884	38.2	3.8	9.8%
thereof VIVO!/ Shopping Center	1	14.7	3.4%	18.7	21,270	37.3	3.0	9.1%
thereof STOP SHOP/ Retail Park	5	14.1	3.2%	7.6	14,247	23.7	1.6	7.4%

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

¹ Expected rental income after completion in relation to the current carrying amount, including outstanding construction costs

Based on the expected fair value after completion, the most important development projects as of 30 June 2017 are as follows:

SELECTED DEVELOPMENT PROJECTS UNDER CONSTRUCTION

Largest projects in Germany	Primary use	Planned rentable/ sellable space in sqm (rounded)	Pre-occupancy rate in %	Scheduled completion
trivago ¹	Office	26,000	100%	Q3 2018
FLOAT	Office	30,000	95%	Q3 2018

¹ Office construction phase I

REAL ESTATE INVENTORIES

Real estate inventories include apartments that are intended for sale after completion or, in the case of Germany, apartments that were sold after the reporting period as well as underground garages. This category also includes the hotel in the *Gerling Quartier* in Cologne which was sold as a forward purchase, but will be completed by IMMOFINANZ.

Real estate inventories	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Expected fair value after completion in MEUR
Germany	8	52.2	87.3%	41.5	93.6
Poland	3	6.1	10.1%	0.0	6.3
Romania	7	1.4	2.3%	0.0	1.4
Non-Core Countries	1	0.2	0.3%	0.0	0.2
IMMOFINANZ	19	59.8	100.0%	41.5	101.5

PIPELINE PROJECTS

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

Pipeline projects with a carrying amount of EUR 220.9 million

The pipeline projects had a carrying amount of EUR 220.9 million as of 30 June 2017. They are evaluated quarterly for possible transfer to an active development status. IMMOFINANZ intends to reduce the number of pipeline projects in the property portfolio through selected sales.

PIPELINE PROJECTS BY CORE MARKET

Pipeline projects	Number of properties	Carrying amount in M EUR	Carrying amount in %
Austria	2	9.7	4.4%
Czech Republic	1	0.9	0.4%
Hungary	7	31.9	14.4%
Poland	1	1.6	0.7%
Romania	44	164.3	74.4%
Slovakia	1	1.2	0.5%
Non-Core Countries	6	11.3	5.1%
IMMOFINANZ	62	220.9	100.0%

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

ASSETS HELD FOR SALE

The assets held for sale, excluding the discontinued operation Russia, totalled EUR 413.7 million as of 30 June 2017 and are not included in this portfolio report. Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Including the discontinued operation Russia, the assets held for sale amount to EUR 1,481.7 million. Details are provided in section 4.5 of the notes to the *consolidated interim financial statements* on page 68.

Property Valuation

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

The IMMOFINANZ properties were valued by independent external appraisers as of 30 June 2017, whereby CBRE was responsible for the portfolios in CEE and Russia and BNP Paribas Real Estate Consult (BNPP REC) for the portfolios in Austria and Germany.

Retail Moscow is presented as a discontinued operation because of the planned sale or spin-off. Due to the size of this portfolio (property value as of 30 June 2017: EUR 976.4 million), Russia, respectively Retail Moscow is presented separately in the property valuation. Other properties which fall under the scope of application of IFRS 5 – i.e. properties held for sale – are not included in accordance with previous practice.

DEVELOPMENT OF PROPERTY VALUATION IN THE FIRST HALF OF 2017

Revaluation results (from continuing operations) totalled EUR 8.3 million in the first half of 2017 (H1 2016: EUR -81.6 million) and include EUR 6.9 million (H1 2016: EUR -82.9 million) of foreign exchange-adjusted revaluations. Positive effects were provided, among others, by the *FLOAT*, *trivago Campus* and *Cluster Produktionstechnik* development projects in Germany. These effects were contrasted, among others, by value declines to standing investments which included smaller or non-strategic office properties in Austria, the Czech Republic and Poland as well as retail properties in Austria and a retail property in Poland.

The foreign exchange-based revaluations of investment property amounted to EUR 1.4 million (H1 2016: EUR 1.3 million) and were related primarily to non-core countries whose functional currency is not the Euro.

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

The following tables present a like-for-like analysis of the valuation effects in the first half of 2017. In order to improve comparability, the data are adjusted for new acquisitions, completions and sales. Value increases were recorded in Hungary, the Czech Republic and Slovakia due to an improvement in the market environment or higher occupancy in the retail properties. This growth was contrasted by slight declines in Poland and Romania, which were based primarily on expenses connected with the myhive roll-out. The relocation of several larger tenants from one office property each in Austria and Romania also had a negative effect.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount 30 June 2017 in MEUR	Carrying amount in %	Valuation effects H1 2017 in MEUR
Austria	31	848.1	28.8%	-3.6
Germany	1	40.3	1.4%	0.1
Czech Republic	19	361.3	12.3%	5.3
Hungary	23	444.3	15.1%	7.4
Poland	14	376.1	12.8%	-4.2
Romania	16	619.4	21.0%	-3.7
Slovakia	12	181.9	6.2%	3.2
Non-Core Countries	7	71.4	2.4%	0.6
IMMOFINANZ continuing operations	123	2,942.8	100.0%	5.1

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.

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount 30 June 2017 in MEUR	Carrying amount in %	Valuation effects H1 2017 in MEUR
Office	54	1,928.0	65.5%	-4.5
Retail	63	1,006.2	34.2%	9.7
Other	6	8.6	0.3%	0.0
IMMOFINANZ continuing operations	123	2,942.8	100.0%	5.1

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.

DEVELOPMENT OF PROPERTY VALUATION IN THE DISCONTINUED OPERATION RUSSIA

The foreign exchange-adjusted revaluation – which represents the change in the value of the Russian investment properties in US Dollar translated into the Euro – totalled EUR 6.5 million in the first half of 2017 (H1 2016: EUR -65.9 million). The foreign exchange-based revaluation – which resulted from the translation of the Ruble property values in the local Russian companies – amounted to EUR -21.2 million (H1 2016: EUR -113.0 million).



Bureau am Belvedere
Vienna | AT | approx. 9,000 sqm
rentable space

Financing

IMMOFINANZ successfully arranged all necessary refinancing and extensions for standing investments and development projects as planned during the first half of the 2017 financial year. In order to utilise the currently favourable environment, IMMOFINANZ also regularly evaluates opportunities to renew and optimise existing financing prior to maturity while, at the same time, maintaining a balanced term structure. The focus is placed on the combination of individual properties in an asset class and region into a portfolio in order to arrange for financing at more attractive conditions.

Multi-stage refinancing

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

Parallel to the incentivised conversion of the convertible bond 2018, IMMOFINANZ issued a new convertible bond with a 2% coupon per year, a term ending in 2024 and a volume of EUR 297.2 million. The issue terms allow the holders of the convertible bond 2024 to put their securities for premature redemption as of 24 January 2022. The initial conversion price equalled EUR 2.3933* (as of 30 June 2017: 2.2937), which currently represents the right to conversion into 129.6 million IMMOFINANZ shares.

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

Improvement in term structure and financing costs

Financial liabilities, excluding the discontinued operation Russia, totalled EUR 2.7 billion as of 30 June 2017 (31 December 2016: EUR 2.8 billion). Cash and cash equivalents amounted to EUR 316.7 million incl. cash and cash equivalents from IFRS 5 (31 December 2016: EUR 193.4 million). Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.4 billion (31 December 2016: EUR 2.6 billion). Financial liabilities attributable to the discontinued operation Russia amounted to EUR 674.7 million as of 30 June 2017 (31 December 2016: EUR 721.7 million).

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 39.9% (31 December 2016: 37.8%) and a net loan-to-value ratio (net LTV) of 46.0%, respectively 49.5% including Russia (31 December 2016: 49.0%, incl. Russia 52.2%).

Net loan-to-value ratio excl. Russia: 46.0%

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

* The settlement of the legal proceedings to review the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ and the payment of the EUR 0.06 dividend per share, both in the second quarter of 2017, led to an adjustment of the conversion price for the convertible bond 2024.

CALCULATION OF NET LTV AS OF 30 JUNE 2017

	Amounts in TEUR (incl. RU)	Amounts in TEUR (excl. RU)
Carrying amount of financing	3,418,317.10	2,743,605.54
- Cash and cash equivalents	-322,000.28	-316,658,50 ¹
Net carrying amount of financing	3,096,316.82	2,426,947.05
Carrying amount of properties ² & market value of BUWOG shares plus EPRA NAV of CA Immo shares ³	6,257,563.72	5,281,153.12
Net LTV	49.48%	45.95%

1 Excluding cash and cash equivalents in discontinued operations; including cash and cash equivalents in IFRS 5.

2 The calculation of the net LTV excl. RU reflected the deduction of the net asset value (NAV) of the Russian properties (carrying amount of the properties less attributable debt) as well as the assumption that the NAV will be reinvested at the average net LTV.

3 Market value of the BUWOG shares: approx. 4.7 million shares à EUR 25.16 (closing price on the Vienna Stock Exchange as of 30 June 2017), CA Immo shares at the EPRA NAV as of 30 June 2017 25.7 million shares à EUR 27.60

Financing costs

The average financing costs for IMMOFINANZ equalled 3.78% per year as of 30 June 2017 (31 December 2016: 4.01% per year) including the derivatives used for interest rate hedging and 3.51% per year excluding derivatives (31 December 2016: 3.71% per year). After an adjustment for the financing arranged in Russia, the average financing costs equalled 2.72% per year (31 December 2016: 3.02% per year) including the derivatives used for interest rate hedging and 2.38% per year excluding derivatives (31 December 2016: 2.64% per year).

Average financing costs	IMMOFINANZ continuing operations		incl. Russia	
	30 June 2017	31 Dec. 2016	30 June 2017	31 Dec. 2016
Incl. derivatives	2.72%	3.02%	3.78%	4.01%
Excl. derivatives	2.38%	2.64%	3.51%	3.71%
Incl. derivatives, excl. corporate bond 2017 ¹	2.62%	n.a.	3.74%	n.a.
Excl. derivatives, excl. corporate bond 2017 ¹	2.27%	n.a.	3.46%	n.a.

1 The corporate bond 2017 was redeemed at 100% of the nominal amount on 3 July 2017.

The average financing costs for the standing investments (excl. Russia) amount to 2.69% per year including derivatives and 2.12% per year excluding derivatives.

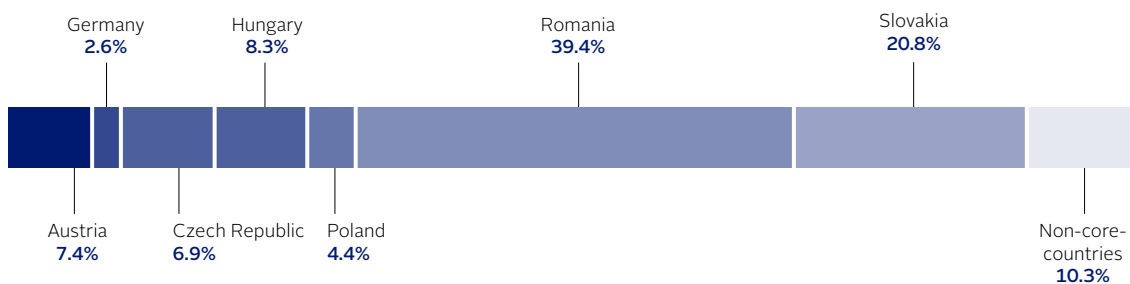
Unencumbered property

In addition to properties which carry external financing and are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 913.8 million or 16.83% of the total property carrying amount was not externally financed and therefore unencumbered as of 30 June 2017 (31 December 2016: 15.2%). The unencumbered standing investments have a combined carrying amount of EUR 561.1 million or 15.73%.

16.83%
of property
carrying amount
unencumbered

UNENCUMBERED PROPERTY BY COUNTRY

Total unencumbered property: MEUR 913.8



COMPOSITION OF FINANCIAL LIABILITIES

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from convertible and corporate bonds. The composition of these liabilities as of 30 June 2017 is shown below:

	Outstanding liability ¹ in TEUR as of 30 June 2017	Weighted average interest rate excl. derivatives ²	Share of fixed interest in % ²	Share of floating interest in % ²	Fixed interest rate in % ²	Floating interest rate in % ²
Convertible bonds in EUR	592,899.4	3.13%	100.00%	0.00%	3.13%	n.a.
Corporate bond in EUR	105,209.5	5.25%	100.00%	0.00%	5.25%	n.a.
Bank liabilities in EUR	2,045,496.7	2.02%	2.93%	97.07%	0.02%	2.08%
IMMOFINANZ continuing operations	2,743,605.5	2.38%	27.84%	72.16%	3.16%	2.08%
Russia ³	674,711.6	8.13%	0.00%	100.00%	n.a.	8.13%

1 Excl. the discontinued operation Russia

2 Calculation basis: actual remaining debt (nominal amount) excl. the discontinued operation Russia

3 As a result of the planned spin-off or sale, Russia is reported as a discontinued operation and is therefore not included in the total.

The remaining balance of the financial liabilities held by IMMOFINANZ (continuing operations) totalled EUR 2,743.6 million as of 30 June 2017. As of that date, all of the financing was denominated in Euros.

*Reduction in
interest costs*

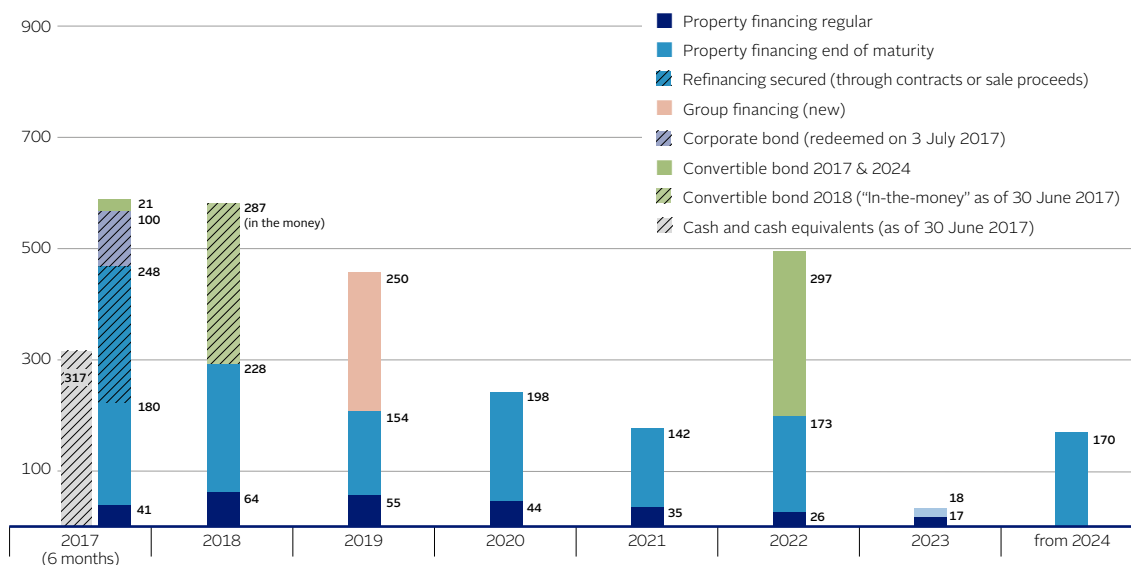
TERM STRUCTURE

The weighted average remaining term of the financial liabilities, excluding Russia, equals 3 years. The following graph shows the term structure by years as of 30 June 2017. The liabilities scheduled to mature during the 2017 financial year amounted to EUR 676.9 million as of 31 December 2016, whereby EUR 127.7 million were refinanced by the end of the second quarter of 2017 through planned repayments or extensions. The weighted average remaining term of the property financing equals 3.50 years.

IMMOFINANZ refinanced borrowings of EUR 210.0 million which were scheduled to mature in 2018 prior to the end of the term and increased the volume to EUR 250.0 million during the second quarter of 2017. This financing was arranged for the acquisition of roughly 26% of the shares in CA Immo for a total price of approximately EUR 604 million. The refinancing sustainably improves the term structure of the Group's financial liabilities and leads to a significant reduction in interest costs compared with the financing it replaced.

