

Q1-2

FINANCIAL REPORT
ON THE FIRST HALF-YEAR OF 2019

IMMOFINANZ

KEY FIGURES

Earnings Data

		Q1-2 2019	Q1-2 2018	Change in %
Rental income	in MEUR	131.8	119.0	10.8%
Results of asset management	in MEUR	101.0	94.8	6.6%
Results of property sales	in MEUR	1.7	20.6	-91.8%
Results of property development	in MEUR	14.3	24.2	-40.8%
Results of operations	in MEUR	98.7	114.8	-14.0%
Revaluations	in MEUR	123.5	37.9	≥ +100.0%
EBIT	in MEUR	203.4	124.1	63.9%
Financial results	in MEUR	-4.6	1.5	n. a.
EBT	in MEUR	198.8	125.6	58.2%
Net profit for the period	in MEUR	185.3	86.2	≥ +100.0%
FFO 1 before tax (sustainable FFO from asset management excl. S IMMO/CA Immo) ¹	in MEUR	59.0	48.4 ²	22.0%
FFO 1 per share before tax ¹	in EUR	0.54	0.43 ²	25.5%

1 See calculations in the section on *Business Development*
2 Adjusted

Asset Data

		30 June 2019	31 Dec. 2018	Change in %
Balance sheet total	in MEUR	5,938.8	5,837.7	1.7%
Equity as % of the balance sheet total	in %	47.1%	48.0%	n. a.
Net financial liabilities	in MEUR	1,916.6	1,793.5	6.9%
Cash and cash equivalents	in MEUR	560.4	631.8	-11.3%
Loan-to-value ratio (net)	in %	38.0%	37.3%	n. a.
Gearing	in %	71.0%	64.1%	n. a.
Total average interest rate incl. costs for derivatives	in %	2.0%	2.1%	n. a.
Average term of financial liabilities	in years	3.5	3.3	6.1%

Property Data

		30 June 2019	31 Dec. 2018	Change in %
Total number of properties		214	226	-5.3%
Rentable space	in sqm	1,895,140	1,891,627	0.2%
Occupancy rate	in %	94.8%	95.8%	n. a.
Gross return ¹	in %	6.3%	6.3% ²	n. a.
Invoiced rents return ¹	in %	6.6%	6.7%	n. a.
Portfolio value ¹	in MEUR	4,545.3	4,338.0 ²	4.8%
Unencumbered investment property	in MEUR	1,428.0	749.0	90.7%

1 Based on expert appraisals (excl. IFRS 16)
2 Excl. reclassification effects, among others from IFRS 16

EPRA Indicators¹

		30 June 2019	31 Dec. 2018	Change in %
EPRA net asset value	in MEUR	3,404.1	3,086.0	10.3%
EPRA net asset value per share	in EUR	29.24	28.80	1.5%
EPRA triple net asset value	in MEUR	3,334.7	3,047.7	9.4%
EPRA triple net asset value per share	in EUR	28.64	28.44	0.7%
EPRA occupancy rate ²	in %	94.4%	95.9%	n. a.
EPRA vacancy rate ³	in %	5.6%	4.1%	n. a.
		Q1–2 2019	Q1–2 2018	Change in %
EPRA earnings	in MEUR	85.3	30.3	≥ +100.0%
EPRA earnings per share	in EUR	0.79	0.27	≥ +100.0%
EPRA earnings after company-specific adjustments	in MEUR	86.9	31.7	≥ +100.0%
EPRA earnings per share after company-specific adjustments	in EUR	0.80	0.28	≥ +100.0%
EPRA net initial yield	in %	5.8%	5.5%	n. a.

1 See calculations in the section on *Business Development*

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

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

Stock Exchange Data

		30 June 2019	31 Dec. 2018	Change in %
Book value per share	in EUR	27.48	26.29	4.5%
Share price at end of period	in EUR	22.92	20.90	9.7%
Discount of share price to EPRA NAV per share	in %	21.6%	27.4%	n. a.
Total number of shares		112,085,269	112,085,269	0.0%
thereof number of treasury shares		9,569,526	4,942,001	93.6%
Market capitalisation at end of period	in MEUR	2,569.0	2,342.6	9.7%
		Q1–2 2019	Q1–2 2018	Change in %
Earnings per share (basic)	in EUR	1.72	0.79	≥ +100.0%
Earnings per share (diluted)	in EUR	1.53	0.73	≥ +100.0%

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

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

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INTRODUCTION

DEAR SHAREHOLDERS,

I am pleased to report on a successful first half of the year for IMMOFINANZ, following on from the very positive developments of last year. The basis for our success is a strong financial profile, which enables us to grow from our own resources, our progressive brand strategy and a high degree of customer orientation.

The key figures for the first half of the year:

- > Our occupancy rate remained stable at a very high level of around 95% – which also puts us among the market leaders internationally.
- > Rental income improved by almost 11% in total to EUR 131.8 million. Adjusted for acquisitions, sales and completions, it rose by 3.4% in the second quarter – this is also a very encouraging increase, which was driven by higher rents.
- > The results of asset management – our most important operational earnings pillar – rose by 6.6% to EUR 101.0 million.
- > Operating profit came to EUR 203.4 million, more than 60% above the level of the prior year. Our properties have increased significantly in value, which is reflected in the revaluation results.
- > Overall, the net profit for the period more than doubled to EUR 185.3 million. The financial results also benefited from the good performance of our S IMMO holding. We are very satisfied with this, as it shows we have made the right investment.
- > The development of our sustainable funds from operations, a key profitability indicator in our sector, also highlights our improved earnings power: FFO 1 from the standing investment business rose by more than 20% to EUR 59.0 million.
- > Furthermore, we have a very solid financial profile. Our cash and cash equivalents amounted to EUR 560.4 million at the end of June and gearing based on net loan to value is very robust at 38.0%. And we further reduced our financing costs, which are now at 1.99% including hedging expenses.

Consequently, we are very well under way. This is also reflected by the investment grade rating assigned to IMMOFINANZ at the start of the year by the international rating agency S&P Global Ratings. The rating is “BBB-” and carries a stable outlook. This is the first investment grade rating in our company's history and is an important sign of quality.

Our real estate portfolio grew to over EUR 4.5 billion in the first half of the year and now comprises 214 properties. The largest part – around 90% or EUR 4.1 billion – is made up of standing investments. The gross return on these 6.3% is a solid level by international standards.

In recent months, we have once again increased the size of our standing investment portfolio through project completions. In our Düsseldorf office property FLOAT, which comprises around 30,000 sqm, the tenant Uniper has fully moved in. We have also completed the expansion of our STOP SHOP in the city of Třebíč in the Czech Republic. The fully let retail park now has rentable space of almost 22,000 sqm, making this our largest STOP SHOP.

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**WE CONTINUE TO
BUILD ON THE VERY
GOOD PROGRESS
MADE LAST YEAR**



As announced, we have also significantly strengthened our position as one of the leading providers of premium office solutions through acquisitions. In January we purchased the second 50% share in the Na Příkopě 14 building in the center of Prague and are, as a result, now the sole owner of this fully let property with a top city centre location. In July we took two further important steps in terms of growth: With the Warsaw Spire, we now own the tallest office tower in Warsaw. This is an ideal combination of top quality, with many distinguished tenants, and optimal infrastructure. The property has a value of EUR 386 million and the expected rental income is EUR 19.6 million per annum. In Prague we have added Palmovka Open Park, comprising almost 26,000 sqm, to our office portfolio. This first-class office location will contribute around EUR 4.4 million in annual rental income.

In line with our commitment, we have also once again strengthened our position as leading retail park operator in Europe and acquired six fully let sites in Slovenia and Poland. Including the recently opened STOP SHOPS in the Serbian city of Sremska Mitrovica and two further projects in Poland, we have reached our goal for 2019 of expanding the STOP SHOP portfolio substantially to around 90 locations.

With these purchases in the office and retail sectors, we are heading towards a property portfolio value of around EUR 5 billion. We have taken numerous steps to further strengthen our sustainable earnings power. Against this backdrop and in view of the very good performance in the first half of the year, we are raising our outlook for FFO 1 before tax for the 2019 financial year and now expect this to be over EUR 115 million. On a year-on-year basis, this would be a respectable increase of over 35%.

So, we are making very good progress!

Vienna, 28 August 2019

Oliver Schumy
CEO

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

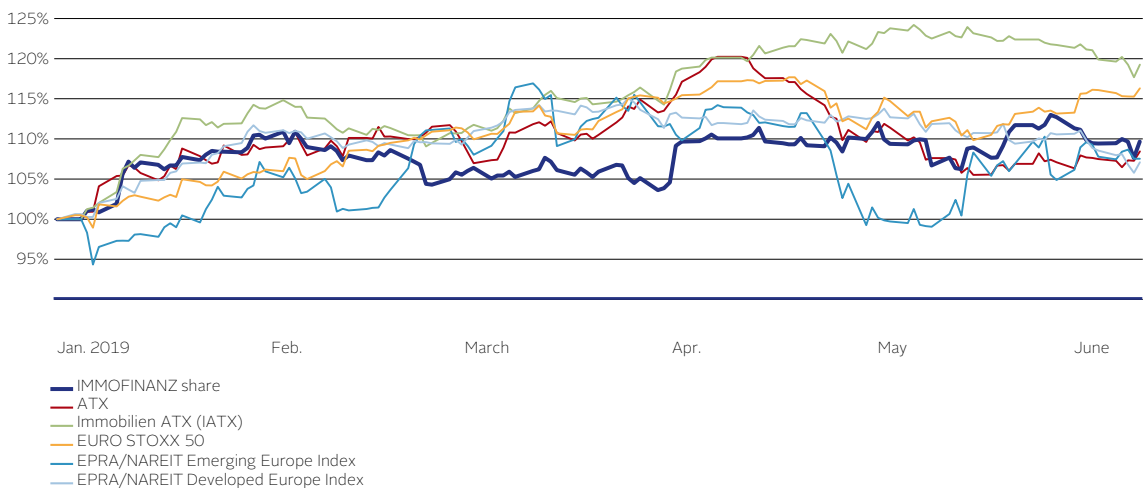
The substantial rise in share prices during the first months of 2019 was slowed by growing concerns over international trade relations and the development of the global economy which, in total, led to a market correction in May. These events were subsequently followed by a temporary return to a positive climate on the international exchanges at the end of the first half of 2019.

The pan-European EURO STOXX 50 index gained 15.7% in the first half-year. Vienna's leading ATX index rose by 8.4% and the EPRA Developed Europe and EPRA Emerging Europe branch indexes by 6.4% and 7.5%, respectively.

The IMMOFINANZ share started the 2019 financial year at EUR 20.9 and closed the first half-year at EUR 22.92, for an increase of 9.7%. The IMMOFINANZ share traded at EUR 24.19 on the editorial deadline for this report (27 August 2019), which represents an increase of 15.7% since the beginning of the year.

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 January 2019



PERFORMANCE COMPARISON

1 January to 30 June 2019	in %
IMMOFINANZ share	9.7%
ATX	8.4%
Immobilien ATX	19.3%
EPRA/NAREIT Emerging Europe	7.5%
EPRA/NAREIT Developed Europe	6.4%

KEY DATA ON THE SHARE

ISIN	AT0000A21KS2
Segment	ATX, WIG
Reuters	IMFI.VI
Bloomberg	IJA:AV
Financial year 2019	1 January to 31 December

INFORMATION ON THE IMMOFINANZ SHARE

		30 June 2019	31 Dec. 2018	Change in %
Book value per share	in EUR	27.48	26.29	4.5%
EPRA net asset value per share ¹	in EUR	29.24	28.80	1.5%
EPRA triple net asset value per share ¹	in EUR	28.64	28.44	0.7%
EPRA earnings per share ¹	in EUR	0.79	0.27	≥ +100.0%
FFO 1 per share before tax (excl. S IMMO/CA Immo) ¹	in EUR	0.54	0.43 ²	25.5%
Share price at end of period	in EUR	22.92	20.90	9.7%
Share price high based on the closing rate	in EUR	23.62	23.28	1.5%
Share price low based on the closing rate	in EUR	21.08	18.79	12.2%
Discount of share price to EPRA NAV diluted per share	in %	21.6%	27.4%	n. a.
Total number of shares		112,085,269	112,085,269	0.0%
thereof treasury shares		9,569,526 ³	4,942,001	93.6%
Market capitalisation at the end of the period	in MEUR	2,569.0	2,342.6	9.7%
Free float ⁴	in %	approx. 68%	approx. 73%	n. a.

1 See the calculation under *Business development*

2 Adjusted

3 IMMOFINANZ has been repurchasing its shares within the framework of the share buyback programme 2018/2019 since 16 July 2018. The maximum volume of 9,708,526 shares was reached on 13 August 2019 and the share buyback programme 2018/2019 was therefore terminated prematurely as of that date (for additional details, see the section *Share buyback programme*).