*Attractive
refinancing of
Group borrowings*

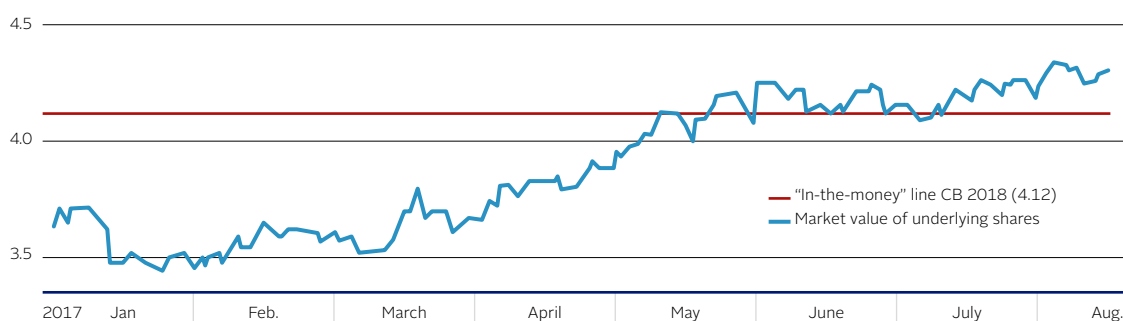
TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEARS AS OF 30 JUNI 2017¹



1 Excl. the discontinued operation Russia

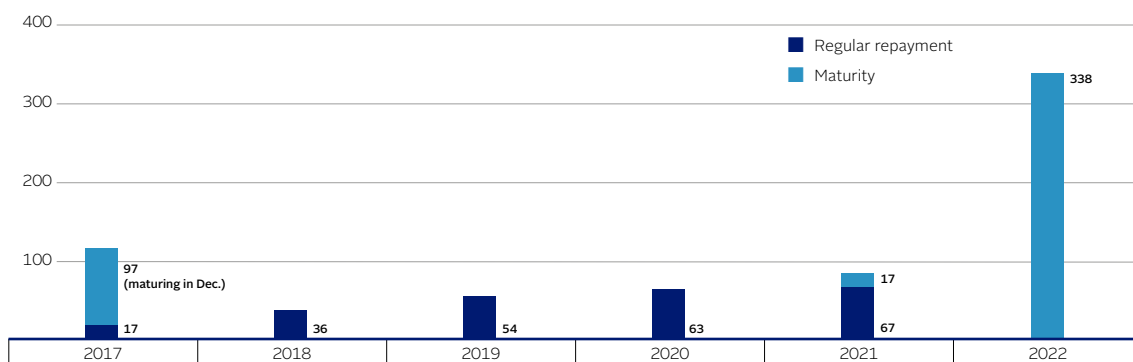
Cash and cash equivalents totalled EUR 316.7 million (incl. IFRS 5), respectively EUR 322.0 million including the cash and cash equivalents in discontinued operations and disposal groups, as of 30 June 2017. The convertible bond 2018 was already "in the money" as of 30 June 2017 due to the sound development of the share price.

“IN-THE-MONEY” LINE CONVERTIBLE BOND 2018



Calculation of market value following the adjustment of the conversion price as of 30 June 2017: Closing price of the IMMOFINANZ share x conversion factor IMMOFINANZ + closing price of the BUWOG share x conversion factor BUWOG: $2.001 \times 1.2410 + 25.155 \times 0.0653 = 4.13$

TERM STRUCTURE OF FINANCIAL LIABILITIES DISCONTINUED OPERATION RUSSIA BY FINANCIAL YEARS AS OF 30 JUNE 2017



The Russian financial liabilities totalled EUR 674.7 million at the end of June 2017. An agreement for the full suspension of scheduled repayments was concluded with SBERBANK, which covers the period up to and including the first quarter of 2018. A waiver agreement was also concluded which suspends the calculation of financial covenants up to and including the first quarter of 2018.

BANK LIABILITIES

Successful loan financing

Total volume of loan financing: EUR 444.8 million

The total volume of refinancing, long-term extensions and cash inflows from new financing amounted to EUR 444.8 million in the first half of 2017.

One highlight in the first half of 2017 was the refinancing arranged for the asset class retail, which covered 29 STOP SHOP properties in Austria, Slovenia, Serbia, Poland and Romania. This refinancing has a total volume of EUR 142.9 million and a term of roughly seven years. The financing volume by country is as follows:

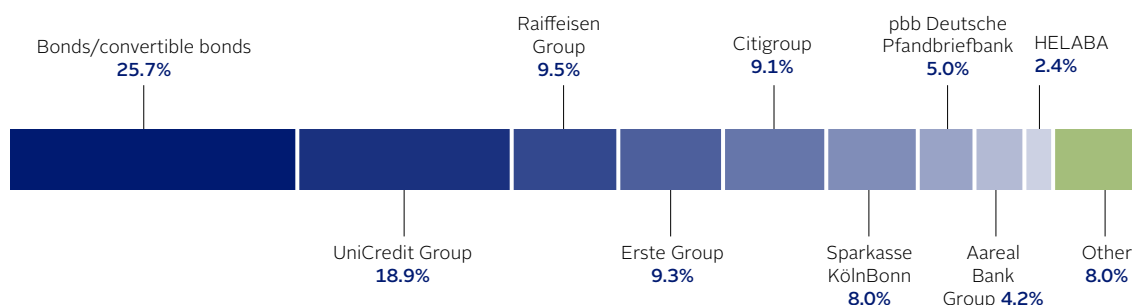
Country	Share of financing volume
Austria	46.2%
Slovenia	19.5%
Poland	15.0%
Serbia	13.3%
Romania	6.0%

This early refinancing will reduce financing costs and further optimise the term structure of the financial liabilities. The financing for Poland was received during the second quarter, and the financing for Austria, Slovenia, Serbia and Romania is expected in the third quarter of 2017.

In Germany, credit lines of EUR 51.9 million were drawn during the first two quarters for the FLOAT and RWTH Aachen Campus development projects in the asset class office. Further pay-outs will follow in line with the progress of construction.

Diversification of lenders

FINANCING SOURCES AS OF 30 JUNE 2017¹



¹ Excl. discontinued operation Russia

DERIVATES

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of hedged financial liabilities amounted to EUR 1,105.7 million as of 30 June 2017 (31 December 2016: EUR 1,178.8 million). In total, 68.04% of financial liabilities are hedged against interest rate risk.

68.04% of financial liabilities hedged against interest rate risk

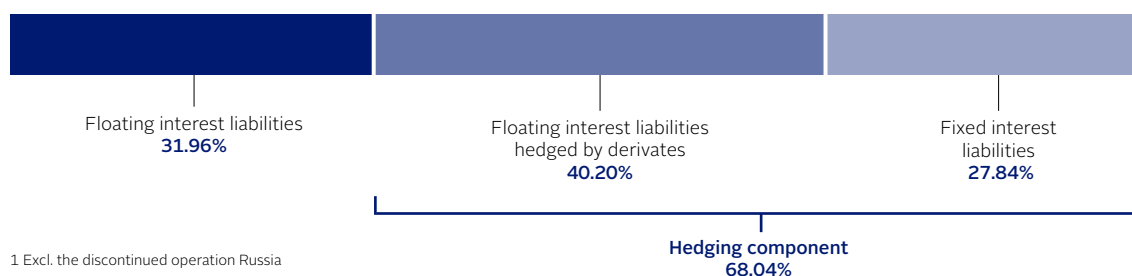
Derivative ¹	Floating Leg	Market value incl. interest & CVA/ DVA as of 30 June 2017 in TEUR	Notional amount in TEUR	Average hedged interest rate
Interest rate swap	3-M-EURIBOR	-9,763.7	863,947.3	0.54%
Interest rate swap	6-M-EURIBOR	-2,838.4	241,725.0	0.92%
IMMOFINANZ AG		-12,602.1	1,105,672.3	

¹ Incl. IFRS 5 and excl. discontinued operation Russia

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

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

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 30 JUNE 2017¹



¹ Excl. the discontinued operation Russia

Bonds with a total nominal value of EUR 705.9 million outstanding

BONDS

The outstanding nominal value of the bonds equalled EUR 705.9 million as of 30 June 2017 (31 December 2016: EUR 628.5 million).

IMMOFINANZ had three convertible bonds and one corporate bond outstanding as of 30 June 2017. These bonds are listed in the following table:

	ISIN	Maturity	Interest rate in %	Nominal value as of 31 Dec. 2016 in TEUR	Repurchases/redemptions/conversions/new emissions 2017 in TEUR	Nominal value as of 30 June 2017 in TEUR
Convertible bond 2007–2017 ²	XS0332046043	19 Nov. 2017	3.75% ¹	21,400.0	0	21,400.0
Convertible bond 2011–2018 ²	XS0592528870	8 Mar. 2018	4.25%	507,094.2	-219,813.5	287,280.7
Convertible bond 2017–2024	XS1551932046	24 Jan. 2022 ³	2.00% ⁴	0.0	297,200.0	297,200.0
Corporate bond 2012–2017	AT0000A0VDP8	3 Jul. 2017	5.25%	100,000.0	0	100,000.0
IMMOFINANZ				628,494.2	77,386.5	705,880.73

¹ Held to maturity (coupon 1.25%)

² 1 certificate from the convertible bond 2018 (nominal value: EUR 4.12) entitled the bondholder to conversion into 1.2410 IMMOFINANZ shares and 0.0653 BUWOG shares as of 30 June 2017, 1 certificate from the convertible bond 2017 (nominal value: EUR 100,000.0) entitled the bondholder to conversion into 13,308.36 IMMOFINANZ shares and 722.21 BUWOG shares as of 30 June 2017

³ Maturity at put option

⁴ Coupon reduction of 0.50% upon receipt of investment grade rating

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

If dividends are paid by IMMOFINANZ or BUWOG, the conversion rights to shares in IMMOFINANZ and BUWOG are adjusted in accordance with the respective bond terms.

Adjustment of conversion rights

The legal proceedings to review the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ, which took place in 2010, were terminated through a settlement in the second quarter of 2017. The settlement resulted in the issuance of additional IMMOFINANZ shares to the former IMMOEAST shareholders. The related



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99,000 sqm rentable space

capital increase from authorised capital (for a total of 13,037,257 IMMOFINANZ shares) led to the adjustment of the conversion rights for the convertible bonds 2018 and 2024 as of 23 May 2017.

The conversion rights were also adjusted to reflect the EUR 0.06 per share dividend paid by IMMOFINANZ AG and the capital increase by BUWOG AG in the second quarter.

As of 30 June 2017 one certificate from the convertible bond 2018 (nominal value EUR 4.12) entitled the bondholder to conversion into 1.2410 IMMOFINANZ shares (31 December 2016: 1.1908) and 0.0653 BUWOG shares (31 December 2016: 0.0649).

As of 30 June 2017 one certificate from the convertible bond 2017 (nominal value EUR 100,000.0) entitled the bondholder to conversion into 13,308.36 IMMOFINANZ shares (31 December 2016: 12,909.75) and 722.21 BUWOG shares (31 December 2016: 718.10).

The conversion price of the convertible bond 2024 (nominal value EUR 100,000.0) equalled EUR 2.2937 as of 30 June 2017 (issue date: EUR 2.3933)

Calculation for the adjustment of the conversion price of the convertible bond 2018 based on the IMMOFINANZ capital increase	IMMOFINANZ (in EUR)
Input factor "CP" old conversion price	3.46
Input factor "Nn" new number of IMMOFINANZ shares	1,052,525,375.00
Input factor "No" old number of IMMOFINANZ shares	1,039,488,118.00
New conversion price = $CP \times Nn / No$	3.42
Old number of shares underlying each convertible bond 2018 certificate	1.1908
New number of shares underlying each convertible bond 2018 certificate = Old number of underlying shares / (Nn / No)	1.2047

Calculation for the adjustment of the conversion price of the convertible bond 2018 based on the IMMOFINANZ dividend (dividend payment in June 2017)	IMMOFINANZ (in EUR)
Input factor "CP" old conversion price	3.42
Input factor "M" average market price	2.03
Input factor "V" dividend	0.06
Old number of shares underlying each convertible bond 2018 certificate	1.2047
New conversion price = $CP \times (M - V) / M$ = IMMOFINANZ: $3.42 \times (2.03 - 0.06) / 2.03$	3.32
New number of shares underlying each convertible bond 2018 certificate = Old number of underlying shares / (new conversion price / old conversion price) = IMMOFINANZ: $1.1908 / (3.42 / 3.32)$	1.2410

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

Calculation for the adjustment of the conversion price of the convertible bond 2018 based on the BUWOG capital increase (May 2017)	BUWOG (in EUR)
Input factor "CP" old conversion price	3.18
Input factor "Nn" new number of BUWOG shares	112,245,164.00
Input factor "No" old number of BUWOG shares	99,773,479.00
Input factor "M" average market price	25.82
Input factor "I" issue price	24.50
New conversion price = $CP \times (Nn / No) \times 0.05 \times 0.95$	3.16
Old number of shares underlying each convertible bond 2018 certificate	0.0649
New number of shares underlying each convertible bond 2018 certificate 2018 = $0.0649 / (3.16 / 3.18)$	0.0653

Earnings, Balance Sheet and Cash Flow Analysis

General information:

- The harmonisation of the financial year with the calendar year as of 31 December 2016 resulted in the presentation of comparative data which reflect the corresponding period in the 2016 calendar year. Consequently, this data does not reflect the data previously published for the first two quarters of the abbreviated 2016 financial year (Q1-Q2 2016A), but covers the first half of the 2016 calendar year.
- The retail portfolio Moscow, which was presented as a discontinued operation for the first time in IMMOFINANZ's consolidated financial statements as of 31 December 2016, is also included in these (new) comparative figures in accordance with IFRS 5 – i.e. through the separate presentation of the retail portfolio Moscow as a discontinued operation in the consolidated income statement.

INCOME STATEMENT

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

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Rental income	114,906	115,901
Results of asset management	79,060	71,869
Results of property sales	2,045	-12,551
Results of property development	-28,931	7,349
Other operating income	5,392	9,154
Other operating expenses	-23,773	-26,010
Results of operations	33,793	49,811
Other revaluation results	1,979	-118,357
Operating profit (EBIT)	35,772	-68,546
Financial results	104,383	-57,999
Earnings before tax (EBT)	140,155	-126,545
Net profit for the period from continuing operations	113,143	-123,893
Net profit or loss from discontinued operations ¹⁾	-7,876	-119,448
Net profit or loss	105,267	-243,341

¹ Due to the planned sale or spin-off of the Russian portfolio, the earnings contribution from Russia is reported under net profit or loss from discontinued operations.

RESULTS OF ASSET MANAGEMENT

The results of asset management include rental income, other revenues, operating income and operating costs as well as the expenses directly attributable to investment property. Rental income remained stable during the first half year of 2017 at EUR 114.9 million (H1 2016: EUR 115.9 million). The decline in rental income resulting from the sale of properties was offset by completions and new rentals. Rental income rose by 1.7% to EUR 56.6 million in the office sector, but declined by 2.0% to EUR 49.1 million in the retail sector. This slight reduction resulted primarily from portfolio adjustments to the retail properties in Austria.

Revenues totalled EUR 160.1 million (H1 2016: EUR 160.3 million). The results of asset management increased by 10.0% year-on-year to EUR 79.1 million (H1 2016: EUR 71.9 million). Property expenses amounted to EUR -41.7 million (H1 2016: EUR -50.0 million) and included a decline in maintenance costs (EUR -8.8 million versus EUR -12.8 million) as well as an increase in fit-out costs for newly rented space (EUR -6.5 million versus EUR -3.0 million) following the conclusion of large-scale rental contracts. A substantial decline was also recorded in operating costs charged to building owners (EUR -6.0 million versus EUR -10.6 million).

RESULTS OF PROPERTY SALES

The results of property sales amounted to EUR 2.0 million in the first half of 2017 (H1 2016: EUR -12.6 million) and reflected the further optimisation of the portfolio. Positive foreign exchange-adjusted valuation effects on the sale of the properties in the *Gerling Quartier* were contrasted by negative effects from the sale of smaller and/or non-strategic office buildings in Austria, the Czech Republic and Poland as well as retail properties in Austria. These transactions had a combined sales volume of EUR 122.8 million (EUR 106.1 million of asset deals and EUR 16.7 million of share deals).