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

SHARE CAPITAL AND DISTRIBUTION POLICY

The company's share capital has remained unchanged since 31 December 2018 and equalled EUR 112.09 million as of 30 June 2019. Share capital comprises 112,085,269 shares.

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

Sustainable dividend policy

The annual general meeting on 22 May 2019 approved a dividend of EUR 0.85 per share for the 2018 financial year (2017: EUR 0.70). It was classified as a repayment of capital under Austrian law (§ 4 (12) of the Austrian Income Tax Act) and was therefore not subject to withholding tax for natural persons who are resident in Austria and who hold IMMOFINANZ shares as part of their private assets.* The ex-dividend date was 24 May and the dividend was paid on 28 May 2019.

Share buyback programmes

A total of 9,708,526 IMMOFINANZ shares, or 8.66% of the shares outstanding, were repurchased during the period from 16 July 2018 to 13 August 2019 and the share buyback programme 2018/2019 was therefore terminated prematurely. The shares were repurchased over the stock exchange at an average price of EUR 22.54 per share.

Share buyback programme terminated prematurely

The reportable threshold of 5% was exceeded on 21 January 2019 in connection with this buyback. Together with the shares repurchased during the first half of 2018, we held 11,208,526 treasury shares when the share buyback programme 2018/2019 was terminated after the end of the reporting period on 13 August 2019. That represents the legally defined upper limit of 10% of IMMOFINANZ shares. Information on the share buyback programme 2018/2019 is available under www.immofinanz.com/en/investor-relations/shares/share-buyback-programmes.

26TH ANNUAL GENERAL MEETING

The 26th annual general meeting of IMMOFINANZ AG was held on 22 May 2019 in Vienna's Stadthalle. The shareholders' resolutions included, among others, the election of Bettina Breiteneder and Sven Bienert to the Supervisory Board; their terms of office run to the end of the annual general meeting which will vote on the release from liability for the 2023 financial year. The Supervisory Board now consists of six shareholder representatives: Michael Knap (chairman), Rudolf Fries (vice-chairman), Christian Böhm, Nick J. M. van Ommen and the two newly elected members Bettina Breiteneder and Sven Bienert. The related documents and voting results from the annual general meeting can be found under www.immofinanz.com/en/investor-relations/general-meeting.

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

SHAREHOLDER STRUCTURE

IMMOFINANZ shares are widely held, primarily by fixed ownership investors and by private investors in Austria and long-term institutional investors from Europe and the USA. Free float (based on the definition issued by the Vienna Stock Exchange for the Prime Market segment) equalled roughly 68% as of 30 June 2019.

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

	Number of voting rights	Percentage (basis: share capital as of 30 June 2019)	Last reporting date
S IMMO AG (via CEE Immobilien GmbH) ¹	13,388,358	11.9%	27 March 2018
Fries Foundation (and companies and members of the Fries family)	6,978,181	6.2%	28 Jan. 2019
CA Immobilien Anlagen AG (via PHI Finanzbeteiligungs and Investment GmbH) ²	5,480,556	4.9%	2 Nov. 2017

¹ Includes shares and other financial instruments of IMMOFINANZ

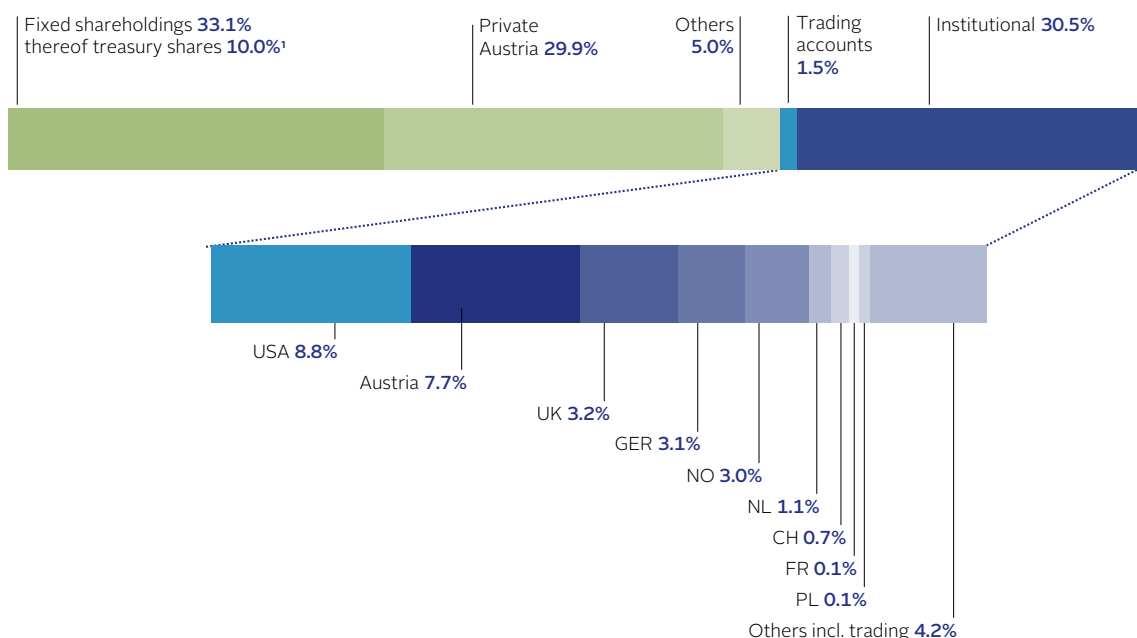
² According to information provided by the company, CA Immo reduced its investment in IMMOFINANZ to 4.98 million shares as of 30 June 2019.

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

Detailed analysis

Regular shareholder surveys help us to define the regional focal points for investor relations activities. The latest survey was carried out in summer 2019 and shows the following picture: 29.9% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold 30.5% of the free float shares, whereby most come from the USA (8.8%), Austria (7.7%) and the United Kingdom (3.2%). Fixed shareholdings by investors represent 23.1%, while a further 10.0% are also attributed to fixed shareholdings based on the free float definition of the Vienna Stock Exchange. The remaining 5.0% are unidentified investors or shares held by foreign private investors. Trading accounts are 1.5%.

PRIVATE AND INSTITUTIONAL INVESTORS



Source: IPREO, July 2019
1 Treasury shares as of 13 August 2019

IMMOFINANZ BONDS AND INVESTMENT GRADE RATING

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

IMMOFINANZ received a long-term issuer rating of BBB- with stable outlook and the benchmark bond an issue rating of “BBB-” from S&P Global Ratings on 22 January 2019. As the reasons for its rating decision, S&P Global Ratings listed, among others, IMMOFINANZ’s market position as one of the largest commercial property owners in the CEE region, the stable occupancy level and the stable development of demand in the company’s business environment.

The convertible bond 2017–2024 (ISIN XS1551932046) was outstanding as of 30 June 2019 with an unchanged nominal value of EUR 297.2 million. The conversion price was adjusted to EUR 21.38 (previously: EUR 22.20) in the second quarter to reflect the dividend payment. Following the receipt of the investment grade rating, the coupon was reduced by 50 basis points to 1.5% beginning with the interest payment period which started on 24 January 2019 in accordance with the bond terms.

ANALYSTS’ RECOMMENDATIONS

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

FINANCIAL CALENDAR 2019

27 November 2019	Announcement of results for the first three quarters of 2019 (after the close of trading)
28 November 2019	Report on the first three quarters of 2019

YOUR IR CONTACT

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

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GROUP INTERIM MANAGEMENT REPORT

Economic Overview and Property Markets

Forecasts point to growth for the European economy – in all member states – for the seventh year in succession during 2019. The Eurozone recorded stronger-than-expected development in the first quarter. It was supported by numerous temporary factors which included, for example, the mild winter and budgetary measures that led to an increase in the disposable income for private households in several member countries. The short-term outlook for the European economy is, however, overshadowed by external factors that include global trade tensions and considerable political uncertainty. Economic growth in the 28 EU states equalled 2.0% in 2018, but is projected to slow to 1.4% in 2019. The coming year is expected to bring a moderate rise to 1.6%. The EU Commission's summer forecast for the Eurozone points to an increase of 1.2% in 2019 and a slight improvement to 1.4% in 2020.

***Above-EU average
growth in the core
countries***

Forecasts for most of the IMMOFINANZ core markets are substantially higher than the EU average, whereby the strongest growth is expected in Poland (2019: 4.4% / 2020: 3.6%), Hungary (4.4% / 2.8%), Romania (4.0% / 3.7%) and Slovakia (3.6% / 3.3%), followed by the Czech Republic (2.6% / 2.5%), Austria (1.5% / 1.5%) and Germany (0.5% / 1.4%). The EU Commission recently issued slight downward adjustments, in particular, to its estimates for the Eurozone member countries.

The unemployment rate in the EU fell to a historical low of 7.5% in May, but with substantial geographical differences. In the Eurozone, the unemployment rate declined to 2.3%.

Consumer price inflation rose to 1.7% in April as a result of the Easter holidays and related strong vacation activity, but then declined to the previous level of 1.2%. Inflation in the Eurozone is projected to average 1.3% in 2019 and 2020 due to the low energy prices. For the EU as a whole, inflation is expected to average 1.5% in 2019 and 1.6% in 2020.

TRANSACTION AND RENTAL MARKET

***Supply shortage
on the investment
market***

Transactions on the European commercial property market totalled EUR 101.7 billion in the first half of 2019, for a decline of 13% below the record prior year level. An analysis of the individual assets classes shows the lowest decline in the office sector at 6% and the highest in the retail area at 31%. The reduction in investment activity is, above all, a result of the limited offering, while the investment market in Great Britain was further weakened by the uncertainty surrounding the Brexit.

The limited offering – and not a lack of demand – was also responsible for a decrease of roughly 9% in the transaction volume on the commercial property market in Germany to EUR 23.6 billion. The prime yield equalled 3.1% for office properties in Düsseldorf and has declined to 3.09% for the top seven cities.

Commercial property transactions in Austria totalled EUR 1.7 billion in the first half of 2019. This represents a decline of nearly 25%, but can still be considered very good in view of the supply shortage. Prime yields currently equal roughly 3.25% on the Vienna office market and 5% for retail parks.

***CEE core markets:
rents and yields
generally stable***

Rents in the individual markets were generally stable. Slightly higher prime rents were recorded in Germany and Hungary. Yields were also largely stable or trended slightly downward despite the high transaction volume.

IMMOFINANZ's core markets are generally characterised by declining vacancy rates. Vacancies on the office market in Prague currently equal 4.6% and fell to a new low of 6.3% in Budapest during the first half-year.

Portfolio Report

The property portfolio covered 214 properties* (31 December 2018: 226) with a combined value of EUR 4,545.3 million as of 30 June 2019 (31 December 2018: EUR 4,338.0 million). These properties are located, above all, in the core markets of Austria, Germany, Poland, Czech Republic, Slovakia, Hungary and Romania. Standing investments represent the largest component at EUR 4,105.1 million, or 90.3% of the carrying amount, and approximately 1.9 million sqm which generate steady rental income. Development projects comprise EUR 248.0 million, or 5.5% of the carrying amount. Pipeline projects are responsible for EUR 192.2 million, or 4.2%, and include future planned development projects, undeveloped land, real estate inventories and properties that are intended for sale.

**Portfolio value of
EUR 4.5 billion**

The IMMOFINANZ portfolio is focused on clearly defined brands with a high degree of standardisation: myhive for office properties and, in the retail sector, STOP SHOP for retail parks and VIVO! for shopping centers.

**Clear brand
strategy**

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

The initial application of IFRS 16 in the first quarter of 2019 led to differences between the amounts presented in the portfolio report and on the balance sheet. The property values in the portfolio report were determined by expert appraisals or internal valuation, while the amounts reported on the balance sheet also include capitalised rights of use for building rights.

PROPERTY PORTFOLIO BY CORE MARKET AND CLASSIFICATION

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR ²	Property portfolio in MEUR	Property portfolio in %
Austria	31	737.1	101.7	35.8	874.6	19.2%
Germany	8	533.0	65.9	0.5	599.5	13.2%
Poland	32	720.2	41.0	0.0	761.2	16.7%
Czech Republic	17	449.5	0.0	0.0	449.5	9.9%
Hungary	27	482.6	2.6	20.8	506.0	11.1%
Romania	48	642.7	31.3	97.8	771.8	17.0%
Slovakia	21	308.9	0.0	1.2	310.1	6.8%
Other countries ¹	30	231.0	5.5	36.1	272.7	6.0%
IMMOFINANZ	214	4,105.1	248.0	192.2	4,545.3	100.0%
		90.3%	5.5%	4.2%	100.0%	

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

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

² Including real estate inventories (Cologne and Adama) totalling EUR 867,929

SALE OF NON-STRATEGIC PROPERTIES

Properties with a value of EUR 45.2 million (excl. proceeds from the sale of real estate inventories) were sold during the first half of 2019. Included here, among others, are two office properties in Romania and Hungary as well as various non-core properties and land reserves in Poland and Romania. In addition, a contract for the sale of four buildings and one undeveloped site on the Warsaw EMPARK grounds to the Polish developer Echo Investment was signed after the end of the reporting period on 14 August. These areas are intended for residential construction. The transaction will close in two phases, presumably in 2020 and 2021. Four office buildings in the EMPARK with approximately 63,500 sqm of rentable space will remain in the IMMOFINANZ portfolio, and the modernisation projects started in these properties will continue.