RESULTS OF PROPERTY DEVELOPMENT

The results of property development cover the sale of real estate inventories as well as the valuation of development projects completed in 2017 or currently in progress. In the first half of 2017, the results of property development equalled EUR -28.9 million (H1 2016: EUR 7.4 million). These results are attributable primarily to additional costs for real estate inventories in the *Gerling Quartier* as well as outstanding obligations related to the transfer, repair of deficiencies and completion of the Cologne properties.

The termination of activities in Cologne during the second quarter of 2017 had a total negative effect of EUR -17.8 million on pre-tax earnings (net effect of transaction results and the results of property development).

RESULTS OF OPERATIONS

The results of operations equalled EUR 33.8 million compared with EUR 49.8 million in the first half of 2016. Other operating expenses fell by 8.6% year-on-year to EUR -23.8 million (H1 2016: EUR -26.0 million), chiefly due to a decline in legal, auditing and consulting fees (EUR -6.0 million versus EUR -9.3 million).

REVALUATION, FINANCIAL RESULTS AND EBT

The foreign exchange-adjusted revaluation of investment property equalled EUR 3.5 million (H1 2016: EUR -93.4 million). Financial results amounted to EUR 104.4 million (H1 2016: EUR -58.0 million). Financing costs fell by 4.4% to EUR -52.2 million (H1 2016: EUR -54.6 million), above all due to the interest savings which resulted from the incentivised conversion of 43.4% of the convertible bond 2018 (coupon: 4.25%) at the beginning of the year and the issue of the new convertible bond 2024 (coupon: 2.0%). Other financial results of EUR -10.4 million (H1 2016: EUR -2.6 million) resulted chiefly from the valuation of derivatives at EUR -9.3 million and the earnings effect of EUR -12.6 million from the incentivised conversion of the convertible bond 2018. The valuation of the BUWOG shares at the market price on 30 June 2017 contributed a further EUR 9.0 million.

The share of profit/loss from equity-accounted investments amounted to EUR 164.2 million (H1 2016: EUR 1.0 million) and consisted primarily of the following: EUR 28.3 million for the proportional share of earnings from CA Immo, a valuation gain of EUR 91.9 million on the CA Immo shares, a gain of EUR 18.0 million on the sale of 4.5 million BUWOG shares and a valuation gain of EUR 25.8 million on the BUWOG shares. The book price of the CA Immo share equalled EUR 25.17 on 30 June 2017 (31 December 2016: EUR 21.02).

Earnings before tax (EBT) amounted to EUR 140.2 million in the first half of 2017 (H1 2016: EUR -126.5 million). Income tax expense equalled EUR -27.0 million for the reporting period (H1 2016: EUR 2.7 million).

RESULTS OF DISCONTINUED OPERATIONS

The results of discontinued operations totalled EUR -7.9 million and represent the discontinued core market Russia (H1 2016: EUR -119.4 million, thereof EUR -102.0 million attributable to Russia).

The rental income from Russia rose to EUR 43.4 million in the first half of 2017 (H1 2016: EUR 38.1 million), primarily due to a year-on-year improvement in the Ruble exchange rate. The occupancy rate in the five Moscow shopping centers equalled 87.1% as of 30 June 2017 (31 December 2016: 87.7%). The outstanding rents receivable in Russia amounted to EUR 6.0 million as of 30 June 2017 (31 December 2016: EUR 9.4 million).

The foreign exchange-adjusted revaluation – which represents the change in the value of the Russian investment properties in US Dollar translated into the Euro – totalled EUR 6.5 million in the first half of 2017 (H1 2016: EUR -65.9 million). The foreign exchange-based revaluation – which results from the translation of the Ruble property values in the local Russian companies – equalled EUR -21.2 million (H1 2016: EUR -113.0 million).

Financial results also include foreign exchange effects of EUR 14.0 million (H1 2016: EUR 71.8 million), which represent, more or less, a counterpart to the currency-related decrease in the value of the investment properties. This development reflects the lower value of the foreign currency liabilities in the Russian subsidiaries caused by the appreciation of the Ruble.

NET PROFIT

Net profit from continuing operations totalled EUR 113.1 million in the first half of 2017 (H1 2016: EUR -123.9 million). Net profit (including the results of discontinued operations) amounted to EUR 105.3 million (H1 2016: EUR -243.3 million). Diluted earnings per share equalled EUR 0.09 (H1 2016: EUR -0.24).

BALANCE SHEET

The condensed balance sheet is shown below:

All amounts in TEUR	30 June 2017	in %	31 Dec. 2016	in %
Investment property	3,566,402		3,531,379	
Property under construction	433,423	78.9%	379,036	80.0%
Real estate inventories	59,805		93,100	
Assets held for sale	1,481,700		1,602,428	
Other tangible assets	1,945	0.0%	2,243	0.0%
Intangible assets	25,243	0.4%	25,955	0.4%
Equity-accounted investments	649,047	9.2%	739,254	10.6%
Trade and other receivables	348,396	5.0%	414,190	5.9%
Other financial assets	131,439	1.9%	10,493	0.1%
Deferred tax assets	4,432	0.1%	4,385	0.1%
Income tax receivables	10,944	0.2%	11,626	0.2%
Cash and cash equivalents	309,997	4.4%	189,287	2.7%
ASSETS	7,022,773	100.0%	7,003,376	100.0%
Equity	2,800,080	39.9%	2,650,616	37.8%
Liabilities from convertible bonds	592,900	8.4%	530,265	7.6%
Financial liabilities	2,026,768	28.9%	2,114,794	30.2%
Trade and other payables	248,099	3.5%	270,168	3.9%
Income tax liabilities	7,903	0.1%	12,973	0.2%
Provisions	50,466	0.7%	50,773	0.7%
Deferred tax liabilities	332,449	4.7%	312,414	4.5%
Financial liabilities held for sale	964,108	13.7%	1,061,373	15.2%
EQUITY AND LIABILITIES	7,022,773	100.0%	7,003,376	100.0%

Assets totalled EUR 7.0 billion as of 30 June 2017 (31 December 2016: EUR 7.0 billion) and comprise non-current assets of EUR 5.0 billion and current assets of EUR 2.0 billion.

The value of the property portfolio amounted to EUR 5.5 billion and represented 78.9% of total assets as of 30 June 2017. These properties are reported on the balance sheet under the following positions: investment property, property under construction, real estate inventories and non-current assets held for sale. Non-current assets held for sale include properties as well as other assets which will be transferred to the buyer in the event of a sale.

The additions to investment property during the reporting period include, in particular, the acquisition of nine retail parks in Slovakia, Hungary and Romania. The additions to property under construction are related, above all, to the *trivago Campus*, *FLOAT* and *Cluster Produktionstechnik* development projects in Germany.

The investments accounted for at equity declined from EUR 739.3 million to EUR 649.0 million due to the sale of approximately 4.5 million BUWOG shares and the recognition of the remaining BUWOG shares as other financial assets. In addition to the proportional share of CA Immo results for the first six months of 2017 (EUR 28.3 million), this position also includes a revaluation gain of EUR 91.9 million on the CA Immo investment.

Cash and cash equivalents rose from EUR 189.3 million on 31 December 2016 to EUR 310.0 million on 30 June 2017. This is a result of the multi-stage refinancing programme carried out in January, which included the sale of the BUWOG shares as well as the issue of a new convertible bond with a term extending to 2024 (see the section *Financing* on page 33).

Equity totalled EUR 2.8 billion as of 30 June 2017 (31 December 2016: EUR 2.7 billion), and the equity ratio equalled 39.9% on that date (31 December 2016: 37.8%).

Liabilities totalled EUR 4.2 billion (31 December 2016: EUR 4.4 billion). The non-current component equalled EUR 1.9 billion and the current component EUR 2.3 billion.

CASH FLOW STATEMENT

The condensed cash flow statement is presented below:

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Gross cash flow after tax	67,159	54,240
Cash flow from operating activities	44,450	43,383
Cash flow from investing activities	102,364	416,175
Cash flow from financing activities	-30,250	-352,273

Gross cash flow totalled EUR 67.2 million, compared with EUR 54.2 million in the first half of 2016. Cash flow from operating activities amounted to EUR 44.5 million (H1 2016: EUR 43.4 million).

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

All amounts in TEUR	Q1-2 2017	Q1-2 2016	Change	Change in %
Gross cash flow before tax	87,059	70,283	16,776	23.9%
Gross cash flow before tax from discontinued operations	-27,818	-22,619	-5,199	23.0%
Gross cash flow before tax from continuing operations	59,241	47,664	11,577	24.3%
Ancillary costs for property sales (included in gross cash flow, recognised through profit or loss)	2,473	2,752	-279	-10.1%
Results of property development (included in gross cash flow, recognised through profit or loss)	-540	8,831	-9,371	n.a.
Dividends received from equity-accounted investments	1,666	0	1,666	n.a.
Economic interest in FFO I of the CA Immo Group ¹	15,491	0	15,491	n.a.
Interest and dividends received from financial instruments	1,334	3,773	-2,439	-64.6%
Interest paid	-29,792	-40,310	10,518	26.1%
Derivatives	-6,552	-12,378	5,826	47.1%
FFO 1	43,321	10,332	32,989	≥ +100.0%
Results of property sales	2,045	-12,551	14,596	n.a.
FFO 2	45,366	-2,219	47,585	n.a.

¹ The economic interest in the CA Immo Group is based on the investment held by IMMOFINANZ in relation to the number of CA Immo shares outstanding over a six-month period – similar to the recognition of the net profit or loss from equity-accounted investments.

EPRA INDICATORS

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

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

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

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

The calculation of the EPRA NAV and EPRA NNNAV as of 30 June 2017 also included diluting effects that could result from the conversion of the IMMOFINANZ convertible bond 2018. These effects were included for the first time because the convertible bond 2018 was "in the money" as of 30 June 2017 and rational investors can therefore be expected to convert their bond certificates.

The number of shares underlying the calculation of the EPRA NAV per share and the EPRA NNNAV per share rose by 17.6% to 1,135,458,215 as of 30 June 2017. This increase resulted from the incentivised conversion of the convertible bond 2018 (+6.6%) and the issue of 13,037,257 shares from a capital increase from authorised capital for the settlement of the legal proceedings to review the exchange ratio applied to the merger of IMMOEAST and IMMOFINANZ (+3.1%). The repurchase of shares reduced the relevant number of shares by 1.1%. The hypothetical conversion of the convertible bond 2018 resulted in a potential increase of 86.5 million shares (9.0%).

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

	30 June 2017		31 December 2016	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	2,723,317		2,660,300	
Diluting effects of convertible bond 2018	196,630		0	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	2,919,947		2,660,300	
Undisclosed reserves in the investment in the CA Immo Group	34,163			
Undisclosed reserves in real estate inventories	338		336	
Fair value of derivative financial instruments	13,598		30,455	
Deferred taxes on investment property	408,875		421,067	
Deferred taxes on real estate inventories and derivative financial instruments	-2,928		-7,032	
Goodwill excl. deferred taxes	-82,971		-90,935	
Number of shares excl. treasury shares (in 1,000)		1,048,925		965,956
Potential shares (in 1,000)		86,533		
EPRA NAV	3,291,021	2.90	3,014,190	3.12
Fair value of derivative financial instruments	-13,598		-30,455	
Effect of fair value measurement of financial liabilities	20,171		-38,757	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	-1,741		16,476	
Deferred taxes on investment property	-86,533		-93,596	
EPRA NNNAV	3,209,320	2.83	2,867,859	2.97

The EPRA net asset value rose by 9.2% to EUR 3.3 billion. The higher number of shares and the potential dilution through the convertible bond 2018 led to a decline in the EPRA NAV per share to EUR 2.90 (31 December 2016: EUR 3.12). The EPRA triple net asset value rose by 11.9% to EUR 3.2 billion, and the triple NAV per share fell from EUR 2.97 to EUR 2.83 as of 30 June 2017.

EPRA EARNINGS PER SHARE

The calculation of EPRA earnings per share as of 30 June 2017 and 30 June 2016 was based on the weighted average number of shares outstanding and included the new shares issued for the IMMOEAST settlement. In accordance with IAS 33, the settlement led to the retroactive adjustment of earnings per share for the first half of 2016. The weighted average number of shares was multiplied by a factor of 1.029 in each case. This factor reflects the ratio of the number of shares outstanding after (1,052,525,375 shares) and before (1,022,540,069 shares) the payment of the settlement.

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Weighted average number of shares	1,024,446	997,330
Net profit or loss from continuing operations excl. non-controlling interests	115,538	-128,934
Revaluation of investment properties and development properties	-11,485	70,863
Results of property sales	-2,045	12,550
Goodwill impairment, negative differences and earn-out effects on income	733	25,188
Changes in fair value of financial instruments	-2,856	8,293
Taxes in respect of EPRA adjustments	1,380	-10,972
EPRA adjustment in respect of joint ventures and non-controlling interests	1,657	-1,258
EPRA earnings	102,923	-24,269
EPRA earnings per share	0.10	-0.02
Company specific adjustments		
Result from deconsolidation of BUWOG AG	-25,841	0
Result from incentivised conversion of the convertible bond 2018	12,580	0
Foreign exchange gains and losses	-22	5,912
Reversal of impairment CA Immo Group	-91,850	0
Deferred tax in respect of the company specific adjustments	3,041	-1,265
Company-specific adjusted earnings	830	-19,622
EPRA earnings per share after company-specific adjustments	0.001	-0.020

The EPRA earnings per share equalled EUR 0.10 in the first half of 2017 and EUR 0.001 after company-specific adjustments

EPRA NET INITIAL YIELD

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Investment property	4,825,684	5,161,149
Investment property - proportional share of joint ventures	44,498	53,874
Less undeveloped land	-209,919	-203,321
Less logistics portfolio	0	-29,159
Less Russian portfolio	-976,410	-1,125,500
Less undeveloped land - proportional share of joint ventures	-1,958	-6,874
Total property portfolio	3,681,895	3,850,170
Allowance for estimated purchasers' costs	66,274	69,303
Gross value of total property portfolio	3,748,169	3,919,473
Annualised cash rental income	229,535	237,743
Annualised cash rental income - proportional share of joint ventures	1,729	1,369
Non-recoverable property operating expenses	-37,819	-48,364
Non-recoverable property operating expenses - proportional share of joint ventures	-56	-82
Annualised net rental income	193,389	190,666
EPRA NIY	5.2%	4.9%

The EPRA net initial yield improved from 4.9% in the first half of 2016 to 5.2% in the first half of 2017.

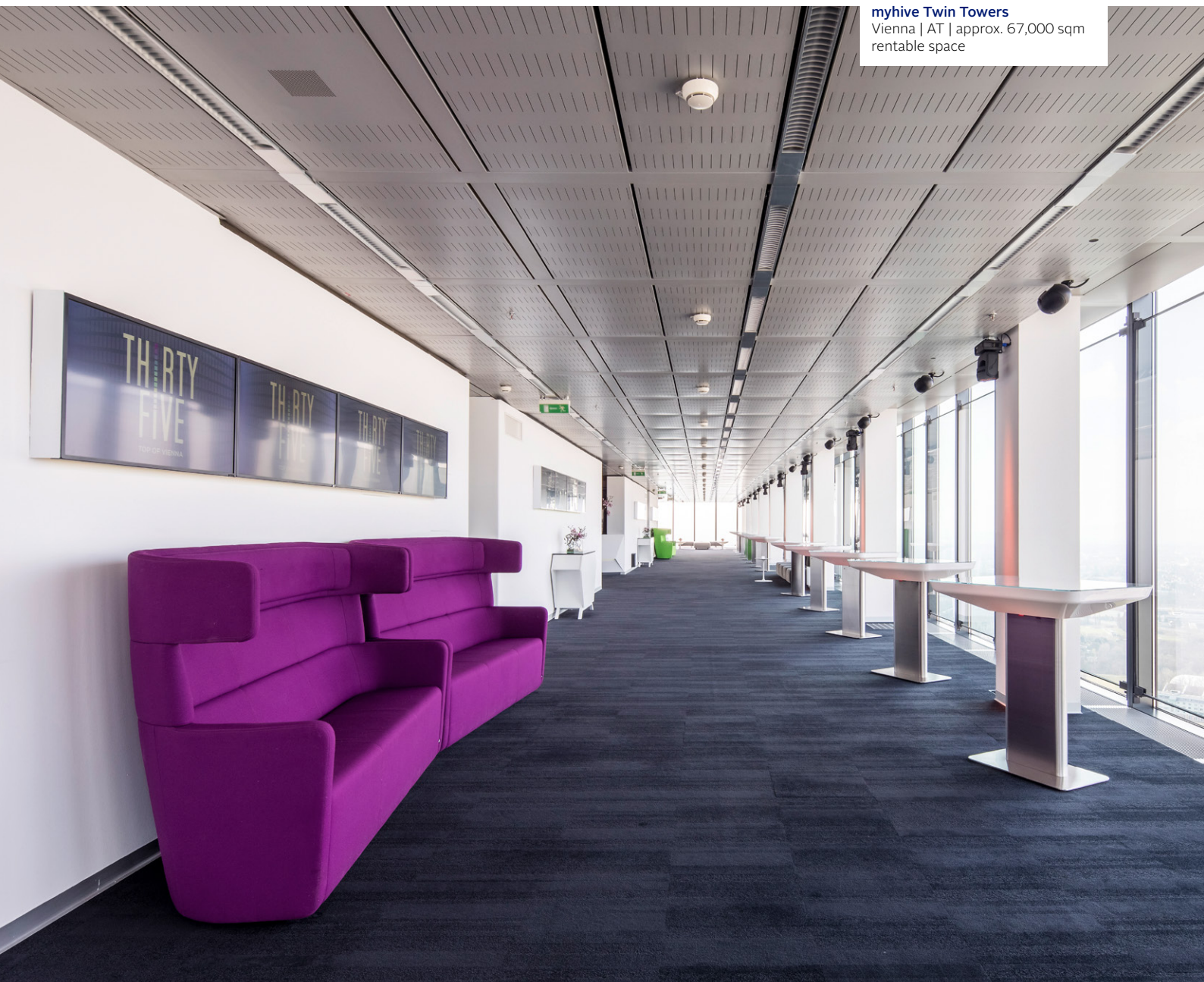
Risk Report

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.

***No major changes
in risks during the
first half-year***

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 the 2017 financial year shows no major changes compared with the abbreviated 2016 financial year.

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



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

RISKS IN THE FIRST HALF OF 2017

MARKET RISK AND PROPERTY-SPECIFIC RISKS

The risks arising from the composition of the portfolio and from rentals, project development, property transactions and property valuation are, in total, generally unchanged compared with the abbreviated 2016 financial year.

The development projects current under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 433.4 million (31 December 2016: EUR 379.0 million), and the real estate inventories have a total carrying amount of EUR 59.8 million (31 December 2016: EUR 93.1 million). The outstanding construction costs totalled EUR 194.7 million as of 30 June 2017 (31 December 2016: EUR 280.8 million).

RISKS RELATED TO THE DISCONTINUED OPERATIONS IN RUSSIA

The five shopping centers in Russia are subject to different market dynamics and have a different risk profile than the rest of IMMOFINANZ's property portfolio. Plans therefore call for the sale or spin-off of these properties before the planned merger with CA Immo. This step is expected to follow during the 2017 financial year and is connected with financial risks (see note 7.2 in the consolidated financial statements of the annual report 2016A for additional information).

BUSINESS AND OTHER RISKS

IMMOFINANZ is also exposed to other risks in connection with its business activities. These legal, compliance, environmental, tax, information security and human resources risks generally remained unchanged in comparison with the abbreviated 2016 financial year.

IMMOFINANZ held approx. 4.7 million shares of BUWOG AG as of 30 June 2017, which are reserved for the possible servicing of the convertible bonds 2017 and 2018. IMMOFINANZ also holds 25,690,163 bearer shares and four registered shares of CA Immobilien Anlagen AG, which represent an investment of roughly 26% in that company.

The planned merger with CA Immo is connected with strategic, financial and operational risks. As a property investor and developer, CA Immo is exposed to the full range of risks arising from the purchase, development, management and sale of properties.

BUWOG and CA Immo shares are listed in the Prime Segment of the Vienna Stock Exchange and are therefore exposed to market price risks.

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

Vienna, 25 August 2017



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO



myhive Greenpoint 7
Budapest | HU | approx.
16,000 sqm rentable space

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Consolidated Balance Sheet

All amounts in TEUR	Notes	30 6 2017	31 12 2016
Investment property	4.1	3,566,402	3,531,379
Property under construction	4.2	433,423	379,036
Other tangible assets		1,945	2,243
Intangible assets		25,243	25,955
Equity-accounted investments	4.3	649,047	739,254
Trade and other receivables	4.4	203,712	210,014
Other financial assets		131,216	10,493
Deferred tax assets		4,432	4,385
Non-current assets		5,015,420	4,902,759
Trade and other receivables	4.4	144,684	204,176
Income tax receivables		10,944	11,626
Other financial assets		223	0
Assets held for sale	4.5	1,481,700	1,602,428
Real estate inventories		59,805	93,100
Cash and cash equivalents		309,997	189,287
Current assets		2,007,353	2,100,617
Assets		7,022,773	7,003,376
Share capital	4.6	1,052,525	975,956
Capital reserves	4.6	3,375,530	3,353,263
Treasury shares	4.6	-7,239	-18,214
Accumulated other equity		-644,602	-631,163
Retained earnings		-974,741	-1,019,542
Equity attributable to owners of IMMOFINANZ AG		2,801,473	2,660,300
Non-controlling interests		-1,393	-9,684
Equity		2,800,080	2,650,616
Liabilities from convertible bonds	4.7	273,359	497,031
Financial liabilities	4.8	1,291,059	1,406,783
Trade and other payables	4.9	40,181	49,312
Provisions		2,231	2,877
Deferred tax liabilities		332,449	312,414
Non-current liabilities		1,939,279	2,268,417
Liabilities from convertible bonds	4.7	319,541	33,234
Financial liabilities	4.8	735,709	708,011
Trade and other payables	4.9	207,918	220,856
Income tax liabilities		7,903	12,973
Provisions		48,235	47,896
Liabilities held for sale	4.5	964,108	1,061,373
Current liabilities		2,283,414	2,084,343
Equity and liabilities		7,022,773	7,003,376

Consolidated Income Statement

All amounts in TEUR	Notes	Q2 2017	Q1-2 2017	Q2 2016	Q1-2 2016
Rental income	5.1	57,798	114,906	57,696	115,901
Operating costs charged to tenants		21,505	41,710	19,354	40,812
Other revenues		1,711	3,504	1,996	3,545
Revenues		81,014	160,120	79,046	160,258
Expenses from investment property	5.2	-21,252	-41,675	-29,850	-49,960
Operating expenses		-20,175	-39,385	-18,272	-38,429
Results of asset management		39,587	79,060	30,924	71,869
Proceeds from the sale of properties	5.3	93,000	106,101	43,679	51,325
Carrying amount of sold properties		-93,000	-106,101	-43,679	-51,325
Results from deconsolidation	2.2	10,564	8,013	749	916
Expenses from property sales		-1,898	-2,777	-1,477	-2,752
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	5.7	-1,004	-5,526	-12,645	-11,558
Results of property sales before foreign exchange effects		7,662	-290	-13,373	-13,394
Revaluation of properties sold and held for sale resulting from foreign exchange effects	5.7	349	2,335	343	843
Results of property sales		8,011	2,045	-13,030	-12,551
Proceeds from the sale of real estate inventories		10,068	21,908	12,186	27,147
Cost of real estate inventories sold		-7,267	-17,776	-12,980	-27,198
Expenses from real estate inventories	5.4	-30,070	-39,687	1,575	-8,654
Expenses from real estate development		628	-2,149	-4,416	-6,252
Revaluation of properties under construction adjusted for foreign exchange effects	5.7	3,578	8,881	-16,814	22,067
Results of property development before foreign exchange effects		-23,063	-28,823	-20,449	7,110
Revaluation of properties under construction resulting from foreign exchange effects	5.7	-116	-108	53	239
Results of property development	5.4	-23,179	-28,931	-20,396	7,349
Other operating income	5.5	4,298	5,392	6,924	9,154
Other operating expenses	5.6	-12,677	-23,773	-11,772	-26,010
Results of operations		16,040	33,793	-7,350	49,811
Revaluation of investment properties adjusted for foreign exchange effects	5.7	6,650	3,522	17,451	-93,412
Revaluation of investment properties resulting from foreign exchange effects	5.7	-337	-810	-332	243
Goodwill impairment		-521	-733	-962	-25,188
Other revaluation results		5,792	1,979	16,157	-118,357
Operating profit (EBIT)		21,832	35,772	8,807	-68,546
Financing costs	5.8	-25,465	-52,203	-25,638	-54,590
Financing income	5.8	1,508	2,770	2,015	4,150
Foreign exchange differences		26	21	3,554	-5,912
Other financial results	5.8	5,257	-10,375	-19,934	-2,595
Net profit or loss from equity-accounted investments	4.3	30,044	164,170	19,263	948
Financial results	5.8	11,370	104,383	-20,740	-57,999
Earnings before tax (EBT)		33,202	140,155	-11,933	-126,545
Current income tax		-2,999	-7,184	-6,069	-20,940
Deferred tax		-18,760	-19,828	33,394	23,592
Net profit or loss from continuing operations		11,443	113,143	15,392	-123,893
Net profit or loss from discontinued operations	2.3	13,124	-7,876	-18,034	-119,448
Net profit or loss		24,567	105,267	-2,642	-243,341
Thereof attributable to owners of IMMOFINANZ AG		26,388	107,662	-2,133	-243,130
Thereof attributable to non-controlling interests		-1,821	-2,395	-509	-211
Basic earnings per share in EUR		0.027	0.11	0.00	-0.24
Net profit or loss from continuing operations per share in EUR		0.015	0.11	0.02	-0.12
Net profit or loss from discontinued operations per share in EUR		0.012	-0.01	-0.02	-0.12
Diluted earnings per share in EUR		0.026	0.09	0.00	-0.24
Net profit or loss from continuing operations per share in EUR		0.015	0.10	0.02	-0.12
Net profit or loss from discontinued operations per share in EUR		0.010	-0.01	-0.02	-0.12

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	Q2 2017	Q1-2 2017	Q2 2016	Q1-2 2016
Net profit or loss		24,567	105,267	-2,642	-243,341
Other comprehensive income (reclassifiable)					
Measurement of available-for-sale financial instruments		0	0	0	-5
Thereof changes during the financial year		0	0	0	3
Thereof reclassification to profit or loss		0	0	0	-9
Thereof income taxes		0	0	0	-1
Thereof reclassification of deferred taxes to profit or loss		0	0	0	2
Currency translation adjustment		-26,801	-18,561	5,023	23,301
Thereof changes during the financial year		-16,337	-10,665	5,251	13,195
Thereof reclassification to profit or loss	2.2	-10,464	-7,896	-228	10,106
Other comprehensive income from equity-accounted investments	4.3	3,035	3,211	34	63
Thereof changes during the financial year		3,284	3,506	37	-1
Thereof reclassification to profit or loss		0	0	-3	64
Thereof income taxes		-249	-295	0	0
Total other comprehensive income (reclassifiable)		-23,766	-15,350	5,057	23,359
Other comprehensive income (not reclassifiable)					
Other comprehensive income from equity-accounted investments	4.3	72	72	82	82
Thereof changes during the financial year		106	106	86	86
Thereof income taxes		-34	-34	-4	-4
Total other comprehensive income (not reclassifiable)		72	72	82	82
Total other comprehensive income after tax		-23,694	-15,278	5,139	23,441
Total comprehensive income		873	89,989	2,497	-219,900
Thereof attributable to owners of IMMOFINANZ AG		5,107	94,223	3,552	-218,845
Thereof attributable to non-controlling interests		-4,234	-4,234	-1,055	-1,055

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	Q1-2 2017	Q1-2 2016
Earnings before tax (EBT)		140,155	-126,545
Earnings before tax (EBT) from discontinued operations	2.3	-4,907	-144,828
Revaluations of investment properties	2.3 / 5.7	6,319	259,252
Goodwill impairment		5,831	44,878
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.4	38,245	6,439
Write-downs and write-ups on receivables and other assets		1,171	1,485
Net profit or loss from equity-accounted investments	4.3	-164,171	-948
Foreign exchange differences and fair value measurement of financial instruments		-4,631	-31,515
Net interest income/expense		77,135	77,963
Results from deconsolidation	2.2	-8,012	8,596
Other non-cash income/expense/reclassifications		-76	-24,494
Gross cash flow before tax		87,059	70,283
Income taxes paid		-19,900	-16,043
Gross cash flow after tax		67,159	54,240
Change in real estate inventories		-5,920	5,275
Change in trade and other receivables		7,656	36,715
Change in trade payables and other liabilities		-16,427	3,672
Change in provisions		-8,018	-56,519
Cash flow from operating activities		44,450	43,383
Acquisition of investment property and property under construction		-157,754	-101,310
Business combinations and other acquisitions, net of cash and cash equivalents		0	-192
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents		0	248,503
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents		17,501	-3,965
Acquisition of other assets		-19,057	-3,312
Disposal of investment property and property under construction		134,191	67,111
Disposal of other non-current assets		9,095	19,416
Disposal of equity-accounted investments and cash flows from other net investment positions		98,689	186,151
Dividends received from equity-accounted investments	4.3	18,365	0
Interest or dividends received from financial instruments		1,334	3,773
Cash flow from investing activities		102,364	416,175
Increase in financial liabilities		401,588	123,343
Proceeds from the issue of convertible bonds less transaction costs	4.7	294,972	0
Repayment of financial liabilities		-485,411	-375,872
Redemption of convertible bonds		0	-1,353
Transaction costs from the issue of shares (settlement of the legal proceedings over the review of the exchange ratio)	4.6	-203	0
Incentivised conversion of convertible bonds plus transaction costs	4.7	-112,934	0
Derivatives		-6,552	-13,256
Interest paid		-57,437	-66,921
Distributions	4.6	-63,152	0
Transactions with non-controlling interest owners		19,211	0
Share buyback	4.6	-20,332	-18,214
Cash flow from financing activities		-30,250	-352,273
Net foreign exchange differences		-791	-1,026
Change in cash and cash equivalents		115,773	106,259
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		189,287	261,366
Plus cash and cash equivalents in discontinued operations and disposal groups		16,941	24,097
Cash and cash equivalents at the beginning of the period		206,228	285,463
Cash and cash equivalents at the end of the period		322,001	391,722
Less cash and cash equivalents in discontinued operations and disposal groups	4.5	12,004	11,684
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		309,997	380,038

Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 31 December 2016		975,956	3,353,263	-18,214
Other comprehensive income	4.6			
Net profit or loss				
Total comprehensive income				
Share buyback	4.6			-20,331
Issue of shares (incentivised conversion of convertible bond 2011–2018)	4.6	63,532	45,108	
Issue of convertible bond 2017–2024	4.6		21,655	
Settlement of the legal proceedings over the review of the exchange ratio applied in the merger of IMMOEAST and IMMOFINANZ	4.6	13,037	-44,496	31,306
Distributions	4.6			
Transactions with non-controlling interest owners				
Balance on 30 June 2017		1,052,525	3,375,530	-7,239
Balance on 31 December 2015		1,114,172	3,473,570	-258,523
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Share buyback				-18,214
Withdrawal of treasury shares		-97,238	-161,285	258,523
Increase in share capital from internal funds		1,800,000	-1,800,000	
Ordinary capital decrease		-1,840,978	1,840,978	
Disposal of non-controlling interests				
Balance on 30 June 2016		975,956	3,353,263	-18,214

Accumulated other equity							
	AFS reserve	IAS 19 reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	-783	-461	-629,919	-1,019,542	2,660,300	-9,684	2,650,616
	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
	5	-532	-656,786	-540,521	3,131,385	-4,882	3,126,503
	-5	82	24,208		24,285	-844	23,441
				-243,130	-243,130	-211	-243,341
	-5	82	24,208	-243,130	-218,845	-1,055	-219,900
					-18,214		-18,214
					0		0
					0		0
					0		0
			-9		-9	1	-8
	0	-450	-632,587	-783,651	2,894,317	-5,936	2,888,381

NOTES

1. Basis of Preparation

The consolidated interim financial statements of IMMOFINANZ as of 30 June 2017 were prepared for the six-month period from 1 January 2017 to 30 June 2017 (H1 2017) 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 2016, which form the basis for these consolidated interim financial statements.