**Property sales of
MEUR 45.2**

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

PROPERTY ACQUISITIONS

At the end of January 2019 IMMOFINANZ announced the purchase of the second half of the investment in *Na Příkopě 14*, a building in the inner city of Prague, and is now the sole owner of this prime high street property. *Na Příkopě 14* is located on one of the best known shopping streets and has roughly 17,000 sqm of exclusive retail and modern office space on ten floors. The extensive revitalisation of this historical building was completed in 2014 and recognised with a LEED Gold certificate.

Expansion of the standing investment portfolio through strategic acquisitions

The contract for the acquisition of the *Warsaw Spire Tower*, a high-rise office building in Warsaw, was signed in June. The transaction closed on 11 July, after the end of the half-year reporting period, following the release by the Polish anti-trust authorities. The *Warsaw Spire Tower* has approximately 71,600 sqm of rentable space, whereby 65,000 sqm represent offices and the remainder retail and warehouse areas. The agreed property value for the office tower amounts to approximately EUR 386.0 million, and the expected annual rental income based on invoiced rents totals EUR 19.6 million.

IMMOFINANZ carried out a further strategic transaction in the office sector after the balance sheet date with the acquisition of the *Palmovka Open Park* in Prague through the purchase of the property holding companies. This office location covers three buildings with 25,800 sqm of rentable space. The agreed property value totals EUR 76.4 million, and the expected rental income equals EUR 4.4 million per year. The transaction closed on 8 July 2019.

August: Expansion of the STOP SHOP portfolio through further acquisitions

In a next step, IMMOFINANZ acquired six fully rented retail parks in Slovenia and Poland with roughly 54,000 sqm of rentable space in total during August 2019. The expected annual rental income based on invoiced rents equals EUR 6.6 million, which represents a gross return of 8.6%.

INVESTMENTS

IMMOFINANZ invested a total of EUR 198.8 million in the property portfolio during the first half of 2019 (Q1–2 2018: EUR 77.9 million).

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 4,413.1 (excl. Others); in MEUR



The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 30 June 2019:

PROPERTY PORTFOLIO BY BRAND AND CLASSIFICATION

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR ¹	Property portfolio in MEUR	Property portfolio in %
Office	76	2,584.0	194.6	72.9	2,851.5	62.7%
thereof myhive	24	1,120.4	52.8	25.6	1,198.7	26.4%
Retail	108	1,512.8	15.8	33.1	1,561.7	34.4%
thereof VIVO!/ Shopping Center	11	674.1	0.2	0.0	674.3	14.8%
thereof STOP SHOP/ Retail Park	89	833.4	15.6	4.9	853.9	18.8%
Others	30	8.3	37.7	86.2	132.1	2.9%
IMMOFINANZ	214	4,105.1	248.0	192.2	4,545.3	100.0%

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

¹ Including real estate inventories (Cologne and Adama) of EUR 867,929

STANDING INVESTMENTS

The 154 standing investments had a combined carrying amount of EUR 4,105.1 million as of 30 June 2019 (31 December 2018: 157 investments and EUR 3,719.1 million). Of this total, 62.9% are attributable to office properties and 36.9% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Austria (EUR 737.1 million), Poland (EUR 720.2 million) and Romania (EUR 642.7 million).

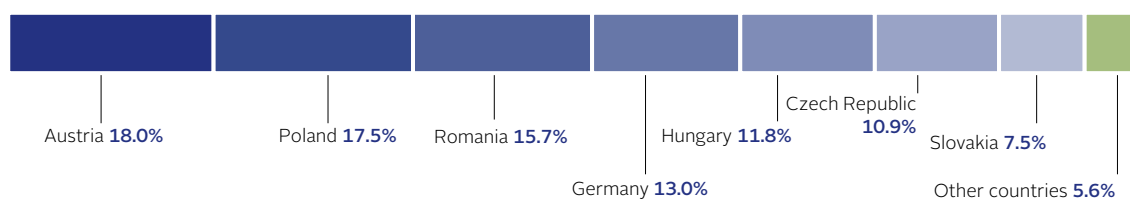
Standing investments are the most important source of earnings

These properties have 1,895,140 sqm of rentable space (31 December 2018: 1,891,627 sqm). Based on annualised rental income (Q2 2019: EUR 64.8 million), the portfolio has a gross return of 6.3% and a return of 6.6% based on invoiced rents. The difference is explained by the accrual of rental incentives – e.g. the standard market practice of granting rent-free periods or allowances for fit-out costs. These incentives must be accrued on a straight-line basis over the contract term in accordance with IFRS (basis for gross return under IFRS), but are not included in the invoiced rent.

The occupancy rate equalled 94.8% as of 30 June 2019 (30 June 2018: 94.7%; 31 December 2018: 95.8%). According to the EPRA's calculation formula, the vacancy rate equals 5.6% – which represents an EPRA occupancy rate of 94.4%. The EPRA vacancy rate is based on the ratio of the estimated market rent for the vacant space in the standing investments to the total estimated market rent for the standing investment portfolio. IMMOFINANZ rented roughly 145,900 sqm of usable space in the first half of 2019 (excl. Other standing investments; 2018: 312,400 sqm). Of this total, 75,900 sqm represented new rentals and 70,000 sqm contract extensions. The average unexpired lease term (WAULT*) weighted by rental income equalled roughly four years as of 30 June 2019.

Standing investment portfolio: occupancy rate of 94.8%

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 30 June 2019, based on the carrying amount:



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

STANDING INVESTMENTS BY CORE MARKET

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate (EPRA occupancy rate ¹) in %
Austria	25	737.1	18.0%	250,375	232,527	92.9% (93.2%)
Germany	5	533.0	13.0%	103,500	102,344	98.9% (98.6%)
Poland	26	720.2	17.5%	377,028	352,456	93.5% (93.3%)
Czech Republic	17	449.5	10.9%	194,451	190,222	97.8% (98.0%)
Hungary	23	482.6	11.8%	284,732	275,857	96.9% (96.7%)
Romania	17	642.7	15.7%	342,534	310,154	90.5% (89.7%)
Slovakia	20	308.9	7.5%	177,232	169,396	95.6% (94.6%)
Other countries	21	231.0	5.6%	165,288	164,080	99.3% (99.3%)
IMMOFINANZ	154	4,105.1	100.0%	1,895,140	1,797,036	94.8% (94.4%)

Standing investments	Rental income Q2 2019 in MEUR ²	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in % ³	Financing costs incl. derivatives in %	LTV in %
Austria	9.5	5.1% (5.3%)	301.0	1.5%	2.2%	40.8%
Germany	5.7	4.3% (4.5%)	315.7	0.4%	0.9%	59.2%
Poland	12.6	7.0% (8.1%)	368.7	1.6%	2.1%	51.2%
Czech Republic	6.2	5.5% (4.9%)	252.7	1.6%	1.8%	56.2%
Hungary	7.9	6.5% (7.2%)	229.3	1.8%	2.2%	47.5%
Romania	12.8	8.0% (8.2%)	0.0	0.0%	0.0%	0.0%
Slovakia	5.5	7.2% (7.5%)	145.5	1.9%	2.2%	47.1%
Other countries	4.6	8.0% (8.3%)	44.8	2.7%	2.7%	19.4%
IMMOFINANZ	64.8	6.3% (6.6%)	1,657.7	1.4%	1.9%	40.4%

Development projects and pipeline projects	1.4		38.2	1.5%	2.2%	
Rental income from sold properties and adjustments	0.4		0.0	0.0%	0.0%	
Group financing	0.0		781.2	0.0%	2.2%	
IMMOFINANZ	66.6		2,477.1	1.4%	2.0%	

Market value property portfolio						4,545.3
EPRA NAV S IMMO shares (19.5 million shares) ⁴						473.3
Cash and cash equivalents ⁵			-560.4			
Properties/liabilities held for sale (asset & share deals)			0.0			23.8
IMMOFINANZ			1,916.6			5,042.4
Net LTV						38.0%

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

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

3 Financing costs based on nominal outstanding liability

4 19.5 million S IMMO shares at the EPRA NAV of EUR 24.27 per share as of 30 June 2019

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

INCREASE IN LIKE-FOR-LIKE RENT

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with Q2 2018) shows an increase of EUR 1.7 million, or 3.3%, to EUR 54.2 million in the second quarter of 2019.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q2 2019 in MEUR	Rental income Q2 2018 in MEUR	Change in rental income Q2 2019 to Q2 2018 in MEUR
Austria	25	737.1	21.2%	9.4	8.9	0.5
Germany	2	128.1	3.7%	1.7	1.6	0.0
Poland	26	720.2	20.7%	11.3	10.7	0.6
Czech Republic	16	335.5	9.6%	4.9	4.6	0.2
Hungary	23	482.6	13.9%	7.5	7.2	0.3
Romania	17	642.7	18.5%	11.7	11.3	0.3
Slovakia	20	308.9	8.9%	5.4	5.7	-0.3
Other countries	11	122.0	3.5%	2.4	2.4	0.0
IMMOFINANZ	140	3,477.1	100.0%	54.2	52.4	1.7
Rental income from properties sold/ acquired, adjustments on IFRS 15 and IFRS 16 and development projects				12.5		
IMMOFINANZ				66.6		

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

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q2 2019 in MEUR	Rental income Q2 2018 in MEUR	Change in rental income Q2 2019 to Q2 2018 in MEUR
Office	55	2,072.5	59.6%	27.8	26.9	0.9
thereof myhive	22	1,120.4	32.2%	14.6	14.2	0.4
Retail	82	1,403.8	40.4%	26.4	25.5	0.9
thereof VIVO!/Shopping Center	10	674.1	19.4%	12.6	12.0	0.5
thereof STOP SHOP/Retail Park	71	724.4	20.8%	13.7	13.4	0.3
Others	3	0.8	0.0%	0.0	0.0	0.0
IMMOFINANZ	140	3,477.1	100.0%	54.2	52.4	1.7

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1 This calculation only includes the properties which were fully owned by IMMOFINANZ during both periods. In other words, the calculation excludes new acquisitions, completions and sales.

OFFICE STANDING INVESTMENTS

The carrying amount of the 58 office standing investments totalled EUR 2,584.0 million as of 30 June 2019 (31 December 2018: 60 investments and EUR 2,235.4 million). These assets represented 62.9% of the standing investment portfolio and 53.1% of the rental income from this portfolio in the second quarter of 2019. A regional analysis shows the focal points of the office properties in the core markets in Austria (EUR 611.5 million), Germany (EUR 525.6 million) and Poland (EUR 453.3 million).

The office standing investments have 1,007,510 sqm of rentable space (31 December 2018: 1,003,941 sqm). Based on the rental income, the office portfolio generated a gross return of 5.3% and a return of 5.8% based on invoiced rents. The office properties in the myhive brand represent a carrying amount of EUR 1,120.4 million and generated a gross return of 5.5%, respectively 6.3% based on invoiced rents. The occupancy rate in the office portfolio equalled 93.5% (30 June 2018: 92.1%; 31 December 2018: 93.7%) or 94.0% according to the EPRA calculation method. The myhive offices have an occupancy rate of 93.4%.

**Myhive office
occupancy rate:
93.4%**

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 21.3% of the space in the office standing investments, and no single tenant has rented more than 3.5% of the total space in these properties. The WAULT* rose to 4.6 years as of 30 June 2019.