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 INTERPRETATIONEN

No new or amended standards required mandatory application in the first half of 2017, and there were no voluntary first-time applications.

1.2 STANDARDS AND INTERPRETATIONS APPLICABLE IN THE FUTURE

IFRS 9: Financial Instruments

IFRS 9 will replace the current rules defined by IAS 39 for the recognition and measurement of financial instruments as of 1 January 2018. IMMOFINANZ did not apply IFRS 9 prematurely. The effects of the initial application were analysed during the first half of 2017 and do not lead to expectations of any material effects on the consolidated financial statements of IMMOFINANZ AG from the new classification of financial instruments or the changed impairment model.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 will replace the current rules for revenue recognition defined by IAS 18, IAS 11 and the related interpretations as of 1 January 2018. IMMOFINANZ did not apply IFRS 15 prematurely. Based on the expected reduction of real estate inventories by year-end 2017 (see section 8), it can be assumed that a changeover from the recognition of revenue on apartment developments and sales from a specific point in time to recognition over time will not result in any material effects to the reported amounts. The analyses carried out during the first half of 2017 do not lead to expectations of any material effects on the consolidated financial statements of IMMOFINANZ AG from the sale of investment properties or from service contracts and any supplementary agreements in rental contracts.

IFRS 16: Leasing

IFRS 16 will replace the current rules for the accounting treatment of leases (above all by the lessee) as of 1 January 2019; endorsement by the EU is expected in the fourth quarter of 2017. IMMOFINANZ is currently evaluating the early application of IFRS 16 in the 2018 financial year. IMMOFINANZ is a lessee in connection with rights-of-use assets (building rights, leasehold rights), in particular, in Russia, Poland and Germany. These rights-of-use assets are to be accounted for separately as defined by IFRS 16 and presented as part of investment property, and a corresponding lease liability is to be recognised at the same time. Any effects thereof are currently being evaluated. The analyses carried out in the first half of 2017 also indicated that the scope of other assets used under operating lease contracts (individual offices, automobiles and miscellaneous office and

operating equipment) is not material. The initial application of this new standard is not expected to have any material effects on the consolidated financial statements of IMMOFINANZ AG in connection with lessor accounting.

1.3 CHANGE IN COMPARATIVE INFORMATION

The comparative figures are based on the corresponding period in the 2016 calendar year and, consequently, do not reflect the figures previously published for the first half of the previous abbreviated 2016 financial year (H1 2016A). The retail portfolio Moscow, which was presented as a discontinued operation for the first time in IMMOFINANZ's consolidated financial statements as of 31 December 2016, is also included in these (new) comparative figures in accordance with IFRS 5 – i.e. through the separate presentation of the retail portfolio Moscow as a discontinued operation (see section 2.3) in the consolidated income statement.

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 2017:

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 31 December 2016	488	11	13	512
Companies initially included				
New foundations	2	0	1	3
Companies no longer included				
Sales	-6	-1	0	-7
Loss of significant influence with retention of investment (see 4.3)	0	0	-1	-1
Mergers	-9	0	0	-9
Liquidations	-5	0	0	-5
Balance on 30 June 2017	470	10	13	493
Thereof foreign companies	279	7	6	292
Thereof in liquidation	68	1	0	69
Thereof intragroup merger resolution adopted	1	0	0	1

Of the companies currently in liquidation, 40 are attributable to a group of companies referred to as the "Leintuch" taken over from Constantia Packaging B.V. as part of agreements reached during the 2010/11 financial year.

2.2 SALE AND LIQUIDATION OF SUBSIDIARIES

The effects on the balance sheet items as well as the result from deconsolidation are summarised in the following table:

All amounts in TEUR	Q1-2 2017
Receivables and other assets	25
Deferred tax assets	34
Assets held for sale	16,725
Cash and cash equivalents held for sale	258
Cash and cash equivalents	55
Trade payables	-1
Other liabilities	-62
Deferred tax liabilities	-42
Liabilities held for sale	-415
Net assets sold	16,577
Consideration received in cash and cash equivalents	14,197
Outstanding purchase price receivables	2,489
Less net assets sold	-16,577
Less non-controlling interests	7
Reclassification of foreign exchange differences to profit or loss	7,897
Results from deconsolidation	8,013
Consideration received in cash and cash equivalents	14,197
Less cash and cash equivalents sold	-313
Net inflow of cash and cash equivalents	13,884

2.3 DISCONTINUED OPERATIONS

On 19 December 2016 the Executive Board and Supervisory Board of IMMOFINANZ approved the company's exit from the previous core market Russia. The five Russian shopping centers (with roughly 280,000 sqm of rentable space and a combined carrying amount of EUR 976.4 million as of 30 June 2017 (31 December 2016: EUR 1,024.1 million) together with the related service companies (the retail portfolio Moscow) have therefore been presented as a discontinued operation since that date in accordance with IFRS 5. This decision by IMMOFINANZ reflects the fact that the shopping centers in Moscow are characterised by different market dynamics than the other portfolio properties and, consequently, have a negative effect on the Group's risk profile. The exit from the former core market Russia also represents a necessary step towards the planned merger of IMMOFINANZ and the CA Immo Group. The final decision concerning the transactional structure (share deal, asset deals or spin-off of the retail portfolio Moscow) will be taken in the ongoing structured sales process; IMMOFINANZ currently assumes a share deal.

All of the assets and liabilities attributable to the retail portfolio Moscow are reported on the consolidated balance sheet as of 30 June 2017 under "assets held for sale" or "liabilities held for sale" (see section 4.5). On the consolidated income statement, the net profit or loss (after tax) from the retail portfolio Moscow are presented as a separate line for the first half of 2017 and the comparative period (see section 1.2). The closing has to result in the reclassification of cumulative currency translation adjustments in profit or loss (see section 4.5) – the functional currency of the retail portfolio Moscow is the Ruble.

The comparative figures reported for the net profit or loss from discontinued operations on the consolidated income statement also include results from the sale of the logistics portfolio, which was concluded during the abbreviated 2016 financial year.

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

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Net profit or loss retail portfolio Moscow	-7,876	-101,949
Net profit or loss logistics portfolio	0	-17,499
Net profit or loss from discontinued operations	-7,876	-119,448

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 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Rental income	43,363	38,075	0	3,441
Operating costs charged to tenants	9,195	9,827	0	1,031
Other revenues	896	484	0	3
Revenues	53,454	48,384	0	4,474
Expenses from investment property	-14,401	-12,381	0	-3,905
Operating expenses	-8,879	-9,439	0	-1,335
Results of asset management	30,174	26,564	0	-766
Proceeds from the sale of properties	0	0	0	34,616
Carrying amount of sold properties	0	0	0	-34,616
Results of property sales	0	0	0	0
Expenses from property development and inventories	-21	-87	0	-417
Revaluation of properties under construction adjusted for foreign exchange effects	0	0	0	152
Results of property development	-21	-87	0	-265
Other operating income	483	149	0	248
Other operating expenses	-2,150	-2,373	0	-1,575
Results of operations	28,486	24,253	0	-2,358
Revaluation of investment properties adjusted for foreign exchange effects	6,539	-65,919	0	445
Revaluation of investment properties resulting from foreign exchange effects	-21,153	-113,034	0	683
Goodwill impairment	-5,098	-15,307	0	0
Other revaluation results	-19,712	-194,260	0	1,128
Operating profit (EBIT)	8,774	-170,007	0	-1,230
Financing costs	-27,704	-26,909	0	-631
Financing income	6	11	0	4
Foreign exchange differences	14,017	71,792	0	-1,957
Other financial results	0	0	0	-960
Financial results	-13,681	44,894	0	-3,544
Earnings before tax (EBT)	-4,907	-125,113	0	-4,774
Current income tax	-2,492	-757	0	-239
Deferred tax	-477	23,921	0	2,455
Earnings from discontinued operations	-7,876	-101,949	0	-2,558
Loss from fair value measurement less costs to sell	0	0	0	-5,429
Loss from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	0	0	0	-9,512
Subsequent purchase-price-adjustment effects on income	0	0	0	0
Net profit or loss from discontinued operations	-7,876	-101,949	0	-17,499
Thereof attributable to owners of IMMOFINANZ AG	-7,876	-101,949	0	-17,499

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

All amounts in TEUR	Retail portfolio Moscow		Logistics portfolio	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Cash flow from operating activities	13,644	57,514	0	3,441
Cash flow from investing activities	-824	-1,978	0	-5,239
Cash flow from financing activities	-37,359	-56,278	0	-2,003
Net cash flow from discontinued operations	-24,539	-742	0	-3,801

3. Information on Operating Segments

The following information on the reportable segments of IMMOFINANZ is based on the continuing operations and therefore excludes the retail portfolio Moscow and the logistics portfolio. Segment assets also include investment property held for sale.

All amounts in TEUR	Austria		Germany	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Office	15,998	17,779	3,414	1,940
Retail	8,116	11,589	268	282
Other	3,026	3,391	1,222	1,575
Rental income	27,140	32,759	4,904	3,797
Operating costs charged to tenants	5,468	6,970	1,505	620
Other revenues	1,277	928	4	78
Revenues	33,885	40,657	6,413	4,495
Expenses from investment property	-15,659	-19,438	-2,271	-3,636
Operating expenses	-5,342	-6,866	-1,493	-508
Results of asset management	12,884	14,353	2,649	351
Proceeds from the sale of properties	58,437	46,176	47,045	0
Carrying amount of sold properties	-58,437	-46,176	-47,045	0
Results from deconsolidation	23	-18	0	0
Expenses from property sales	-2,107	-945	-344	-114
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-4,735	3,784	4,735	0
Results of property sales before foreign exchange effects	-6,819	2,821	4,391	-114
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-6,819	2,821	4,391	-114
Proceeds from the sale of real estate inventories	0	18	19,909	15,375
Cost of real estate inventories sold	0	0	-16,091	-17,032
Expenses from real estate inventories	-255	0	-39,138	-6,522
Expenses from real estate development	-436	-87	-168	-4,305
Revaluation of properties under construction adjusted for foreign exchange effects	-4,377	-858	20,651	29,825
Results of property development before foreign exchange effects	-5,068	-927	-14,837	17,341
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-5,068	-927	-14,837	17,341
Other operating income	443	554	109	236
Other operating expenses	-1,357	-394	-2,016	-642
Results of operations	83	16,407	-9,704	17,172
Revaluation of investment properties adjusted for foreign exchange effects	-385	37,735	73	-7,132
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	0	0	0	0
Other revaluation results	-385	37,735	73	-7,132
Operating profit (EBIT)	-302	54,142	-9,631	10,040
	30 6 2017	31 12 2016	30 6 2017	31 12 2016
Investment property	880,430	918,004	40,330	65,600
Property under construction	30,020	34,000	308,340	237,700
Goodwill	0	0	0	0
Investment properties held for sale	38,086	73,470	143,468	152,565
Real estate inventories	0	255	52,180	83,543
Segment assets	948,536	1,025,729	544,318	539,408
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Segment investments	3,921	4,118	49,855	51,532

All amounts in TEUR	Poland		Czech Republic	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Office	13,334	12,748	5,560	6,786
Retail	6,295	6,376	5,124	4,843
Other	1,546	1,541	514	735
Rental income	21,175	20,665	11,198	12,364
Operating costs charged to tenants	10,336	9,373	3,470	3,860
Other revenues	922	867	88	95
Revenues	32,433	30,905	14,756	16,319
Expenses from investment property	-8,556	-7,288	-2,848	-4,074
Operating expenses	-9,681	-8,865	-3,393	-3,759
Results of asset management	14,196	14,752	8,515	8,486
Proceeds from the sale of properties	0	0	0	0
Carrying amount of sold properties	0	0	0	0
Results from deconsolidation	-2,400	251	95	86
Expenses from property sales	47	-807	-425	-159
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-3,123	-16,055	-1,837	0
Results of property sales before foreign exchange effects	-5,476	-16,611	-2,167	-73
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-5,476	-16,611	-2,167	-73
Proceeds from the sale of real estate inventories	1,665	7,303	0	0
Cost of real estate inventories sold	-1,522	-6,196	0	0
Expenses from real estate inventories	-121	-532	0	0
Expenses from real estate development	-532	-988	-232	-77
Revaluation of properties under construction adjusted for foreign exchange effects	-159	-14,333	0	-970
Results of property development before foreign exchange effects	-669	-14,746	-232	-1,047
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-669	-14,746	-232	-1,047
Other operating income	103	3,790	1,205	527
Other operating expenses	-1,513	-1,894	-741	-988
Results of operations	6,641	-14,709	6,580	6,905
Revaluation of investment properties adjusted for foreign exchange effects	-10,224	-10,500	6,127	-11,597
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	-554	-334	-99	-12,118
Other revaluation results	-10,778	-10,834	6,028	-23,715
Operating profit (EBIT)	-4,137	-25,543	12,608	-16,810
	30 6 2017	31 12 2016	30 6 2017	31 12 2016
Investment property	588,723	598,910	385,000	375,610
Property under construction	16,080	5,767	0	20,920
Goodwill	32	586	7,530	7,629
Investment properties held for sale	142,320	141,760	19,083	0
Real estate inventories	6,066	7,581	0	0
Segment assets	753,221	754,604	411,613	404,159
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Segment investments	11,324	5,111	2,607	705

All amounts in TEUR	Slovakia		Hungary	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Office	977	756	7,069	6,228
Retail	6,711	6,417	6,464	6,077
Other	160	129	559	502
Rental income	7,848	7,302	14,092	12,807
Operating costs charged to tenants	4,165	4,465	5,222	5,370
Other revenues	104	255	86	162
Revenues	12,117	12,022	19,400	18,339
Expenses from investment property	-2,004	-3,642	-3,806	-3,945
Operating expenses	-3,451	-3,882	-5,084	-4,864
Results of asset management	6,662	4,498	10,510	9,530
Proceeds from the sale of properties	0	0	0	0
Carrying amount of sold properties	0	0	0	0
Results from deconsolidation	0	-100	0	-4
Expenses from property sales	-34	-7	-95	-58
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	0	0	0	0
Results of property sales before foreign exchange effects	-34	-107	-95	-62
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-34	-107	-95	-62
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	-59	168	-124	-66
Revaluation of properties under construction adjusted for foreign exchange effects	-933	4,905	0	265
Results of property development before foreign exchange effects	-992	5,073	-124	199
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-992	5,073	-124	199
Other operating income	75	294	10	209
Other operating expenses	-650	-903	-702	579
Results of operations	5,061	8,855	9,599	10,455
Revaluation of investment properties adjusted for foreign exchange effects	4,066	-23,289	9,128	14,528
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment	-25	-531	0	-2,462
Other revaluation results	4,041	-23,820	9,128	12,066
Operating profit (EBIT)	9,102	-14,965	18,727	22,521
	30 6 2017	31 12 2016	30 6 2017	31 12 2016
Investment property	267,020	201,980	496,485	468,770
Property under construction	22,910	22,100	0	0
Goodwill	184	209	2,708	2,708
Investment properties held for sale	2,510	2,510	6,112	6,112
Real estate inventories	0	0	0	0
Segment assets	292,624	226,799	505,305	477,590
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Segment investments	62,907	2,607	18,901	181