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

The ten largest standing investments in the office portfolio based on the carrying amount (in declining order) are the *FLOAT* (Düsseldorf), *myhive am Wienerberg* (Vienna), *trivago Campus* (Düsseldorf), *City Tower Vienna* (Vienna), *Na Příkopě 14* (Prague), *myhive Átrium Park* (Budapest), *BB Centrum Gamma* (Prague), *Cluster Produktionstechnik* (Aachen), *myhive S-Park* (Bucharest) and *myhive Park Postępu* (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 (EPRA occupancy rate ¹) in %
IMMOFINANZ	58	2,584.0	100.0%	1,007,510	941,773	93.5% (94.0%)
thereof myhive	22	1,120.4	43.4%	482,436	450,414	93.4% (93.4%)

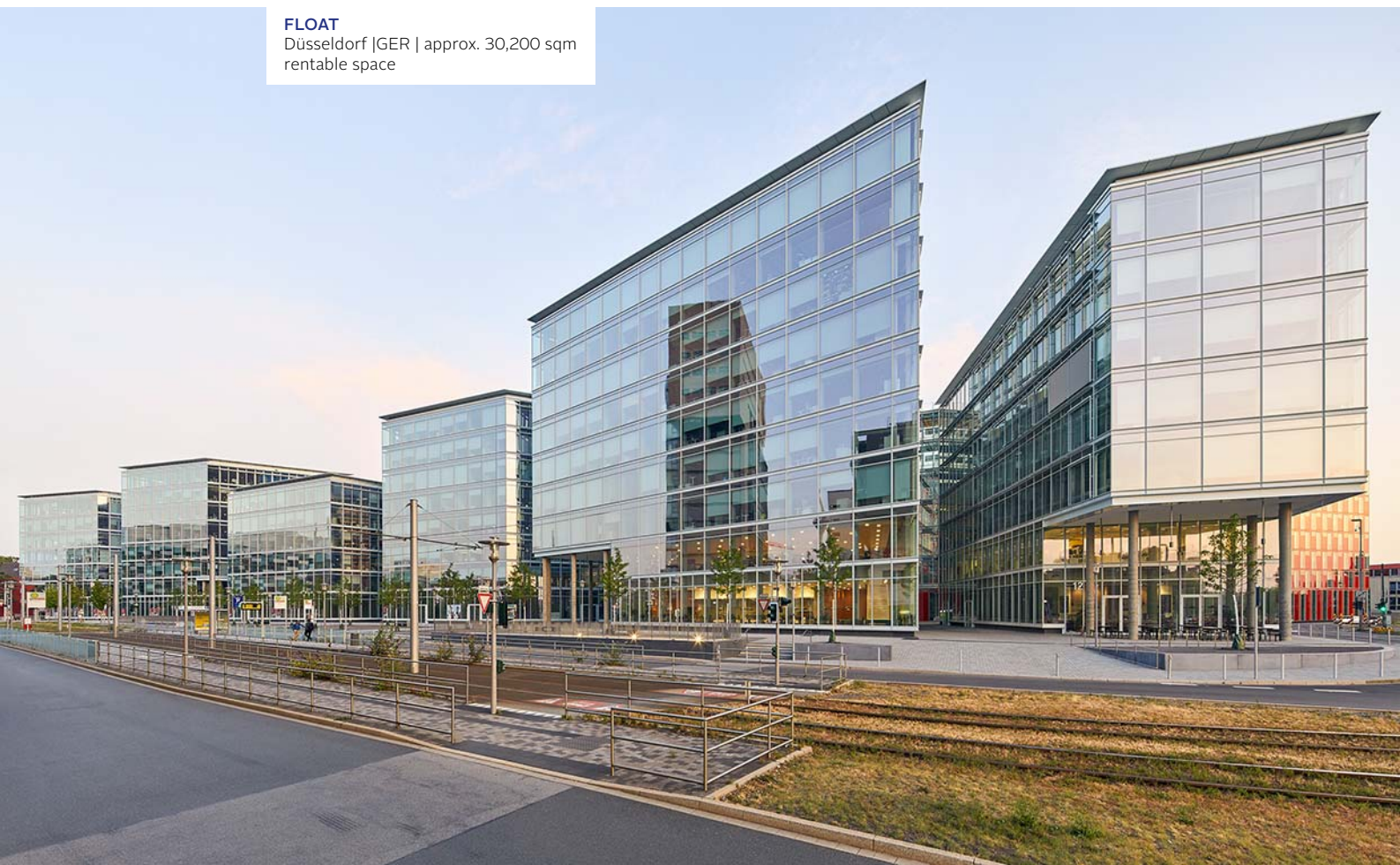
Standing investments	Rental income Q2 2019 in MEUR ²	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in % ³	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	34.4	5.3% (5.8%)	1,067.6	1.2%	1.7%	41.3%
thereof myhive	15.5	5.5% (6.3%)	455.6	1.5%	2.1%	40.7%

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

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

3 Financing costs based on nominal outstanding liability

FLOAT
Düsseldorf | GER | approx. 30,200 sqm rentable space





THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,584.0)

20.3%
GERMANY

17.5%
POLAND

12.0%
CZECH REPUBLIC

2.2%
SLOVAKIA

23.7%
AUSTRIA

11.0%
HUNGARY

12.2%
ROMANIA

AUSTRIA	23.7%
Number of properties	12
Carrying amount in MEUR	611.5
Rentable space in sqm	190,124
Occupancy rate	91.6% (92.2% ¹)
Rental income Q2 2019 in MEUR ²	7.3
Gross return in %	4.8%

GERMANY	20.3%
Number of properties	4
Carrying amount in MEUR	525.6
Rentable space in sqm	103,500
Occupancy rate	98.9% (98.6% ¹)
Rental income Q2 2019 in MEUR ²	5.6
Gross return in %	4.2%

POLAND	17.5%
Number of properties	15
Carrying amount in MEUR	453.3
Rentable space in sqm	227,009
Occupancy rate	90.6% (91.2% ¹)
Rental income Q2 2019 in MEUR ²	6.8
Gross return in %	6.0%

ROMANIA	12.2%
Number of properties	9
Carrying amount in MEUR	314.6
Rentable space in sqm	190,205
Occupancy rate	92.2% (92.3% ¹)
Rental income Q2 2019 in MEUR ²	5.6
Gross return in %	7.2%

CZECH REPUBLIC	12.0%
Number of properties	6
Carrying amount in MEUR	310.4
Rentable space in sqm	96,358
Occupancy rate	96.4% (97.2% ¹)
Rental income Q2 2019 in MEUR ²	3.6
Gross return in %	4.6%

HUNGARY	11.0%
Number of properties	9
Carrying amount in MEUR	284.1
Rentable space in sqm	148,728
Occupancy rate	95.5% (95.5% ¹)
Rental income Q2 2019 in MEUR ²	4.1
Gross return in %	5.8%

SLOVAKIA	2.2%
Number of properties	2
Carrying amount in MEUR	56.1
Rentable space in sqm	35,592
Occupancy rate	94.2% (94.2% ¹)
Rental income Q2 2019 in MEUR ²	0.9
Gross return in %	6.1%

OTHER COUNTRIES ³	1.1%
Number of properties	1
Carrying amount in MEUR	28.4
Rentable space in sqm	15,995
Occupancy rate	99.0% (99.0% ¹)
Rental income Q2 2019 in MEUR ²	0.4
Gross return in %	6.3%

IMMOFINANZ	100.0%
Number of properties	58
Carrying amount in MEUR	2,584.0
Rentable space in sqm	1,007,510
Occupancy rate	93.5% (94.0% ¹)
Rental income Q2 2019 in MEUR ²	34.4
Gross return in %	5.3%

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

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

³ Croatia

RETAIL STANDING INVESTMENTS

The carrying amount of the 92 standing investments in the retail sector totalled EUR 1,512.8 million as of 30 June 2019 (31 December 2018: 93 investments and EUR 1,475.5 million). These properties represented 36.9% of the standing investment portfolio and generated 46.7% of rental income in the second quarter of 2019. The largest regional markets are Romania with EUR 327.4 million, Poland with EUR 266.9 million and Slovakia with EUR 252.9 million. The STOP SHOP retail parks have a carrying amount of EUR 833.4 million and a gross return of 7.8%, respectively 8.0% based on invoiced rents. The VIVO! shopping centers have a carrying amount of EUR 674.1 million; they generate a gross return of 8.2% and an invoiced rental return of 8.3%.

The retail standing investments have 887,629 sqm of rentable space (31 December 2018: 887,685 sqm). Based on annualised rental income (Q2 2019: EUR 30.2 million), the retail portfolio had a gross return of 8.0% and a return of 8.1% based on invoiced rents.

Retail portfolio: occupancy rate 96.4%

The occupancy rate in the retail properties equalled 96.4% at the end of June 2019 (30 June 2018: 97.8%; 31 December 2018: 98.2%). The occupancy rate in the STOP SHOPS and VIVO!s equal 98.4% and 92.7%, respectively. The ten largest tenants are responsible for 29.7% of the space in the retail portfolio, whereby no single tenant has rented more than 4.1% of the total space in the retail standing investments. The WAULT* equalled 3.5 years as of 30 June 2019.

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

KEY DATA ON THE RETAIL STANDING INVESTMENTS BY CATEGORY

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate (EPRA occupancy rate ¹) in %
IMMOFINANZ	92	1,512.8	100.0%	887,629	855,263	96.4% (95.0%)
thereof VIVO!/ Shopping Center	10	674.1	44.6%	305,596	283,409	92.7% (91.1%)
thereof STOP SHOP/ Retail Park	81	833.4	55.1%	577,600	568,083	98.4% (98.3%)
Standing investments	Rental income Q2 2019 in MEUR ²	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in % ³	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	30.2	8.0% (8.1%)	588.3	1.9%	2.2%	38.9%
thereof VIVO!/ Shopping Center	13.8	8.2% (8.3%)	208.4	1.7%	2.2%	30.9%
thereof STOP SHOP/ Retail Park	16.3	7.8% (8.0%)	379.9	1.9%	2.3%	45.6%

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

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

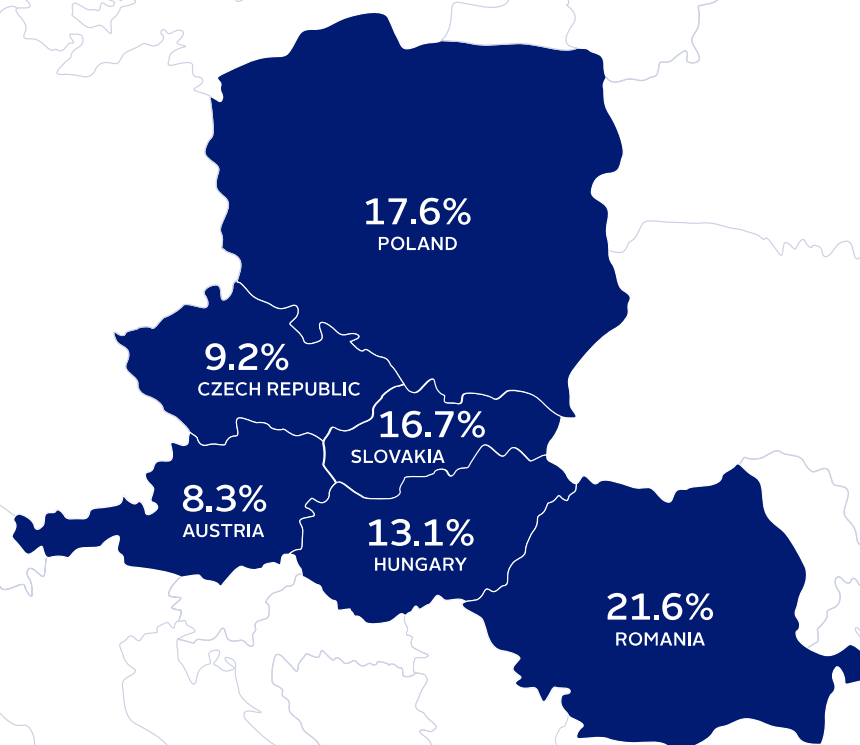
3 Financing costs based on nominal outstanding liability

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



THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 1,512.8)



ROMANIA	21.6%
Number of properties	5
Carrying amount in MEUR	327.4
Rentable space in sqm	152,329
Occupancy rate	88.5% (87.4% ¹)
Rental income Q2 2019 in MEUR ²	7.2
Gross return in %	8.8%

POLAND	17.6%
Number of properties	11
Carrying amount in MEUR	266.9
Rentable space in sqm	150,019
Occupancy rate	97.9% (97.4% ¹)
Rental income Q2 2019 in MEUR ²	5.7
Gross return in %	8.6%

SLOVAKIA	16.7%
Number of properties	18
Carrying amount in MEUR	252.9
Rentable space in sqm	141,639
Occupancy rate	95.9% (94.7% ¹)
Rental income Q2 2019 in MEUR ²	4.7
Gross return in %	7.4%

HUNGARY	13.1%
Number of properties	14
Carrying amount in MEUR	198.5
Rentable space in sqm	136,004
Occupancy rate	98.4% (98.3% ¹)
Rental income Q2 2019 in MEUR ²	3.7
Gross return in %	7.5%

CZECH REPUBLIC	9.2%
Number of properties	11
Carrying amount in MEUR	139.0
Rentable space in sqm	98,094
Occupancy rate	99.2% (99.2% ¹)
Rental income Q2 2019 in MEUR ²	2.6
Gross return in %	7.5%

AUSTRIA	8.3%
Number of properties	13
Carrying amount in MEUR	125.6
Rentable space in sqm	60,251
Occupancy rate	96.9% (96.9% ¹)
Rental income Q2 2019 in MEUR ²	2.1
Gross return in %	6.8%

OTHER COUNTRIES ³	13.4%
Number of properties	120
Carrying amount in MEUR	202.6
Rentable space in sqm	149,293
Occupancy rate	99.3% (99.3% ¹)
Rental income Q2 2019 in MEUR ²	4.2
Gross return in %	8.2%

IMMOFINANZ	100.0%
Number of properties	92
Carrying amount in MEUR	1,512.8
Rentable space in sqm	887,629
Occupancy rate	96.4% (95.0% ¹)
Rental income Q2 2019 in MEUR ²	30.2
Gross return in %	8.0%

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

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

3 Slovenia, Serbia and Croatia

DEVELOPMENT PROJECTS

Active development projects with a carrying amount of MEUR 162.9

The development projects had a carrying amount of EUR 248.0 million as of 30 June 2019, which represents 5.5% of the total property portfolio. This amount includes EUR 162.9 million of active development projects and EUR 85.1 million of projects in the preparation or concept phase for which outstanding construction costs are not yet available. Included here, among others, are several STOP SHOP projects in Hungary and Romania and four buildings on the grounds of the Warsaw EMPARK. These latter properties were sold to the Polish developer Echo Investment after the end of the reporting period through a purchase contract which was signed on 14 August.