All amounts in TEUR	Romania		Other non-core countries		Total reportable segments	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Office	9,696	8,722	590	720	56,638	55,679
Retail	12,888	12,133	3,211	2,363	49,077	50,080
Other	1,988	2,087	176	182	9,191	10,142
Rental income	24,572	22,942	3,977	3,265	114,906	115,901
Operating costs charged to tenants	10,598	9,493	946	661	41,710	40,812
Other revenues	940	1,010	83	150	3,504	3,545
Revenues	36,110	33,445	5,006	4,076	160,120	160,258
Expenses from investment property	-5,614	-6,701	-917	-1,236	-41,675	-49,960
Operating expenses	-10,037	-9,102	-904	-583	-39,385	-38,429
Results of asset management	20,459	17,642	3,185	2,257	79,060	71,869
Proceeds from the sale of properties	619	5,108	0	41	106,101	51,325
Carrying amount of sold properties	-619	-5,108	0	-41	-106,101	-51,325
Results from deconsolidation	0	0	10,295	701	8,013	916
Expenses from property sales	-52	-432	233	-230	-2,777	-2,752
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-225	913	-341	-200	-5,526	-11,558
Results of property sales before foreign exchange effects	-277	481	10,187	271	-290	-13,394
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	2,335	843	2,335	843
Results of property sales	-277	481	12,522	1,114	2,045	-12,551
Proceeds from the sale of real estate inventories	334	4,446	0	5	21,908	27,147
Cost of real estate inventories sold	-163	-3,960	0	-10	-17,776	-27,198
Expenses from real estate inventories	-167	-1,030	-6	-570	-39,687	-8,654
Expenses from real estate development	-417	-656	-181	-241	-2,149	-6,252
Revaluation of properties under construction adjusted for foreign exchange effects	-5,950	3,013	-351	220	8,881	22,067
Results of property development before foreign exchange effects	-6,363	1,813	-538	-596	-28,823	7,110
Revaluation of properties under construction resulting from foreign exchange effects	0	0	-108	239	-108	239
Results of property development	-6,363	1,813	-646	-357	-28,931	7,349
Other operating income	240	903	51	377	2,236	6,890
Other operating expenses	-1,772	-5,543	-991	-1,279	-9,742	-11,064
Results of operations	12,287	15,296	14,121	2,112	44,668	62,493
Revaluation of investment properties adjusted for foreign exchange effects	-3,208	-69,881	-2,055	-23,276	3,522	-93,412
Revaluation of investment properties resulting from foreign exchange effects	0	0	-810	243	-810	243
Goodwill impairment	-8	-6,728	-47	-3,015	-733	-25,188
Other revaluation results	-3,216	-76,609	-2,912	-26,048	1,979	-118,357
Operating profit (EBIT)	9,071	-61,313	11,209	-23,936	46,647	-55,864
	30 6 2017	31 12 2016	30 6 2017	31 12 2016	30 6 2017	31 12 2016
Investment property	791,070	784,825	117,344	117,680	3,566,402	3,531,379
Property under construction	48,560	56,820	7,513	1,729	433,423	379,036
Goodwill	13,529	13,537	1,004	1,044	24,987	25,713
Investment properties held for sale	1,890	0	40,140	42,480	393,609	418,897
Real estate inventories	1,375	1,536	184	185	59,805	93,100
Segment assets	856,424	856,718	166,185	163,118	4,478,226	4,448,125
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Segment investments	6,733	13,340	7,378	7,110	163,626	84,704

All amounts in TEUR	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016	Q1-2 2017	Q1-2 2016
Office	56,638	55,679	0	0	56,638	55,679
Retail	49,077	50,080	0	0	49,077	50,080
Other	9,191	10,142	0	0	9,191	10,142
Rental income	114,906	115,901	0	0	114,906	115,901
Operating costs charged to tenants	41,710	40,812	0	0	41,710	40,812
Other revenues	3,504	3,545	0	0	3,504	3,545
Revenues	160,120	160,258	0	0	160,120	160,258
Expenses from investment property	-41,675	-49,960	0	0	-41,675	-49,960
Operating expenses	-39,385	-38,429	0	0	-39,385	-38,429
Results of asset management	79,060	71,869	0	0	79,060	71,869
Proceeds from the sale of properties	106,101	51,325	0	0	106,101	51,325
Carrying amount of sold properties	-106,101	-51,325	0	0	-106,101	-51,325
Results from deconsolidation	8,013	916	0	0	8,013	916
Expenses from property sales	-2,777	-2,752	0	0	-2,777	-2,752
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-5,526	-11,558	0	0	-5,526	-11,558
Results of property sales before foreign exchange effects	-290	-13,394	0	0	-290	-13,394
Revaluation of properties sold and held for sale resulting from foreign exchange effects	2,335	843	0	0	2,335	843
Results of property sales	2,045	-12,551	0	0	2,045	-12,551
Proceeds from the sale of real estate inventories	21,908	27,147	0	0	21,908	27,147
Cost of real estate inventories sold	-17,776	-27,198	0	0	-17,776	-27,198
Expenses from real estate inventories	-39,687	-8,654	0	0	-39,687	-8,654
Expenses from real estate development	-2,149	-6,252	0	0	-2,149	-6,252
Revaluation of properties under construction adjusted for foreign exchange effects	8,881	22,067	0	0	8,881	22,067
Results of property development before foreign exchange effects	-28,823	7,110	0	0	-28,823	7,110
Revaluation of properties under construction resulting from foreign exchange effects	-108	239	0	0	-108	239
Results of property development	-28,931	7,349	0	0	-28,931	7,349
Other operating income	2,236	6,890	3,156	2,264	5,392	9,154
Other operating expenses	-9,742	-11,064	-14,031	-14,946	-23,773	-26,010
Results of operations	44,668	62,493	-10,875	-12,682	33,793	49,811
Revaluation of investment properties adjusted for foreign exchange effects	3,522	-93,412	0	0	3,522	-93,412
Revaluation of investment properties resulting from foreign exchange effects	-810	243	0	0	-810	243
Goodwill impairment	-733	-25,188	0	0	-733	-25,188
Other revaluation results	1,979	-118,357	0	0	1,979	-118,357
Operating profit (EBIT)	46,647	-55,864	-10,875	-12,682	35,772	-68,546
	30 6 2017	31 12 2016	30 6 2017¹	31 12 2016¹	30 6 2017	31 12 2016
Investment property	3,566,402	3,531,379	0	0	3,566,402	3,531,379
Property under construction	433,423	379,036	0	0	433,423	379,036
Goodwill	24,987	25,713	0	0	24,987	25,713
Investment properties held for sale	393,609	418,897	976,410	1,024,051	1,370,019	1,442,948
Real estate inventories	59,805	93,100	0	0	59,805	93,100
Segment assets	4,478,226	4,448,125	976,410	1,024,051	5,454,636	5,472,176
	Q1-2 2017	Q1-2 2016	Q1-2 2017¹	Q1-2 2016¹	Q1-2 2017	Q1-2 2016
Segment investments	163,626	84,704	0	1,960	163,626	86,664

¹ The reconciliation includes the amounts from the discontinued retail portfolio Moscow; a full presentation of the retail portfolio Moscow is provided in 4.5.

4. Notes to the Consolidated Balance Sheet

4.1 INVESTMENT PROPERTY

The development of the investment properties during the first half of 2017 is as follows:

All amounts in TEUR	Q1-2 2017
Beginning balance	3,531,379
Currency translation adjustments	810
Additions	92,835
Disposals	-40,488
Revaluation	-1,524
Reclassifications	11,936
Reclassification IFRS 5	-28,546
Ending balance	3,566,402

Additions include, in particular, the acquisitions of six retail parks in Slovakia, as well as of three retail parks in the Hungarian cities of Hatvan and Szolnok and in the Romanian city of Botoşani.

4.2 PROPERTY UNDER CONSTRUCTION

The development of the properties under construction during the first half of 2017 is as follows:

All amounts in TEUR	Q1-2 2017
Beginning balance	379,036
Currency translation adjustments	108
Additions	70,791
Revaluation	6,936
Reclassifications	-4,365
Reclassification IFRS 5	-19,083
Ending balance	433,423

Additions include, in particular, the German development projects *trivago Campus*, *FLOAT* and *Cluster Produktionstechnik*.

4.3 EQUITY-ACCOUNTED INVESTMENTS

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

All amounts in TEUR	CA Immo Group	BUWOG Group	NP Investments a.s.	Other	Total
Interest held by IMMOFINANZ	26.0%	10.0%	50.0%		
Beginning balance	539,896	176,363	0	22,995	739,254
Disposals	0	-176,363	0	-1,066	-177,429
Net profit or loss from equity-accounted investments	28,277	0	720	-512	28,485
Other comprehensive income from currency translation adjustment	76	0	-84	53	45
Other comprehensive income from the measurement of available-for-sale financial instruments	3,166	0	0	0	3,166
Other comprehensive income from measurement of defined benefit plans	72	0	0	0	72
Offset of results with other net investment positions	0	0	-636	306	-330
Dividend	-16,699	0	0	-19,367	-36,066
Reversals of impairment losses	91,850	0	0	0	91,850
Ending balance	646,638	0	0	2,409	649,047

CA Immobilien Anlagen Aktiengesellschaft (CA Immo) was IMMOFINANZ's most important associate as of 30 June 2017. IMMOFINANZ holds 25,690,163 bearer shares, which represent 26% of share capital, as well as four registered shares with restricted transferability (Golden Shares) which carry rights to delegate up to four members to the CA Immo supervisory board. The investment was acquired as of 2 August 2016 and the purchase price allocation is still considered preliminary. Facts and circumstances that represent indications of de-facto control as defined in IFRS 10 have been continuously reviewed since that time. The 30th annual general meeting of CA Immo was held on 11 May 2017, and IMMOFINANZ did not have a majority presence. Consequently, de-facto control as defined in IFRS 10 continued not to exist as of 30 June 2017.

A "close to market" valuation model (Level 3) was developed for impairment testing as of 31 December 2016 because the fair value (less costs to sell) of the unit of account – i.e. the share package of bearer and registered shares with restricted transferability – could not be determined solely on the basis of the quoted price on the Prime Market of the Vienna Stock Exchange. This valuation model was also applied as of 30 June 2016 and reflects the disparity between voting rights and contractual rights to receive cash flows and the size of the capital investment through the addition of a 24.1% premium (31 December 2016: 22.4%) to the stock market price of EUR 21.36 per share (31 December 2016: EUR 17.47 per share). As of 30 June 2016 the recoverable amount – which represents the resulting fair value of EUR 680.8 million less costs to sell of 1.75% – equalled EUR 668.9 million (31 December 2016: EUR 539.9 million). Consequently, the recoverable amount exceeded the acquisition cost carried forward totalling EUR 646,6 million for the first time; this latter amount represents the book value as of 30 June 2017. The book price of the investment in the CA Immo Group equalled EUR 25.17 per share (31 December 2016: EUR 21.02 per share). The net profit or loss from equity-accounted investments includes therefore not only the proportional results of the CA Immo Group for six months (incl. effects from the carryforward of the fair value adjustments from the preliminary purchase price allocation) but also a reversal of impairment losses of EUR 91.9 million.

IMMOFINANZ carried out an incentivised conversion of the convertible bond 2011–2018 as of 24 January 2017 (see section 4.7), which also included the delivery of 802,219 BUWOG shares. This reduced the carrying amount of the BUWOG investment by EUR 14.2 million. Moreover, IMMOFINANZ sold 4,484,698 BUWOG shares for EUR 21.72 per share as of 6 February 2017 through an accelerated bookbuilding process. The proceeds from this sale (less selling costs) totalled EUR 97.4 million. Based on the book price of the BUWOG share on 31 December 2016 (EUR 17.70 per share), the gain on sale amounted to EUR 18.0 million.

Oliver Schumy resigned as vice-chairman of the supervisory board of BUWOG AG on 6 March 2017. IMMOFINANZ has not exercised significant influence over the BUWOG Group in the sense of IAS 28 since that date, which also marked the end of equity accounting. The termination of equity accounting also required the fair value measurement of the remaining BUWOG shares (closing price on the Vienna Stock Exchange on 6 March 2017: EUR 23.23 per share) and the reclassification of this investment to other financial assets. The corresponding results of EUR 25.8 million were recorded under profit or loss from equity-accounted investments.

The remaining balance of approximately 4.7 million BUWOG shares are reserved for the possible (proportional) servicing of conversions from the convertible bonds 2007–2017 and 2011–2018 (see section 4.7). Therefore, the fair value option provided by IAS 39 was applied to avoid an accounting mismatch which would otherwise occur between the measurement of the financial asset and the financial liability (from the standalone derivatives for the convertible bonds). The BUWOG shares have been subsequently measured at fair value through profit or loss since that time, based on the closing price at the Vienna Stock Exchange as of the respective balance sheet date (Level 1) (see section 5.8).

4.4 TRADE AND OTHER RECEIVABLES

All amounts in TEUR	30 6 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2016
Rents receivable	16,672	16,639	33	0	15,589
Miscellaneous	37,516	35,492	2,024	0	31,485
Total trade accounts receivable	54,188	52,131	2,057	0	47,074
Receivables due from associates	1,084	13	0	1,071	1,925
Receivables due from joint ventures	34,490	8,470	25,893	127	33,740
Receivables due from equity-accounted investments	35,574	8,483	25,893	1,198	35,665
Restricted funds	134,309	6,831	127,478	0	179,585
Financing	20,162	4,075	0	16,087	18,553
Property management	3,100	3,041	19	40	1,560
Outstanding purchase price receivables – sale of properties	13,463	13,463	0	0	42,277
Outstanding purchase price receivables – sale of shares in other companies	35,321	10,536	24,785	0	38,198
Miscellaneous	23,280	17,125	4,884	1,271	20,065
Total other financial receivables	229,635	55,071	157,166	17,398	300,238
Tax authorities	28,999	28,999	0	0	31,213
Total other non-financial receivables	28,999	28,999	0	0	31,213
Total	348,396	144,684	185,116	18,596	414,190

4.5 ASSETS AND LIABILITIES HELD FOR SALE

The following assets and liabilities classified as held for sale as of 31 December 2016 were sold during the first half of 2017: one Bulgarian standing investment, the *Friesenquartier* in Cologne, one Austrian office property and one Austrian retail property each as well as a further tranche of a small Austrian retail portfolio. The closing for the sale of five real estate fund shares classified as held for sale also took place during the first half of 2017. With regard to the sales that have not yet been realised, management's intention to sell these properties remains intact.

The Austrian office and retail properties classified as held for sale during the first quarter of 2017 were already sold during the second quarter of 2017. In addition, held-for-sale classifications during the first half of 2017 include a property in the asset class other which is under construction in Poland, two office properties in Germany, an office property under construction in the Czech Republic and a retail property in Romania.

The properties initially classified as assets held for sale during the first half of 2017 are expected to be sold through asset deals, with the exception of the share deals planned in the Czech Republic and Romania. These sales are intended to align the portfolio with IMMOFINANZ's strategic focus.

The assets and liabilities held for sale as of 30 June 2017 can be summarised as follows:

All amounts in TEUR	Retail portfolio Moscow	EMPARK	Friesen- / Gerling Quartier	Specialised Austrian retail portfolio	Other	Carrying amount as of 30 6 2017	Carrying amount as of 31 12 2016
Investment property	976,410	139,070	28,408	38,086	77,309	1,259,283	1,363,177
Property under construction	0	0	85,403	0	19,083	104,486	74,340
Real estate inventories	0	0	6,250	0	0	6,250	5,431
Other tangible assets	146	0	0	0	0	146	211
Intangible assets	57,998	0	0	0	0	57,998	65,226
Deferred tax assets	0	3,263	0	0	0	3,263	2,029
Trade and other receivables	28,065	2,289	0	0	7,521	37,875	68,080
Other financial assets	0	0	0	0	395	395	6,993
Cash and cash equivalents	5,342	5,589	0	0	1,073	12,004	16,941
Assets held for sale	1,067,961	150,211	120,061	38,086	105,381	1,481,700	1,602,428
Currency translation reserve	-531,995	0	0	0	-18,866	-550,861	-543,537
Financial liabilities	674,712	115,316	0	0	8,621	798,649	878,062
Trade and other payables	30,646	4,403	0	0	1,250	36,299	49,856
Provisions	220	625	1,020	1,490	1,880	5,235	6,271
Deferred tax liabilities	116,018	0	0	0	7,907	123,925	127,184
Liabilities held for sale	821,596	120,344	1,020	1,490	19,658	964,108	1,061,373

Details on the discontinued retail portfolio Moscow are provided in section 2.3. In the first half of 2017 a foreign exchange-adjusted revaluation of EUR 6.5 million (H1 2016: EUR -65.9 million) was recognised under profit or loss from discontinued operations for the retail portfolio Moscow.