The expected fair value of the active projects on completion amounts to EUR 275.8 million. These projects are concentrated in the core markets of Germany and Austria with an expected fair value of EUR 246.0 million on completion.

In the first half of 2019, the *FLOAT* office building in Düsseldorf and the expansion of the *STOP SHOP Třebíč* in the Czech Republic were reclassified to standing investment portfolio after their completion.

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

GERMANY

Development projects focused on Germany

Following the *trivago Campus* and *FLOAT*, the third office projects in the Düsseldorf Medienhafen is now under development for IMMOFINANZ's standing investment portfolio. This high-rise is designed as a multi-tenant-building and will be the first myhive office building in Germany. The *myhive Medienhafen* will have roughly 22,000 sqm of rentable space on 16 floors and is scheduled for completion in 2021.

AUSTRIA

myhive am Wienerberg: office building conversion

In the *myhive am Wienerberg*, work is currently in progress to convert an office building into a hotel and office property. The ground floor lobby will include an entranceway to the neighbouring shopping center; the 201 hotel rooms will be integrated on floors 8 to 21; and the other areas – six floors in total – will be refitted as modern offices. The hotel will be operated by the NOVUM Group as the Holiday Inn Vienna South and opened in August 2019. A centrally located office building in Vienna's third district is currently undergoing conversion into a myhive property. The *myhive Ungargasse* is expected to have roughly 9,100 sqm of usable space and will be completed in the third quarter of 2020.

POLAND

The STOP SHOP portfolio continues to grow

The *STOP SHOP Siedlce* in Poland is expected to have roughly 14,000 sqm of rentable space and is scheduled to open in spring 2020. This will represent IMMOFINANZ's eighth STOP SHOP in Poland.

SERBIA

Construction on the *STOP SHOP Sremska Mitrovica* started at the beginning of March 2019. This retail park has approximately 7,000 sqm of rentable space and will be fully rented when it opens at the end of August 2019.

DEVELOPMENT PROJECTS BY CORE MARKET

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % ¹
Austria	2	90.4	55.5%	21.3	27,376	111.8	4.8	4.3%
Germany	1	65.1	39.9%	43.6	21,253	134.2	5.3	4.8%
Poland	1	1.9	1.2%	16.3	14,107	20.1	1.6	8.7%
Other countries ²	1	5.5	3.4%	3.7	7,006	9.8	0.8	8.7%
Active projects	5	162.9	100.0%	84.9	69,742	275.8	12.4	5.0%
Projects in preparation	12	85.1						
IMMOFINANZ	17	248.0						

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

The current carrying amount includes previously realised valuation gains.

² Serbia

PIPELINE PROJECTS

Pipeline projects include planned development projects, undeveloped land and/or temporarily suspended projects. The closing for the hotel in the *Gerling Quartier* in Cologne, which was sold through a forward purchase, took place during the first quarter of 2019, and the remaining real estate inventories in Cologne as well as the Romanian Adama (EUR 867,929) are therefore no longer reported separately, but together with the pipeline projects. The pipeline projects had a carrying amount of EUR 192.2 million as of 30 June 2019 (31 December 2018, including real estate inventories: EUR 221.4 million). Romania represents the focal point of these projects at EUR 97.8 million. As part of its corporate strategy, IMMOFINANZ intends to further reduce the scope of pipeline projects through selected sales.

ASSETS HELD FOR SALE

The assets held for sale totalled EUR 24.9 million as of 30 June 2019 (including capitalised rights of use for building rights) and are not included in this portfolio report (31 December 2018: EUR 57.2 million). Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in note 4.5 to the *consolidated interim financial statements*.

Property Valuation

*Independent
property
valuation by
CBRE*

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

CBRE appraised IMMOFINANZ's entire property portfolio as of 30 June 2019 (carrying amount: EUR 4.5 billion). Internal valuations were responsible for 1.1% (EUR 50.4 million).

DEVELOPMENT OF PROPERTY VALUATION IN THE FIRST HALF OF 2019

Revaluations totalled EUR 123.5 million in the first half of 2019 (Q1–2 2018: EUR 37.9 million) and included EUR 121.0 million of foreign exchange-adjusted revaluations. Positive effects were provided, among others, by an increase in the value of the office portfolio in Austria and Germany and the retail portfolio in Austria.

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

A like-for-like analysis – i.e. after an adjustment for new acquisitions, completions and sales to improve comparability – shows a positive valuation effect of EUR 78.2 million, or 2.3%, for the second quarter of 2019. It resulted primarily from an improvement in the market environment in Austria and Germany as well as slight positive developments in selected East European countries.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects Q2 2019 in MEUR
Austria	25	737.1	21.2%	54.5
Germany	2	128.1	3.7%	11.1
Poland	26	720.2	20.7%	2.0
Czech Republic	16	335.5	9.6%	1.2
Hungary	23	482.6	13.9%	3.9
Romania	17	642.7	18.5%	3.4
Slovakia	20	308.9	8.9%	1.6
Other countries	11	122.0	3.5%	0.5
IMMOFINANZ	140	3,477.1	100.0%	78.2

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects Q2 2019 in MEUR
Office	55	2,072.5	59.6%	58.7
thereof myhive	22	1,120.4	32.2%	20.3
Retail	82	1,403.8	40.4%	19.4
davon VIVO!/Shopping Center	10	674.1	19.4%	7.9
davon STOP SHOP/Retail Park	71	724.4	20.8%	11.3
Others	3	0.8	0.0%	0.1
IMMOFINANZ	140	3,477.1	100.0%	78.2

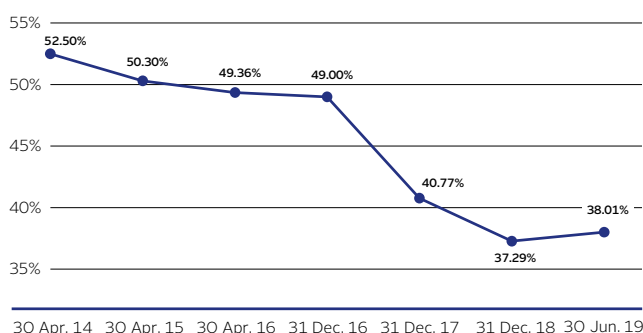
¹ This calculation only includes the properties which were fully owned by IMMOFINANZ during both financial years. In other words, the calculation excludes new acquisitions, completions and sales.

Financing

Financial liabilities* totalled EUR 2.5 billion as of 30 June 2019 (31 December 2018: EUR 2.4 billion). Cash and cash equivalents (including the cash and cash equivalents in assets held for sale) amounted to EUR 560.4 million (31 December 2018: EUR 632.0 million). Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 1.9 billion (31 December 2018: EUR 1.8 billion).

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 47.1% (31 December 2018: 48.0%) and a net loan-to-value ratio (net LTV) of 38.0% (31 December 2018: 37.3%).

DEVELOPMENT OF NET LTV



CALCULATION OF NET LTV AS OF 30 JUNE 2019

	Amounts in TEUR
Carrying amount of financing	2,477,084.0
– Cash and cash equivalents ¹	-560,445.7
Net carrying amount of financing	1,916,638.2
Carrying amount of property ² & EPRA NAV of S IMMO shares ³	5,042,371.6
Net LTV	38.01%

¹ Cash and cash equivalents, incl. cash and cash equivalents in assets held for sale
² Excluding rights of use, values in accordance with IFRS 16
³ 19.5 million S IMMO shares at an EPRA NAV of EUR 24.27 per share as of 30 June 2019

The average financing costs for IMMOFINANZ equalled 1.99% per year as of per 30 June 2019, including derivatives (31 December 2018: 2.14% per year), and the hedging ratio equalled 88.5% (31 December 2018: 73.7%).

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 1,428.0 million, or 31.3%, of the total property carrying amount was not externally financed and therefore unencumbered as of 30 June 2019 (31 December 2018: EUR 749.0 million or 17.0%). Including the S IMMO shares (valued at the EPRA NAV), which are also unencumbered, this amount increases to EUR 1,901.3 million or 37.7%.

31.3% of property carrying amount unencumbered

UNENCUMBERED PROPERTY BY ASSET CLASS

Unencumbered property by asset classes in total: MEUR 1,428.0



Unencumbered property and S IMMO shares in total: MEUR 1,901.3



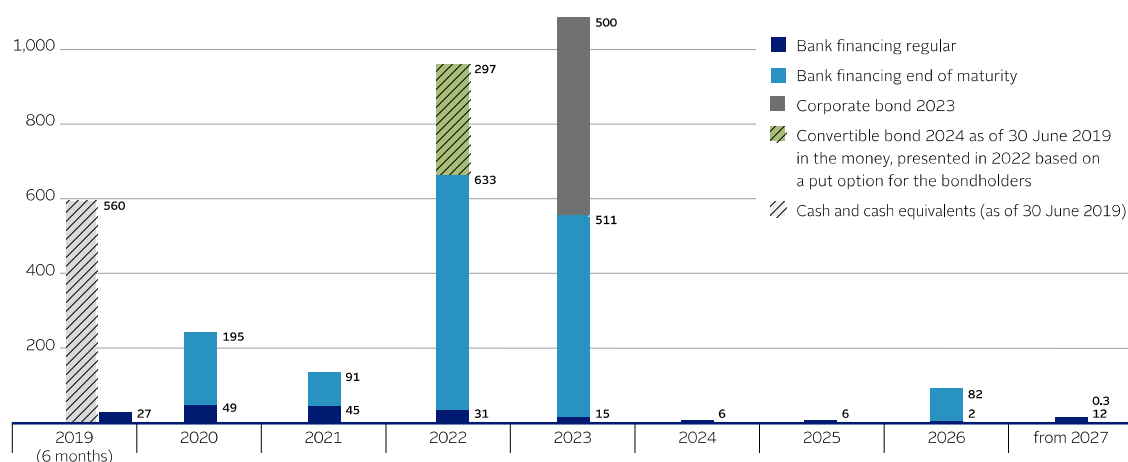
* Excluding lease liabilities of EUR 71.2 million based on the application of IFRS 16

Term structure

The weighted average remaining term of the financial liabilities equals 3.5 years (31 December 2018: 3.25 years). The following graph shows the term structure by year for IMMOFINANZ as of 30 June 2019.

TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEAR AS OF 30 JUNE 2019

in MEUR



COMPOSITION OF FINANCIAL LIABILITIES

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from bonds. The composition of these liabilities as of 30 June 2019 is as follows:

	Outstanding liability in TEUR as of 30 June 2019	Total average interest rate incl. expenses for derivatives in % ¹	Thereof floating interest rate in % ¹
Convertible bond in EUR	282,675.3	1.50% ²	n. a.
Bond in EUR	498,513.2	2.63%	n. a.
Bank liabilities in EUR	1,695,895.5	1.89%	1.41%
IMMOFINANZ	2,477,084.0	1.99%	1.41%

¹ Calculation basis: actual remaining debt (nominal amount)

² Coupon reduced by 50 basis points to 1.50% as of 24 January 2019 following the receipt of an investment grade rating

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 2,477.1 million as of 30 June 2019. As of that date, all financing was denominated in Euros.

DERIVATIVES

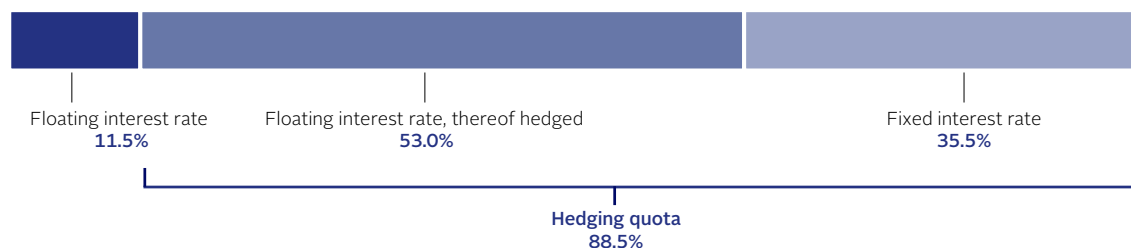
88.5% of financial liabilities hedged against interest rate risk

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted to EUR 1,325.8 million as of 30 June 2019 (31 December 2018: EUR 1,354.3 million). In total, 88.5% of financial liabilities are hedged against interest rate risk: 53.0% via interest rate derivatives, while a further 35.5% represent financial liabilities with fixed interest rates.

Derivatives ¹	Floating leg	Market value incl. interest & CVA/DVA as of 30 June 2019 in TEUR	Notional amount in TEUR	Average hedged reference interest rate
Interest rate swap	3-M-EURIBOR	-23,246.5	1,217,787.6	0.21%
Interest rate swap	6-M-EURIBOR	-3,170.2	108,000.0	0.39%
IMMOFINANZ AG		-26,416.7	1,325,787.6	

¹ Including IFRS 5 (for information on held-for-sale assets, see section 4.5 in the consolidated interim financial statements)

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 30 JUNE 2019



BONDS

The outstanding nominal value of the bonds totalled EUR 797.2 million as of 30 June 2019 (31 December 2018: EUR 297.2 million). It comprises the convertible bond issued in January 2017, which has a term ending in 2024 and a put option for investors at the nominal value in 2022, and the corporate bond which was issued in January 2019 and has a term ending on 27 January 2023.

Bonds with a total nominal value of MEUR 797.2

	ISIN	Maturity	Interest rate in %	Nominal value as of 31 Dec. 2018 in TEUR	Repurchases/redemptions/conversions/new issues 2019 in TEUR	Nominal value as of 30 June 2019 in TEUR
Bond 2019–2023	XS1935128956	27 Jan. 2023	2.63%	0	500,000	500,000
Convertible bond 2017–2024	XS1551932046	24 Jan. 2022 ¹	1.50% ²	297,200	0	297,200
IMMOFINANZ			2.21%	297,200	500,000	797,200

¹ Maturity at put option; term ends in 2024

² Coupon reduced by 50 basis points to 1.50% as of 24 January 2019 following receipt of an investment grade rating

The dividend payment of EUR 0.85 per share in May 2019 led to the adjustment of the conversion price for the convertible bond 2017–2024 to EUR 21.3772 (31 December 2018: EUR 22.2000). Therefore, the bond was “in the money” at the end of June 2019.

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

In connection with the issue of this unsecured bond, IMMOFINANZ AG has committed to comply with the standard financial covenants listed below. These covenants will be calculated on the basis of the consolidated IFRS financial statements:

- > Limits on the assumption of new financial liabilities (net) based on consolidated investment property and investments in other companies
- > Limits on the assumption of new collateralised financial liabilities (net) based on consolidated investment property and investments in other companies
- > Interest coverage ratio

Financial Covenant	Threshold	Value as of 30 June 2019
Net Debt to Value Ratio	Max. 60.0%	38.2%
Secured Debt Ratio	Max. 45.0%	22.3%
Interest Service Coverage Ratio	Min. 150.0%	346.9%

Business Development

The strong earnings development recorded by IMMOFINANZ in the previous year continued during the first half of 2019. Rental income rose by 10.8% (including the effects from the initial application of IFRS 16) to EUR 131.8 million. After an adjustment for the IFRS 16 effects, the increase equalled 4.2%. The decline in rental income which resulted from the sale of non-strategic properties was more than offset by completions and acquisitions. The results of asset management increased 6.6% to EUR 101.0 million, the operating profit rose by 63.9% to EUR 203.4 million and sustainable FFO 1 (before tax) from the standing investment business improved by 22.0% to EUR 59.0 million. Net profit more than doubled to EUR 185.3 million.

INCOME STATEMENT

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

All amounts in TEUR	Q1–2 2019	Q1–2 2018
Rental income	131,837	118,967
Results of asset management	100,970	94,751
Results of property sales	1,683	20,649
Results of property development	14,309	24,159
Other operating income	4,079	3,100
Other operating expenses	-22,304	-27,816
Results of operations	98,737	114,843
Revaluation result from standing investments and goodwill	104,668	9,272
Operating profit (EBIT)	203,405	124,115
Financial results	-4,644	1,511
Earnings before tax (EBT)	198,761	125,626
Net profit for the period from continuing operations	181,821	89,453
Net profit or loss from discontinued operations	3,454	-3,240
Net profit or loss	185,275	86,213

RESULTS OF ASSET MANAGEMENT

The results of asset management include rental income, other revenues, operating income and operating costs as well as the expenses directly attributable to investment property. Rental income rose by 10.8%, or EUR 12.9 million, to EUR 131.8 million in the first half of 2019. After the adjustment of effects totalling EUR 7.8 million from the initial application of IFRS 16, the increase equalled EUR 5.1 million, or 4.2%, to EUR 123.9 million. The margin equalled 81.6% after an adjustment for the IFRS 16 effects and personnel expenses from the asset management business.

Property expenses reflected the previous year at EUR -23.7 million (Q1–2 2018: EUR -23.6 million). The vacancy costs included in operating expenses fell by 15.4% to EUR -4.1 million. In total, the results of asset management improved by 6.6% to EUR 101.0 million (Q1–2 2018: EUR 94.8 million).

RESULTS OF PROPERTY SALES AND PROPERTY DEVELOPMENT

The results of property sales amounted to EUR 1.7 million, whereby the comparable prior year period included a substantial positive effect from the recycling of accumulated historical foreign exchange differences to the income statement (Q1–2 2018: EUR 20.7 million). The results of property development totalled EUR 14.3 million (Q1–2 2018: EUR 24.2 million).

RESULTS OF OPERATIONS

Other operating expenses amounted to EUR -22.3 million and were 19.8% lower than the previous year (Q1–2 2018: EUR -27.8 million). After an adjustment for the payment of a one-time special bonus of EUR -4.0 million to the Executive Board in the first half of 2018 for the successful restructuring of the Group, the cost savings equalled EUR 1.5 million or 6.3%. The results of operations totalled EUR 98.7 million for the first half of 2019 (Q1–2 2018: EUR 114.8 million).

REVALUATION

Results from the revaluation of investment property and goodwill increased significantly to EUR 104.7 million (Q1–2 2018: EUR 9.3 million), above all due to the positive market development in Germany and Austria.

FINANCIAL RESULTS AND TAXES

Financing costs declined by 6.4% to EUR -31.6 million, among others owing to a reduction in the Group's expenses for financing (30 June 2019: 1.99% per year including derivatives). Other financial results equalled EUR -16.2 million and were lower than the previous year (Q1-2 2018: EUR -0.3 million), primarily due to the valuation of interest rate derivatives in the current low-interest environment.

The share of profit/loss from equity-accounted investments amounted to EUR 43.4 million (Q1-2 2018: EUR 31.3 million), whereby the proportional share of earnings from the S IMMO investment represents the main component. Financial results for the first half of 2019 totalled EUR -4.6 million (Q1-2 2018: EUR 1.5 million).

NET PROFIT

Net profit from continuing operations improved substantially to EUR 181.8 million (Q1-2 2018: EUR 89.5 million). The results of discontinued operations were positively influenced, above all, by tax reimbursements from Russia and equalled EUR 3.5 million (Q1-2 2018: EUR -3.2 million). As reported in connection with the sale of the Russian portfolio to the FORT Group at the end of 2017, IMMOFINANZ can participate in a positive outcome of ongoing proceedings for the reimbursement of withholding and property taxes.

Net profit more than doubled to EUR 185.3 million (Q1-2 2018: EUR 86.2 million). Basic earnings per share equalled EUR 1.72 (Q1-2 2018: EUR 0.79) and diluted earnings per share EUR 1.53 (Q1-2 2018: EUR 0.73).

FUNDS FROM OPERATIONS (FFO)

The development of sustainable funds from operations, an important profitability indicator for the real estate branch, underscores IMMOFINANZ's stronger earning power. FFO 1 (before tax) from the standing investment business rose by 22.0% to EUR 59.0 million during the reporting period (Q1-2 2018: EUR 48.4 million). FFO 1 per share increased by 25.5% to EUR 0.54 (Q1-2 2018: EUR 0.43), whereby this indicator excludes dividends as well as the economic interest in S IMMO (respectively CA IMMO in the previous year). Including the respective dividend payments, FFO 1 (before tax) equals EUR 72.7 million and EUR 0.67 per share (Q1-2 2018: EUR 68.9 million and EUR 0.62 per share).

After the inclusion of future interest payments for the corporate bond 2023 which was issued in January 2019 (coupon: 2.625%, first coupon payment in January 2020), FFO 1 adjusted over the quarters for this effect (before tax, excluding the S IMMO dividend) equals EUR 53.5 million or EUR 0.49 per share.

FUNDS FROM OPERATIONS (FFO)

All amounts in TEUR	P&L Q1-2 2019	Adjustments	FFO Q1-2 2019	FFO Q1-2 2018 (adjusted)
Results of asset management	100,970	-146	100,824	95,135
Results of property sales	1,683	-1,683		
Results of property development	14,309	-14,309		
Other operating income	4,079	-2,731	1,348	2,010
Other operating expenses	-22,304	724	-21,580	-21,692
Results of operations	98,737	-18,145	80,592	75,453
Other revaluation results	104,668	-104,668		
Operating profit (EBIT)	203,405	-122,813	80,592	75,453
Financing costs	-31,586			
Financing income	1,152			
Foreign exchange differences	-1,454			
Other financial results	-16,152			
Net profit or loss from equity-accounted investments	43,396			
Financial results	-4,644	-16,917	-21,561	-27,073
Earnings before tax (EBT) / FFO 1 before tax (excl. CA Immo/S IMMO)	198,761	-139,730	59,031	48,380
FFO 1 per share before tax			0.54	0.43
Dividends from S IMMO/CA Immo			13,650	20,552
EBT / FFO 1 before tax incl. S IMMO/CA Immo			72,681	68,932
FFO 1 per share before tax incl. S IMMO/CA Immo			0.67	0.62
Including accrued interest on the bond 2023				
FFO 1 before tax (excl. S IMMO/CA Immo)			59,031	
Accrued interest corporate bond 2023		-5,502	-5,502	
FFO 1 before tax (excl. S IMMO/CA Immo) adjusted			53,530	
FFO 1 per share adjusted for accrued interest			0.49	
Number of shares (as per EPS formula) for the calculation:			108,426,046	111,530,821

BALANCE SHEET

The condensed balance sheet is shown below:

All amounts in TEUR	30 June 2019	in %	31 Dec. 2018	in %
Investment property	4,353,248		3,893,568	
Property under construction	261,496	78.1%	397,540	75.3%
Real estate inventories	868		46,932	
Assets held for sale	24,931		57,162	
Other assets	111,347	1.9%	107,413	1.8%
Equity-accounted investments	431,524	7.3%	397,671	6.8%
Trade and other receivables	194,934	3.3%	305,628	5.2%
Cash and cash equivalents	560,446	9.4%	631,754	10.8%
Assets	5,938,794	100.0%	5,837,668	100.0%
Equity	2,798,371	47.1%	2,800,341	48.0%
Liabilities from convertible bonds	282,675	4.8%	284,638	4.9%
Financial liabilities	2,265,627	38.1%	2,140,884	36.7%
Trade and other payables	178,482	3.0%	199,025	3.4%
Other liabilities	64,616	1.1%	74,050	1.3%
Deferred tax liabilities	349,023	5.9%	338,730	5.8%
Equity and liabilities	5,938,794	100.0%	5,837,668	100.0%

The value of the property portfolio amounted to EUR 4.6 billion and represented 78.1% of total assets as of 30 June 2019. 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 initial application of IFRS 16 led to an increase of EUR 56.8 million and EUR 13.5 million, respectively, in the balance sheet positions "investment property" and "property under construction".

The equity-accounted investments totalled EUR 431.5 million, whereby EUR 430.2 million are attributable to S IMMO. Based on the roughly 19.5 million shares held by IMMOFINANZ, the book value of the S IMMO share equals EUR 22.06.