In accordance with a resolution of the Executive and Supervisory Boards on 27 April 2016, the *EMPARK Mokotów Business Park (EMPARK)* in Warsaw was initially presented as held for sale in the consolidated financial statements as of 30 April 2016. The *EMPARK*, which comprises nine office buildings, has not been sold to date. The sale process has been made more difficult by a further decline in the tenant demand for office space in the Mokotów district, among others due to an increase on the office space in inner city areas and growing inconvenience from the inadequate road infrastructure and road construction on part of the city. The sale of the *EMPARK* has also been delayed by the necessity to reach a bureaucratic agreement with the Polish authorities because the Institute for National Commemoration holds a co-ownership share in one of the nine office buildings. In view of these circumstances, the sale could not be completed as planned within 12 months. However, management's intention to sell the property remains intact and the realisation of the sale is expected by year-end 2017; a structured sales process is underway. A (foreign exchange-adjusted) revaluation of 3.1 million was recognised to *EMPARK* during the first half of 2017 (H1 2016: EUR -16.1 million).

The closing for the sale of the *Friesenquartier*, which was classified as a disposal group based on resolutions of the Executive and Supervisory Boards on 27 July 2016 and 19 December 2016, took place in the second quarter of 2017. The properties in the *Gerling Quartier* were still included in the portfolio as of 30 June 2017. Revaluations (foreign exchange-adjusted) and write-downs totalling EUR 7.2 million were recognised to investment properties and real estate inventories in the first half of 2017. In addition to the properties attributed to the disposal group comprising the *Friesenquartier* and the two construction 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 because they cannot be sold in their current condition. Write-downs of EUR -11.1 million and an addition of EUR -5.1 million to a provision for onerous contracts were recognised to these two real estate inventories in the first half of 2017 to reflect construction cost overruns; these expense items are both reported under expenses from real estate inventories.

The disposal group comprising 64 Austrian retail properties was reduced by the scheduled sale of additional 16 properties during the first half-year. A (foreign exchange-adjusted) revaluation of EUR -2.5 million was recognised to the properties held for sale in this disposal group during the reporting period.

Based on a resolution by the Executive Board on 4 May 2015, the assets and liabilities in a portfolio of land reserves in Turkey (segment: other non-core countries) have been presented for some time as a disposal group. The political and economic uncertainty as well as the devaluation of the Turkish Lira has, however, reduced the refinancing alternatives for interested investors, and the sale could not be completed as planned within 12 months. IMMOFINANZ's management stands by the original sale decision, and the simplification of the portfolio's investment and financing structure during the first half of 2017 should facilitate the sale through a share deal. An alternative would be the sale in the form of asset deals. A foreign exchange-adjusted revaluation of EUR- 0.3 million was recognised to the properties held for sale in this disposal group during the first half of 2017 (H1 2016: EUR 0.4 million).

4.6 EQUITY

The agreement reached by IMMOFINANZ with the claimants and the representatives appointed for the respective shareholder groups to settle the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG became legally effective on 23 May 2017. The settlement calls for a compensation of 0.088 IMMOFINANZ shares for each former share of IMMOEAST AG, representing a total of 29,985,306 IMMOFINANZ AG shares, to the former shareholders of IMMOEAST AG. The compensation was made in part from treasury shares (16,948,049 shares) and in part through the issue of new shares from previously authorised capital (13,037,257 shares); it represented a transaction with shareholders that was recorded directly in equity without recognition in profit or loss. Share capital increased by EUR 13.0 million through the issue of the new shares, and capital reserves declined by EUR 44.5 million as a result of the settlement. Included in this amount are issue costs of roughly EUR 0.2 million attributable to the equity transaction. In accordance with IAS 33, the settlement compensation led to the retroactive adjustment of basic and diluted earnings per share – for the comparable period of the 2016 calendar year, where comparative figures are referring to, as well. The weighted average number of shares was multiplied by a factor of 1.029 in each case. This factor represents the ratio of the shares outstanding after (1,052,525,375 shares) and before (1,022,540,069 shares) the settlement.

The incentivised conversion of the convertible bond 2011–2018 (see section 4.7) resulted in the issue from conditional capital of 63,532,467 IMMOFINANZ shares in total. This led to an increase of EUR 63.5 million in share capital and EUR 45.1 million in capital reserves.

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

IMMOFINANZ held 9,999,973 treasury shares as of 31 December 2016. On 14 March 2017 the Executive Board and Supervisory Board of IMMOFINANZ approved to utilize the authorization of the 23rd annual general meeting on 29 September 2016, in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act, to carry out a share buyback programme for up to 20.0 million shares. A total of 10,548,076 IMMOFINANZ shares had been repurchased for EUR 20.3 million by 30 June 2017. The settlement of the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG, which became legally effective on 23 May 2017, included the issue of 16,948,049 treasury shares. IMMOFINANZ held 3,600,000 treasury shares as of 30 June 2017. The cash-relevant settlement of EUR 2.0 million totalling 1,000,000 of the repurchased shares took place after the balance sheet date.

The 24th annual general meeting of IMMOFINANZ AG on 1 June 2017 approved the payment of an ordinary dividend of EUR 0.06 for the abbreviated 2016 financial year. A total of EUR 63.1 million were distributed on 7 June 2017.

Other comprehensive income of EUR -10.5 million (H1 2016: EUR 24.3 million) is attributable to the shareholders of IMMOFINANZ and EUR -1.8 million (H1 2016: EUR -0.8 million) to non-controlling interests. The share of other comprehensive income attributable to non-controlling interests resulted entirely from foreign currency translation adjustments.

A Turkish subsidiary with non-controlling interests of 35.1% distributed profits totalling EUR 11.1 million to the minority shareholder in connection with transactions to simplify the investment and financing structure of a portfolio of Turkish land reserves (see section 4.5). The resulting distribution liability was offset against outstanding financial receivables due from the minority shareholder.

4.7 LIABILITIES FROM CONVERTIBLE BONDS

All amounts in TEUR	30 6 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2016
Convertible bond 2007–2017	27,359	27,359	0	0	26,536
Convertible bond 2011–2018	287,749	287,749	0	0	503,729
Convertible bond 2017–2024	277,792	4,433	273,359	0	0
Total	592,900	319,541	273,359	0	530,265

Convertible bond 2007–2017

The conversion rights for the convertible bond issued by IMMOFINANZ AG were adjusted to reflect the EUR 0.06 cash dividend per share for the abbreviated 2016 financial year which was approved by the annual general meeting of IMMOFINANZ AG on 1 June 2017 (see section 4.6) and the capital increase carried out by BUWOG AG. One certificate of the convertible bond 2007–2017 with a nominal value of EUR 100,000 each currently entitles the bondholder to conversion into 13,308.36 IMMOFINANZ shares (31 December 2016: 12,909.75 shares) and 722.21 BUWOG shares (31 December 2016: 718.10 shares).

The nominal amount outstanding totalled EUR 21.4 million and remained unchanged as of 30 June 2017. This outstanding nominal value will be redeemed on 19 November 2017 if there are no conversions into the company's shares before that date.

The value of the standalone derivative from the convertible bond 2007–2017, which is recorded under other liabilities (see section 4.9), equalled EUR 0.0 million as of 30 June 2017 (31 December 2016: EUR 0.0 million).

Convertible bond 2011–2018

In order to optimise the capital structure and sustainably reduce financing costs, IMMOFINANZ carried out an incentivised conversion of the convertible bond 2011–2018 on 19 January 2017. It reduced the outstanding nominal value of the convertible bond 2011–2018 from EUR 507.1 million as of 31 December 2016 to EUR 287.3 million. The incentivised conversion resulted in the exchange of an outstanding nominal value of EUR 219.8 million for 63,532,467 new shares of IMMOFINANZ AG, 802,219 BUWOG shares and cash of EUR 58.7 million representing 2,660,362 shares of BUWOG AG. In addition, a premium of EUR 52.9 million and transaction costs of EUR 1.4 million were paid.

The conversion rights for this convertible bond were also adjusted to reflect the capital increase (see section 4.6) carried out in connection with the settlement of the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG, which became legally effective on 23 May 2017. One certificate of the convertible bond 2018 with a nominal value of EUR 4.12 currently entitles the bondholder to conversion into 1.2047 IMMOFINANZ shares (31 December 2016: 1.1908 shares) and 0.0649 BUWOG shares (31 December 2016: 0.0649 shares).

The conversion rights for this convertible bond were further adjusted to reflect the EUR 0.06 cash dividend per share for the abbreviated 2016 financial year which was approved by the annual general meeting of IMMOFINANZ AG on 1 June 2017 (see section 4.6). One certificate of the convertible bond with a nominal value of EUR 4.12 currently entitles the bondholders to conversion into 1.2410 IMMOFINANZ shares. As a result of the capital increase carried out by BUWOG AG, the conversion right also currently includes conversion into 0.0653 BUWOG AG shares (31 December 2016: 0.0649 shares).

The value of the standalone derivative from the convertible bond 2011–2018, which is recorded under other liabilities (see section 4.9) equalled EUR 23.4 million as of 30 June 2016 (31 December 2016: EUR 9.4 million).

Convertible bond 2017–2024

On 24 January 2017 IMMOFINANZ issued a convertible bond through an accelerate bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an interest rate of 2.0% and a term ending on 24 January 2024. The coupon will be reduced by 50 basis points when IMMOFINANZ receives and maintains an investment grade rating from S&P, Moody's or Fitch. The conversion price was set at EUR 2.3933 per share on the issue date and adjusted to EUR 2.3637 following the capital increase (see section 4.6) carried out in connected with the settlement of the legal proceedings over the review of the exchange ratio applied to the merger of IMMOEAST AG and IMMOFINANZ AG.

The conversion rights for this convertible bond were further adjusted to reflect the EUR 0.06 cash dividend per share for the abbreviated 2016 financial year which was approved by the annual general meeting of IMMOFINANZ AG on 1 June 2017 (see section 4.6). The conversion right was reset at EUR 2.2937 per share and currently entitles the bondholders to conversion into 129,572,307 shares (as of the issue date: 124.180.003 shares) of IMMOFINANZ AG. The conversion right can be exercised up to 10 January 2024.

In addition, the convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present time. The issue proceeds less transaction costs of EUR 2.2 million totalled EUR 295.0 million. The equity component less proportional transaction costs equalled EUR 21.7 million and was included in equity under capital reserves.

4.8 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 30 June 2017:

All amounts in TEUR	30 6 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2016
Amounts due to financial institutions	1,919,876	629,807	1,071,329	218,740	2,010,806
Thereof secured by collateral	1,919,748	629,679	1,071,329	218,740	2,010,696
Thereof not secured by collateral	128	128	0	0	110
Liabilities arising from the issue of bonds	105,209	105,209	0	0	102,446
Other financial liabilities	1,683	693	0	990	1,542
Total	2,026,768	735,709	1,071,329	219,730	2,114,794

4.9 TRADE AND OTHER PAYABLES

All amounts in TEUR	30 6 2017	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2016
Trade payables	106,984	105,133	1,846	5	97,758
Derivative financial instruments (liabilities)	36,148	24,939	10,213	996	29,599
Property management	3,650	3,650	0	0	2,996
Amounts due to non-controlling interests	6,662	0	262	6,400	6,425
Amounts due to associated companies	256	235	0	21	1,005
Amounts due to joint ventures	393	58	21	314	23,616
Deposits and guarantees received	22,849	5,631	12,162	5,056	20,602
Prepayments received on property sales	23,806	22,782	1,024	0	31,263
Construction and refurbishment	1,490	1,435	55	0	2,465
Outstanding purchase prices (share deals)	373	326	47	0	406
Outstanding purchase prices (acquisition of properties)	2,001	2,001	0	0	1,732
Miscellaneous	10,632	10,246	379	7	12,291
Total other financial liabilities	108,260	71,303	24,163	12,794	132,400
Tax authorities	12,368	12,368	0	0	18,129
Rental and lease prepayments received	20,462	19,110	1,352	0	21,850
Miscellaneous	25	4	8	13	31
Total non-financial liabilities	32,855	31,482	1,360	13	40,010
Total	248,099	207,918	27,369	12,812	270,168

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 2017	Q1-2 2016
Office	56,638	55,679
Retail	49,077	50,080
Other	9,191	10,142
Total	114,906	115,901

5.2 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Vacancies	-6,124	-6,725
Commission expenses	-580	-262
Maintenance	-8,842	-12,823
Operating costs charged to building owners	-5,999	-10,640
Property marketing	-2,301	-3,117
Personnel expenses from asset management	-3,148	-4,484
Other expenses from asset management	-2,785	-2,116
Rental and lease payments	-1,393	-1,573
Extension costs	-6,465	-2,954
Write-off of receivables from asset management	-85	-2,834
Other expenses	-3,953	-2,432
Total	-41,675	-49,960

The decline in maintenance expenses resulted, above all, from standing investments in Austria and is attributable partly to portfolio streamlining.

5.3 PROCEEDS FROM THE SALE OF PROPERTIES

The proceeds from the sale of properties in the form of asset deals were generated primarily in the Austria and Germany segments during the first half of 2017. Of these proceeds, EUR 28.1 million (H1 2016: EUR 34.3 million) are attributable to office properties in Austria, EUR 27.3 million (H1 2016: EUR 7.2 million) to retail properties in Austria and EUR 3.0 million (H1 2016: EUR 4.5 million) to Austrian standing investments assigned to the asset class other. In Germany, proceeds of EUR 47.0 million (H1 2016: EUR 0.0 million) were realised on the sale of office properties. Proceeds of EUR 0.6 million (H1 2016: EUR 5.1 million) were generated by the sale of standing investments in Romania assigned to the asset class other.

5.4 RESULTS OF PROPERTY DEVELOPMENT

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Proceeds from the sale of real estate inventories	21,908	27,147
Cost of real estate inventories sold	-17,776	-27,198
Marketing for real estate inventories	-1	-203
Brokerage fees for real estate inventories	-236	-734
Other costs to sell for real estate inventories	-2,641	-1,037
Write-down related reversals of real estate inventories	2,123	6,074
Write-down of real estate inventories	-35,224	-12,513
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	0	313
Impending losses from the forward sale of real estate inventories	-5,143	0
Operating costs charged to building owners–inventories	1,435	-554
Expenses from real estate inventories	-39,687	-8,654
Expenses from property development	-2,149	-6,252
Revaluation results from properties under construction (see 5.7)	8,773	22,306
Total	-28,931	7,349

Write-downs totalling EUR 35.2 million were recognised to real estate inventories during the first half of 2017 (H1 2016: EUR 12.5 million). Included here, in particular, are costs for construction, the repair of deficiencies and project completion due to the divestiture decision concerning the *Gerling Quartier* (see sections 4.5 and 8).

5.5 OTHER OPERATING INCOME

Other operating income consists of the following:

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Expenses charged on	251	-200
Insurance compensation	98	2,365
Income from derecognised liabilities	1,426	1,577
Reimbursement for penalties	58	338
Miscellaneous	3,559	5,074
Total	5,392	9,154

Miscellaneous other operating income resulted primarily from settlement claims against a former Executive Board member in the first half of 2017.

5.6 OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

All amounts in TEUR	Q1-2 2017	Q1-2 2016
Administrative expenses	-437	142
Legal, auditing and consulting fees	-5,994	-9,259
Penalties	-30	-10
Levies	-1,217	-2,007
Advertising	-741	-916
Expenses charged on	-102	99
Rental and lease expenses	-231	-63
EDP and communications	-822	-911
Expert opinions	-322	-337
Personnel expenses	-11,091	-11,758
Addition to/reversal of provision for onerous contracts	0	1,127
Other write-downs	-433	-684
Miscellaneous	-2,353	-1,433
Total	-23,773	-26,010

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 2017
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation 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

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Q1-2 2016
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation Total
Investment property	103,958	-197,370	-93,412	304	-61	243	-93,169
Property under construction	53,725	-31,658	22,067	139	100	239	22,306
Properties sold and held for sale	16,691	-28,249	-11,558	838	5	843	-10,715
Total	174,374	-257,277	-82,903	1,281	44	1,325	-81,578

5.8 FINANCIAL RESULTS

All amounts in TEUR	Q1-2 2017	Q1-2 2016
For financial liabilities FLAC	-46,945	-48,994
For derivative financial instruments	-5,258	-5,596
Total financing costs	-52,203	-54,590
For financial receivables L&R	2,750	4,140
For derivative financial instruments	20	10
Total financing income	2,770	4,150
Foreign exchange differences	21	-5,912
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	-20,919	9,710
Valuation of financial instruments at fair value through profit or loss (fair value option)	11,194	-18,004
Distributions	967	1,129
Write-off of receivables	-1,617	4,570
Other financial results	-10,375	-2,595
Net profit or loss from equity-accounted investments (see 4.3)	164,170	948
Total	104,383	-57,999

FLAC: financial liabilities measured at amortised cost

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

Profit or loss on other financial instruments and proceeds on the disposal of financial instruments consist, apart from expenses of EUR -12.5 million from the incentivised conversion of the convertible bond 2011–2018, primarily of results from the measurement of derivatives. Of the total, EUR -18.1 million (H1 2016: EUR 4.7 million) is attributable to standalone derivatives from the convertible bond 2011–2018 and EUR 8.8 million (H1 2016: EUR -16.3 million) to other derivatives.

The results from the valuation of financial instruments at fair value through profit or loss include the valuation of the remaining shares in BUWOG AG at EUR 9.0 million and the valuation of real estate fund shares at EUR 2.2 million (H1 2016: EUR -18.0 million).

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

6. Information on Financial Instruments

6.1 CLASSES AND CATEGORIES 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 2017	30 6 2017	30 6 2017	31 12 2016	30 6 2017	31 12 2016
Trade accounts receivable	54,188	0	54,188	47,074	54,188	47,074
Financing receivables	55,736	0	55,736	54,218	55,736	54,218
Loans and other receivables	209,473	28,999	238,472	312,898	238,472	312,898
Trade and other receivables	319,397	28,999	348,396	414,190	348,396	414,190
Real estate fund shares	4,190	0	4,190	4,253	4,190	4,253
Derivatives	3,326	0	3,326	1,185	3,326	1,185
Miscellaneous other financial instruments	123,923	0	123,923	5,055	123,923	5,055
Other financial assets	131,439	0	131,439	10,493	131,439	10,493
Cash and cash equivalents	309,997	0	309,997	189,287	309,997	189,287
Total assets	760,833	28,999	789,832	613,970	789,832	613,970

Non-FI: non-financial assets

The increase in the miscellaneous other financial instruments resulted, above all, from the reclassification of the remaining BUWOG shares to this category (see section 4.3).

	Carrying amount of financial assets	Carrying amount of non-financial liabilities	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2017	30 6 2017	30 6 2017	31 12 2016	30 6 2017	31 12 2016
Liabilities from convertible bonds	592,900	0	592,900	530,265	594,257	544,692
Bonds	105,209	0	105,209	102,446	105,804	104,111
Amounts due to financial institutions	1,919,876	0	1,919,876	2,010,806	1,911,820	2,029,858
Other financial liabilities	1,683	0	1,683	1,542	1,683	1,542
Financial liabilities	2,026,768	0	2,026,768	2,114,794	2,019,307	2,135,511
Trade payables	106,984	0	106,984	97,758	106,984	97,758
Derivatives	36,148	0	36,148	29,599	36,148	29,599
Miscellaneous other liabilities	72,112	32,855	104,967	142,811	104,967	142,811
Trade and other payables	215,244	32,855	248,099	270,168	248,099	270,168
Total equity and liabilities	2,834,912	32,855	2,867,767	2,915,227	2,861,663	2,950,371

Non-FI: non-financial liabilities

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:

All amounts in TEUR	Level 1	Level 2	Level 3	30 6 2017
				Total
Financial assets available for sale				
Real estate fund shares	–	–	468	468
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	–	–	3,722	3,722
Miscellaneous other financial instruments	118,868	–	–	118,868
Held for trading				
Derivatives	–	–	3,326	3,326
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	–	–	36,148	36,148
				31 12 2016
All amounts in TEUR	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Real estate fund shares	–	–	644	644
Financial assets at fair value through profit or loss				
Fair value option				
Real estate fund shares	–	–	3,609	3,609
Held for trading				
Derivatives	–	–	1,185	1,185
Financial liabilities at fair value through profit or loss				
Held for trading				
Derivatives	–	–	29,599	29,599

The following table 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 2017	Q1-2 2017	Q1-2 2017
Beginning balance	4,253	-28,414	-24,161
Recognised in the consolidated income statement	2,486	-9,268	-6,782
Disposals	-2,549	4,860	2,311
Ending balance	4,190	-32,822	-28,632

The above table includes results of EUR -6.8 million that are included in the consolidated income statement and attributable in full to financial instruments that were held at the end of the first half of 2017. These amounts were presented 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: 8.50% to 14.25%
3	Derivatives (interest rate swaps)	Net present value methods	Interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 1.50% to 3.50%
3	Derivatives (from convertible bonds)	Capital market and net present value methods	Market prices of convertible bonds, interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 3.54%

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.

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 2017:

All amounts in TEUR	30 6 2017	31 12 2016
Relations with joint ventures		
Receivables	34,491	33,741
Thereof allowance for bad debt	-18,096	-18,265
Liabilities	394	23,616
Relations with associated companies		
Receivables	1,084	1,925
Thereof allowance for bad debt	-6,042	-5,158
Liabilities	257	1,006
All amounts in TEUR	Q1-2 2017	Q1-2 2016
Relations with joint ventures		
Other income	585	25
Interest income	1,152	2,168
Interest expense	0	-278
Write-downs for bad debt	-521	220
Thereof results that increase or reduce the net investment	648	-380
Income taxes	-256	-200
Relations with associated companies		
Other income	448	489
Other expenses	-2,151	-2,639
Interest income	190	318
Write-downs for bad debt	-891	-1,038
Thereof results that increase or reduce the net investment	-318	-581
Income taxes	0	40

IMMOKRON Immobilienbetriebsgesellschaft m.b.H. distributed profits totalling EUR 17.7 million in the second quarter of 2017. The resulting distribution receivable was offset against liabilities due to the joint venture.

There were no reportable transactions between IMMOFINANZ and related persons during the first half of 2017.

8. Subsequent Events

The 5.25% corporate bond 2012-2017 with a nominal value of EUR 100.0 million was repaid in full as scheduled on 3 July 2017.

The signing for the sale of six office properties and the remaining unsold residential properties in the first construction section of the *Gerling Quartier* plus a currently vacant office property on the Hohenzollernring in Cologne took place on 24 July 2017. The transaction prices and current estimates for the outstanding costs for construction, the repair of deficiencies and project completion were reflected in the property valuation as of the balance sheet date. IMMOFINANZ currently assumes the closing to take place by year-end 2017.

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 2017, 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 in line with stock exchange regulations. 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 and any reportable related party transactions.

Vienna, 25 August 2017

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

Glossary

Abbreviated financial year

A financial year that covers a period of less than 12 months. It generally represents an adjustment phase between two full financial years during a change in the balance sheet date

Ad-hoc announcement

Corporate announcements that could influence the share price. These announcements are published by stock corporations in the form of ad-hoc press releases as required by § 48d of the Austrian Stock Corporation Act and are designed to ensure that all market participants are provided with the same information

ADR programme

An American Depositary Receipt is a share certificate issued by an American depository bank, which represents a certain number of shares in a foreign company and is traded independently on the US capital market

Annualised rents

Projection of rental income for a specific period to total rental income for the year

Asset class

Classification categories for real estate based on the use of the property. IMMOFINANZ differentiates between the office, retail and other asset classes

Asset management

Asset management covers the administration, rental and maintenance of standing investments

ATX

Austria Traded Index, the leading index of the Vienna Stock Exchange

Austrian Commercial Code

The commercial (legal) code applicable to companies in Austria

Benchmark

A comparative analysis, e.g. of companies or shares

bp

Basis point; a unit equal to one hundredth of a percentage point

BREEAM

The BRE Environmental Assessment Method is a certification method for buildings that concentrates on ecological aspects

Cap

Agreed upper limit for the interest rate on a floating interest rate loan

Carrying amount

The value of an asset or a liability as reported on the balance sheet

Cash flow

This indicator represents the inflows and outflows of cash and cash equivalents during a reporting period

CEE

Central and Eastern Europe

Center Management

Coordination office for shopping centers that provides services for tenants and owners' representatives

Change of control clause

A contractual provision that regulates specific claims by parties (e.g. Executive Board members) if there is a change in the ownership of a company

Closing price

The final trading price for a security at the end of a specific period

Compliance rules

Compliance rules are issued to ensure conformity with legal, regulatory and voluntary regulations

Comply or explain

A category of rules in the Austrian Corporate Governance Code. Any deviation from these "C-Rules" must be explained and justified to achieve compliance with the code

Contingent liability

An obligation whose existence or amount is uncertain on the balance sheet date

Convertible bond

A financial instrument that creates a financial liability for the issuing company and gives the holder the right to convert the bond into a fixed number of common shares in the company

Corporate bond

An interest-bearing security issued by a company

Corporate governance

Corporate governance is the general term for a variety of policies and practices (e.g. management and control) in companies or other organisations

Corporate Social Responsibility (CSR)

A voluntary contribution to sustainable development which exceeds legal minimum requirements (compliance), for example by companies and other members of society

Cost model

A method to account for investment properties, which is based on the respective acquisition or production cost less accumulated depreciation (also see fair value model and IAS 40)

COSO ERM (COSO Enterprise Risk Management)

An internationally recognised and applied framework for the design of integrated corporate risk management

Coupon

A certificate that entitles the holder to receive dividends or interest

Debt Service Coverage Ratio

An indicator that compares income to interest and principle payments

Deferred taxes

A balance sheet position resulting from the valuation differences on taxes between the financial statements prepared under IFRS and the financial statements prepared for tax purposes

Development project (property)

A property built or developed by the company

Discount rate

The interest rate used to discount future cash flows; also see discounted cash flow method

Discounted cash flow method

See the notes to the consolidated financial statements

Diversification

Distribution of real estate investments over various types of use and geographical regions in order to minimise risk

Dividend

A distribution of profit by the company to its shareholders

DGNB

German Sustainable Building Council (Deutsche Gesellschaft für nachhaltiges Bauen)

Due diligence

Careful analysis and examination of data on an investment target, in particular, as regards financial, legal, tax, technical and economic relationships

D&O (Directors & Officers) insurance

Asset damage-liability insurance that is concluded by a company for its corporate bodies and key employees

Earnings per share (EPS)

Group net profit for the period divided by the weighted number of shares outstanding

Earnings per share (diluted)

Group net profit for the period divided by the weighted number of shares outstanding, which also includes all potential conversions (e.g. from convertible bonds or stock options)

EBIT

Earnings before interest and tax

EBT

Earnings before tax

EPRA

European Public Real Estate Association; the association of listed real estate companies in Europe

EPRA Best Practice Policy Recommendations

Recommendations made by the EPRA to increase transparency

EPRA/NAREIT Developed Europe Index

EPRA stock index category

EPRA/NAREIT Emerging Europe Index

EPRA stock index category

Equity

The amount of a company's assets that remains after the deduction of liabilities

Equity consolidation (equity method)

A method to account for the carrying amount of certain investments in the consolidated financial statements of the parent company that holds voting capital in another company. See the notes to the consolidated financial statements

EuroStat

Statistical office of the European Union

Fair value

The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and independent business partners

Fair value method

Approach for the valuation of assets (including real estate); it is based on the actual price that could be realised on the market

FRICS

Fellow of the Royal Institution of Chartered Surveyors; the title held by the members of a British association of real estate experts

Full consolidation

A consolidation method under which the assets and liabilities of a subsidiary are included in the consolidated financial statements at 100%

FX effects

Foreign exchange effects; all financial effects resulting from exchange rate differences

Gearing

An indicator that measures the ratio of a company's debt to its equity (financial liabilities less cash and cash equivalents divided by equity)

Green Building

A certification system for commercial properties which was introduced by the EU Commission

Gross return on a property

Annual gross return on a property, based on its carrying amount

IAS

International Accounting Standards, also see IFRS

IAS 40

The International Accounting Standard that regulates the accounting treatment and valuation of investment properties; it includes an option that allows companies to choose between the fair value model and the cost model (also see Fair value method and Cost model)

IATX

Branch index for property stocks in the ATX

ICS

Internal Control System, the processes and procedures implemented by companies to ensure proper management and control, above all compliance with guidelines and the prevention of damages that could be caused by employees or malicious third parties

IFRIC

International Financial Reporting Interpretations Committee; subgroup of the International Accounting Standards Committee Foundation (IASCF) that deals with the interpretation of IFRSs and IASs

IFRS

International Financial Reporting Standards

IFRS 5

Defines rules for the accounting treatment of non-current assets and discontinued operations held for sale

Interest Coverage Ratio

Indicator that shows the ratio of a company's earnings to its interest payments

Interest rate swap

A derivative financial instrument which exchanges variable for fixed interest payments as protection against the risk of interest rate fluctuations

Investment property

See the notes to the consolidated financial statements

ISIN

International Security Identification Number

IVA

Austrian Shareholder Association (Österreichischer Interessenverband für Anleger)

Joint venture

A joint arrangement where the partner companies with joint control rights also share rights to the net assets of the joint arrangement

LEED

Leadership in Energy and Environment Design is a certification method for office buildings that is focused on ecological aspects

Like-for-like analysis

Change in rental income or property valuation adjusted for new acquisitions, completions and sales during the respective period

Loan-to-Value (LTV)

The ratio of a loan to the fair value of a property

Market capitalisation

Market value of a stock corporation (share price x number of shares outstanding)

Market value

See fair value

NAV

Net Asset Value, see the calculation in the Earnings, Balance Sheet and Cash Flow Analysis

Net profit

Profit or loss recorded by a company during a specific period

NNNAV

Triple Net Asset Value, see the calculation in the Earnings, Balance Sheet and Cash Flow Analysis

Nominal value

Repayment amount of a liability

Operating expenses

Costs that normally arise in connection with the use of a property (e.g. building management); these costs are charged to the tenants

Operating segment

A component of a corporation

PPS

Percentage points, absolute difference between two percentage rates

Property management

Coordination office for the administration, management and monitoring of properties

Property portfolio

All property assets held by a company

Property valuation

The determination of the value of properties by external experts. The IMMOFINANZ property portfolio is valued by external appraisers as of 31 December and 30 June

Proportionate consolidation

A consolidation method under which the assets and liabilities of a joint venture are included in the consolidated financial statements based on the percentage of ownership ("proportional share")

Registered share with restricted transferability

The issuer's consent is required for the purchase of these shares

Return

An indicator that shows the relationship between the income from an investment and the amount of the investment

Risk management

Active measures to provide protection against risks

Scope of consolidation

Term for the companies to be included in the consolidated financial statements

Share capital

The total nominal value of the shares issued by a company

Share performance

The development of a share price during a specific period

Share price

The price at which a share trades on the stock exchange

Spin-off

Spin-off of a business unit or operation from IMMOFINANZ

Standing investment

Investment property that is held to generate rental income

Trade

The purchase and sale of properties

Value date

The date on which funds are credited to an account and interest payments begin

Value in dispute

An expression used in legal proceedings that refers to the monetary value of the disputed object

Voting rights

The right to vote on motions at the annual general meeting

WAULT (Weighted Average Unexpired Lease Term)

Average remaining term of rental contracts weighted by rental income

Withholding tax

Also called capital yields tax; a tax on income from investments

IMPRINT

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FINANCIAL CALENDAR

28 November 2017	Announcement of results for the first three quarters of 2017 (after the close of trading)
29 November 2017	Report on the first three quarters of 2017

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