Financial liabilities rose by EUR 124.7 million, or 5.8%, to EUR 2.3 billion during the first half of 2019. Of this total, EUR 71.2 million are attributable to lease liabilities and reflect the initial application of IFRS 16. IMMOFINANZ issued an unsecured corporate bond with a volume of EUR 500.0 million in the first quarter of 2019; the net proceeds were used to refinance existing secured financial liabilities and for general corporate purposes.

EPRA INDICATORS

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

Diluted EPRA NAV per share rose to EUR 29.24 as of 30 June 2019 (31 December 2018: basic EUR 28.80). Diluted EPRA NNNAV per share equals EUR 28.64 (31 December 2018: basic EUR 28.44).

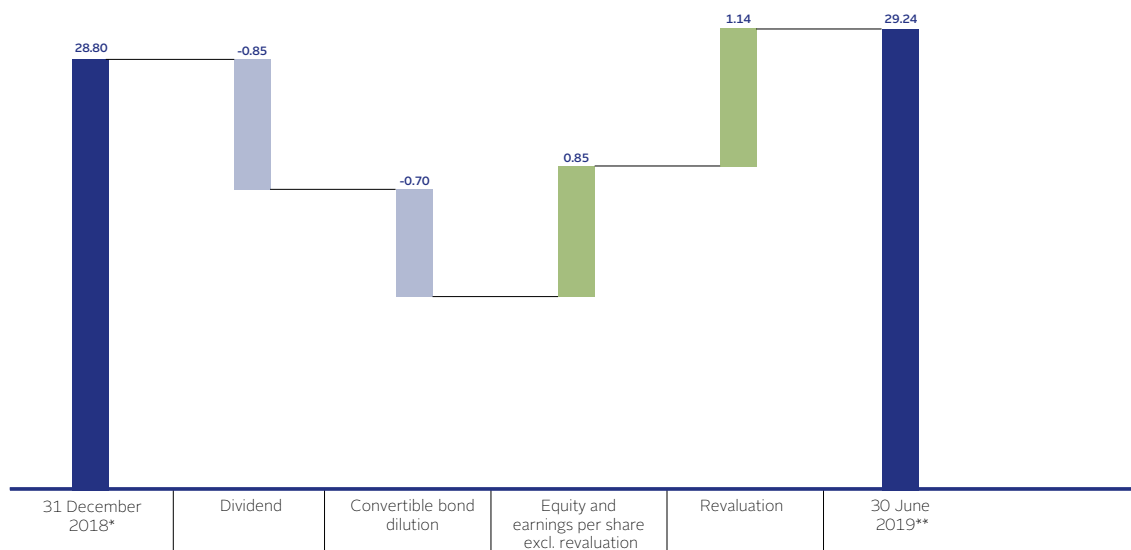
The calculation of EPRA NAV and EPRA NNNAV as of 30 June 2019 – in contrast to 31 December 2018 and 31 March 2019 – includes the diluting effects which would result from the conversion of the IMMOFINANZ convertible bond 2024 because this bond was "in the money" at the end of the reporting period. The dilution equalled EUR 0.70 per share. Including the dividend payment of EUR 0.85 in the second quarter of 2019, (diluted) EPRA NAV per share equalled EUR 30.09 and basic earnings per share EUR 30.79.

The book value per share rose by 4.5% to EUR 27.48 as of 30 June 2019 (31 December 2018: EUR 26.29). After an adjustment for the dividend, this represents an increase of 7.8%.

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

	30 June 2019		31 December 2018	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	2,816,794		2,816,934	
Diluting effects of convertible bond 2024	282,675		0	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	3,099,469		2,816,934	
Undisclosed reserves in real estate inventories	2		202	
Fair value of derivative financial instruments	26,070		12,515	
Deferred taxes on investment property	308,033		283,502	
Deferred taxes on real estate inventories and derivative financial instruments	-5,017		-2,641	
Goodwill resulting from deferred taxes	-24,507		-24,507	
Number of shares excl. treasury shares (in 1,000)		102,516		107,143
Potential shares (in 1,000)		13,903		0
EPRA NAV (diluted)	3,404,050	29.24	3,086,005	28.80
Fair value of derivative financial instruments	-26,070		-12,515	
Effect of fair value measurement of financial liabilities	-45,013		-15,499	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	16,270		6,485	
Deferred taxes on investment property	-14,515		-16,793	
EPRA NNNAV (diluted)	3,334,722	28.64	3,047,683	28.44

DEVELOPMENT OF EPRA NAV PER SHARE



* Number of shares as of 31 December 2018 in thousand: 107,143 (basic)

** Number of shares as of 30 June 2019 in thousand: 116,419 (diluted)

EPRA EARNINGS PER SHARE

EPRA earnings per share equalled EUR 0.79, respectively EUR 0.80 per share after company-specific adjustments.

All amounts in TEUR	Q1-2 2019	Q1-2 2018
Weighted average number of shares (in 1,000)	108,426	111,531
Net profit or loss from continuing operations excl. non-controlling interests	182,980	91,260
Revaluation of investment properties and development properties	-122,840	-41,776
Results of property sales	-1,682	-20,656
Goodwill impairment, negative differences and earn-out effects on income	0	100
Changes in fair value of financial instruments	16,204	1,842
Acquisition costs on share deals	4	4
Taxes in respect of EPRA adjustments	11,066	6,242
EPRA adjustment in respect of joint ventures and non-controlling interests	-480	-6,749
EPRA earnings	85,252	30,267
EPRA earnings per share	0.79	0.27
Company-specific adjustments		
Recognition of outside basis difference CA Immo Group	0	2,437
One-time effects in other operating expenses	493	0
Foreign exchange gains and losses	1,454	-1,244
Deferred taxes in respect of company-specific adjustments	-313	241
Company-specific adjusted earnings	86,887	31,702
EPRA earnings per share after company-specific adjustments	0.80	0.28

EPRA NET INITIAL YIELD

The EPRA net initial yield increased from roughly 5.5% in the first half of 2018 to 5.8%.

All amounts in TEUR	Q1–2 2019	Q1–2 2018
Investment property	4,320,244	3,808,103
Investment property – proportional share of joint ventures	1,267	46,268
Less undeveloped land	-191,376	-179,802
Less undeveloped land – proportional share of joint ventures	0	-1,283
Total property portfolio	4,130,135	3,673,286
Allowance for estimated purchasers' costs	0	66,119
Gross value of total property portfolio	4,130,135	3,739,406
Annualised cash rental income	267,250	239,051
Annualised cash rental income – proportional share of joint ventures	0	1,889
Non-recoverable property operating expenses	-25,926	-33,695
Non-recoverable property operating expenses – proportional share of joint ventures	-6	-54
Annualised net rental income	241,318	207,191
EPRA net initial yield	5.8%	5.5%

The material reportable transactions with related companies and persons are disclosed in note 7.0 to the consolidated interim financial statements.

RISK REPORT

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

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

RISKS IN THE FIRST HALF OF 2019

Risks are generally unchanged

MARKET AND PROPERTY-SPECIFIC RISKS

The risks arising from the composition of the portfolio, rentals and project development as well as the purchase and sale of properties basically remain generally unchanged compared with the 2018 financial year.

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 162.9 million (31 December 2018: EUR 277.5 million). The budgeted outstanding construction costs for these development projects totalled EUR 84.9 million as of 30 June 2019 (31 December 2018: EUR 95.7 million). The pipeline projects, including real estate inventories, had a carrying amount of EUR 192.2 million as of 30 June 2019 (31 December 2018: EUR 221.4 million).

BUSINESS AND OTHER RISKS

IMMOFINANZ is also exposed to other risks in connection with its business activities. These legal, compliance, environmental, tax and human resources risks remained generally unchanged in comparison with the 2018 financial year.

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

Significant events which occurred after the end of the reporting period are discussed in section 8 of the consolidated interim financial statements.

Vienna, 28 August 2019

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
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CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Consolidated Balance Sheet

All amounts in TEUR	Notes	30 6 2019	31 12 2018
Investment property	4.1	4,353,248	3,893,568
Property under construction	4.2	261,496	397,540
Other tangible assets		1,983	1,109
Intangible assets		25,079	24,926
Equity-accounted investments	4.3	431,524	397,671
Trade and other receivables	4.4	52,260	88,185
Income tax receivables		475	82
Other financial assets		11,110	11,969
Deferred tax assets		60,075	58,697
Non-current assets		5,197,250	4,873,747
Trade and other receivables	4.4	142,674	217,443
Income tax receivables		12,625	10,630
Assets held for sale	4.5	24,931	57,162
Real estate inventories		868	46,932
Cash and cash equivalents		560,446	631,754
Current assets		741,544	963,921
Assets		5,938,794	5,837,668
Share capital	4.6	112,085	112,085
Capital reserves	4.6	4,465,212	4,465,259
Treasury shares	4.6	-210,923	-106,414
Accumulated other equity		-177,229	-183,324
Retained earnings		-1,372,351	-1,470,672
Equity attributable to owners of IMMOFINANZ AG		2,816,794	2,816,934
Non-controlling interests		-18,423	-16,593
Equity		2,798,371	2,800,341
Liabilities from convertible bonds	4.7	278,218	278,694
Financial liabilities	4.8	2,211,329	1,802,563
Trade and other payables	4.9	53,276	40,902
Income tax liabilities		3	92
Provisions		18,326	17,936
Deferred tax liabilities		349,023	338,730
Non-current liabilities		2,910,175	2,478,917
Liabilities from convertible bonds	4.7	4,457	5,944
Financial liabilities	4.8	54,298	338,321
Trade and other payables	4.9	125,206	158,123
Income tax liabilities		13,626	16,028
Provisions		31,530	38,433
Liabilities held for sale	4.5	1,131	1,561
Current liabilities		230,248	558,410
Equity and liabilities		5,938,794	5,837,668

Consolidated Income Statement

All amounts in TEUR	Notes	Q2 2019	Q1–2 2019	Q2 2018	Q1–2 2018
Rental income	5.1	66,607	131,837	59,959	118,967
Operating costs charged to tenants		19,501	40,758	21,754	44,241
Other revenues		391	592	1,471	2,613
Revenues		86,499	173,187	83,184	165,821
Expenses from investment property	5.2	-12,425	-23,742	-9,867	-23,550
Operating expenses		-23,459	-48,475	-23,607	-47,520
Results of asset management		50,615	100,970	49,710	94,751
Results of property sales	5.3	655	1,683	17,105	20,649
Results of property development	5.4	18,926	14,309	22,403	24,159
Other operating income	5.5	3,308	4,079	894	3,100
Other operating expenses	5.6	-11,610	-22,304	-10,799	-27,816
Results of operations		61,894	98,737	79,313	114,843
Revaluation result from standing investments and goodwill	5.7	97,564	104,668	13,060	9,272
Operating profit (EBIT)		159,458	203,405	92,373	124,115
Financing costs	5.8	-16,642	-31,586	-17,356	-33,762
Financing income	5.8	409	1,152	1,707	3,085
Foreign exchange differences		-348	-1,454	852	1,244
Other financial results	5.8	-8,209	-16,152	-1,568	-319
Net profit or loss from equity-accounted investments		38,543	43,396	22,384	31,263
Financial results	5.8	13,753	-4,644	6,019	1,511
Earnings before tax (EBT)		173,211	198,761	98,392	125,626
Current income tax		-3,368	-7,210	3,401	-4,305
Deferred tax		-13,588	-9,730	-16,679	-31,868
Net profit or loss from continuing operations		156,255	181,821	85,114	89,453
Net profit or loss from discontinued operations		-1,410	3,454	146	-3,240
Net profit or loss		154,845	185,275	85,260	86,213
Thereof attributable to owners of IMMOFINANZ AG		155,598	186,434	85,937	88,020
Thereof attributable to non-controlling interests		-753	-1,159	-677	-1,807
Basic earnings per share in EUR		1.44	1.72	0.77	0.79
Net profit or loss from continuing operations per share in EUR		1.41	1.69	0.77	0.82
Net profit or loss from discontinued operations per share in EUR		0.03	0.03	0.00	-0.03
Diluted earnings per share in EUR		1.28	1.53	0.71	0.73
Net profit or loss from continuing operations per share in EUR		1.25	1.50	0.71	0.76
Net profit or loss from discontinued operations per share in EUR		0.03	0.03	0.00	-0.03

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	Q2 2019	Q1-2 2019	Q2 2018	Q1-2 2018
Net profit or loss		154,845	185,275	85,260	86,213
Other comprehensive income (reclassifiable)					
Currency translation adjustment		-942	-3,139	-25,556	-33,721
Thereof changes during the financial year		-1,108	-2,190	-4,491	-6,338
Thereof reclassification to profit or loss	2.2	166	-949	-21,065	-27,383
Other comprehensive income from equity-accounted investments	4.3	-1,493	-2,873	-1,061	-1,196
Thereof changes during the financial year		-1,778	-3,554	-1,061	-1,196
Thereof income taxes		285	681	0	0
Total other comprehensive income (reclassifiable)		-2,435	-6,012	-26,617	-34,917
Other comprehensive income (not reclassifiable)					
Other comprehensive income from equity-accounted investments	4.3	1,595	11,436	-1,018	-1,447
Thereof changes during the financial year		3,236	16,358	-1,009	-1,479
Thereof income taxes		-1,641	-4,922	-9	32
Total other comprehensive income (not reclassifiable)		1,595	11,436	-1,018	-1,447
Total other comprehensive income after tax		-840	5,424	-27,635	-36,364
Total comprehensive income		154,005	190,699	57,625	49,849
Thereof attributable to owners of IMMOFINANZ AG		155,215	192,529	61,632	53,856
Thereof attributable to non-controlling interests		-1,210	-1,830	-4,007	-4,007

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	Q1-2 2019	Q1-2 2018
Earnings before tax (EBT)		198,761	125,626
Earnings before tax (EBT) from discontinued operations		3,454	-3,070
Revaluations of investment properties	5.7	-123,494	-37,942
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.4	1,010	4,099
Write-downs and write-ups on receivables and other assets		937	-1,148
Net profit or loss from equity-accounted investments		-43,397	-31,263
Foreign exchange differences and fair value measurement of financial instruments		18,315	182
Net interest income/expense		28,980	30,677
Results from deconsolidation	2.2	-2,859	-26,877
Other non-cash income/expense/reclassifications		-1,791	178
Gross cash flow before tax		79,916	60,462
Income taxes paid		-6,897	-3,366
Gross cash flow after tax		73,019	57,096
Change in real estate inventories		61,794	-8,350
Change in trade and other receivables		-2,479	-12,894
Change in trade payables and other liabilities		-24,518	-4,526
Change in provisions		-4,951	-7,196
Cash flow from operating activities		102,865	24,130
Acquisition of investment property and property under construction		-79,720	-84,770
Business combinations and other acquisitions, net of cash and cash equivalents		-8,354	0
Consideration paid for business combinations in prior periods		0	-325
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents		0	5,135
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents		11,889	76,385
Acquisition of other non-current assets		77	-252
Acquisition of equity accounted investments and increase in receivables from other net investment positions		0	-899
Disposal of investment property and property under construction		45,491	62,732
Disposal of other non-current assets		175	14,912
Disposal of equity-accounted investments and cash flows from other net investment positions		-51	62
Dividends received from equity-accounted investments	4.3	16,219	24,072
Interest or dividends received from financial instruments		658	627
Cash flow from investing activities		-13,616	97,679
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		633,133	322,336
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-573,666	-197,876
Redemption of convertible bonds	4.7	0	-17,286
Derivatives		-6,701	-4,870
Interest paid		-20,549	-26,451
Distributions	4.6	-88,113	-77,928
Transactions with non-controlling interest owners		0	-1,850
Share buyback	4.6	-104,557	-31,593
Cash flow from financing activities		-160,453	-35,518
Net foreign exchange differences		-356	-1,836
Change in cash and cash equivalents		-71,560	84,455
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		631,754	477,889
Plus cash and cash equivalents in discontinued operations and disposal groups		252	1,378
Cash and cash equivalents at the beginning of the period		632,006	479,267
Cash and cash equivalents at the end of the period		560,446	563,722
Less cash and cash equivalents in discontinued operations and disposal groups	4.5	0	3
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		560,446	563,719

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 31 December 2018		112,085	4,465,259	-106,414
Other comprehensive income	4.6			
Net profit or loss				
Total comprehensive income				
Share buyback	4.6		-47	-104,509
Distributions	4.6			
Balance on 30 June 2019		112,085	4,465,212	-210,923
Balance on 1 January 2018		1,116,174	3,452,324	0
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Share buyback			-19	-31,574
Issue of shares (for incentivised conversion of the convertible bond 2011–2018)		4,678	4,232	
Increase in share capital from internal funds		750,000	-750,000	
Ordinary capital decrease		-1,758,767	1,758,767	
Distributions				
Transactions with non-controlling interest owners				
Balance on 30 June 2018		112,085	4,465,304	-31,574

	Accumulated other equity				Retained earnings	Total	Non-controlling interests	Total equity
	Revaluation reserve (former AFS reserve)	IAS 19 reserve	Hedge accounting reserve	Currency translation reserve				
	-8,886	-385	-925	-173,128	-1,470,672	2,816,934	-16,593	2,800,341
	11,436		-2,957	-2,384		6,095	-671	5,424
					186,434	186,434	-1,159	185,275
	11,436		-2,957	-2,384	186,434	192,529	-1,830	190,699
						-104,556		-104,556
					-88,113	-88,113		-88,113
	2,550	-385	-3,882	-175,512	-1,372,351	2,816,794	-18,423	2,798,371
	3,227	-414	0	-133,870	-1,609,660	2,827,781	-13,478	2,814,303
	-1,478	31		-32,717		-34,164	-2,200	-36,364
					88,020	88,020	-1,807	86,213
	-1,478	31		-32,717	88,020	53,856	-4,007	49,849
						-31,593		-31,593
						8,910		8,910
						0		0
						0		0
					-77,928	-77,928	-90	-78,018
					-1,277	-1,277	-574	-1,851
	1,749	-383	0	-166,587	-1,600,845	2,779,749	-18,149	2,761,600

NOTES

1. Basis of Preparation

The consolidated interim financial statements of IMMOFINANZ as of 30 June 2019 were prepared for the period from 1 January 2019 to 30 June 2019 (H1 2019) 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 agrees 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 2018 and forms the basis for these consolidated interim financial statements. Information on the changes resulting from the initial application of IFRS 16 is provided in note 1.1.

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

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

1.1 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations required mandatory application for IMMOFINANZ in the first half of 2019; the option for voluntary premature application was not elected.

IFRS 16: Leases

IFRS 16 replaced the previous rules for the recognition and measurement of leases (IAS 17) as of 1 January 2019. It introduced extensive changes to lease accounting for the lessee, while the rules for lessors remain largely unchanged. The changeover to the new standard was based on the modified retrospective approach.

IFRS 16 standardises the accounting presentation of leasing contracts for the lessee, in that all future leases must be reported on the balance sheet as right-of-use assets for the leased assets and as lease liabilities for the related payment obligations. The lease liability represents the present value of the remaining lease payments as of the initial application date. Discounting is based on the internal or incremental borrowing rate. For short-term leases (under 12 months) and low-value leases, IMMOFINANZ applies the practical expedients provided by IFRS 16. The practical expedient which permits the non-recognition of a right-of-use asset and lease liability for leases with a remaining term of less than 12 months as of 1 January 2019 was also used. The practical expedient to waive the separation of lease and non-lease components was not applied. The initial measurement of the right-of-use asset does not include initial direct costs. Contracts concluded prior to 1 January 2019 which were classified as leases under IAS 17 and IFRIC 4 were not remeasured in accordance with IFRS 16.

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

The recognition of right-of-use assets in accordance with IFRS 16 led, above all, to an increase in investment property, property under construction and non-current financial liabilities. As of the initial application date, the rights-of-use asset reflected the amount of the lease liabilities and, consequently, there was no effect on equity. The rights-of-use assets for investment property and property under construction will be subsequently measured at fair value in accordance with IAS 40 and therefore represent the related lease liabilities as of the balance sheet date. The effects of the initial application of IFRS 16 on the involved balance sheet positions are shown in the following table.

Effects of the initial application of IFRS 16 on the individual balance sheet positions as of 1 January 2019

	31 12 2018 as reported	Effects of the initial application of IFRS 16	1 1 2019 adjusted
Investment property	3,893,568	58,889	3,952,457
Property under construction	397,540	12,236	409,776
Other tangible assets	1,109	1,056	2,165
Non-current assets	4,873,747	72,181	4,945,928
Assets held for sale	57,162	1,147	58,309
Current assets	963,921	1,147	965,068
Assets	5,837,668	73,328	5,910,996
Equity	2,800,341	0	2,800,341
Financial liabilities	1,802,563	71,418	1,873,981
Thereof lease liabilities (1-5 years)	0	1,653	1,653
Thereof lease liabilities (over 5 years)	0	69,765	69,765
Non-current liabilities	2,478,917	71,418	2,550,335
Financial liabilities	338,321	763	339,084
Thereof lease liabilities (up to 1 year)	0	763	763
Financial liabilities held for sale	0	1,147	1,147
Current liabilities	558,410	1,910	560,320
Equity and liabilities	5,837,668	73,328	5,910,996

Based on the operating lease obligations held by IMMOFINANZ as of 31 December 2018, the transition to the lease liabilities reported as of 1 January 2019 is as follows:

All amounts in TEUR	1 1 2019
Minimum lease payments from non-cancellable operating leases as of 31 December 2018	193,935
Lease liabilities discounted at the incremental borrowing rate as of the initial application date	-120,112
Less practical expedients from the application	-495
Thereof for short-term leases	-319
Thereof for low-value leases	-176
Additional lease liabilities from the initial application of IFRS 16 as of 1 January 2019	73,328
Thereof current lease liabilities	763
Thereof non-current lease liabilities	71,418
Thereof lease liabilities held for sale	1,147

Effects of IFRS 16 on individual positions of the consolidated balance sheet and consolidated income statement as of 30 June 2019

The following disclosures as of 30 June 2019 provide information on the positions influenced by the application of IFRS 16 since 1 January 2019.

All amounts in TEUR	30 6 2019 as reported	Adjustment as per IFRS 16	Amount excl. application of IFRS 16
Investment property	4,353,248	56,805	4,296,443
Property under construction	261,496	13,487	248,009
Other tangible assets	1,983	953	1,030
Assets held for sale	24,931	1,131	23,800
Financial liabilities	2,265,627	71,218	2,194,409
Thereof lease liabilities (up to 1 year)	1,036	1,036	0
Thereof lease liabilities (1-5 years)	3,212	3,212	0
Thereof lease liabilities (over 5 years)	66,970	66,970	0
Financial liabilities held for sale	1,131	1,131	0

In connection with the capitalised rights-of-use assets, current amortisation of EUR 0.2 million and revaluations of EUR 1.0 million were recognised during the reporting period. Interest expense on the lease liabilities, calculated according to the effective interest method, totalled EUR 1.3 million. The expenses for short-term and low-value asset leases totalled EUR 0.3 million and EUR 0.1 million, respectively, as of 30 June 2019.

With regard to accounting by the lessor, the revenues previously included under operating costs charged to tenants – which are not contrasted by the provision of services in the narrower sense of the term, but only represent the reimbursement of costs connected with legal ownership of the property (i.e. property tax and building insurance) – have been reported as rental income since 1 January 2019 in the sense of IFRS 16. The revenues from advertising space and telecommunications equipment, which were previously included in other revenues, have also been reported as rental income in the sense of IFRS 16 since 1 January 2019. These reclassifications have no effect on the calculation of FFO or earnings as reported on the consolidated income statement, but only involve a change in presentation under the results of asset management. Property taxes and building insurance totalled EUR 5.8 million as of 30 June 2019, and the revenues from advertising space and telecommunications equipment amounted to EUR 2.0 million.

2. Scope of Consolidation

2.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the development of the scope of consolidation in H1 2019:

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 31 December 2018	281	6	12	299
Companies initially included				
Other acquisitions	2	-2	0	0
Companies no longer included				
Sales	-7	0	0	-7
Mergers	-3	0	0	-3
Liquidations	-12	0	0	-12
Balance on 30 June 2019	261	4	12	277
Thereof foreign companies	166	4	5	175
Thereof in liquidation	13	0	1	14
Thereof intragroup merger resolution adopted	3	0	0	3

2.2 SALE AND LIQUIDATION OF SUBSIDIARIES

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

All amounts in TEUR	Q1-2 2019
Investment property (see 4.1)	11,300
Receivables and other assets	12,677
Deferred tax assets	1
Investment properties held for sale	18,390
Assets held for sale	202
Cash and cash equivalents held for sale	252
Cash and cash equivalents	1,247
Financial liabilities	-64
Trade payables	-17
Other liabilities	-30,492
Provisions	-166
Deferred tax liabilities	-293
Liabilities held for sale	-1,561
Net assets sold	11,476
Consideration received in cash and cash equivalents	13,387
Less net assets sold	-11,476
Reclassification of foreign exchange differences to profit or loss	949
Results from deconsolidation	2,860
Consideration received in cash and cash equivalents	13,387
Less cash and cash equivalents sold	-1,499
Net inflow of cash and cash equivalents	11,888

2.3 DISCONTINUED OPERATIONS

The closing for the sale of the shopping centres included in the discontinued operation “retail portfolio Moscow”, with the exception of one Russian service company, took place on 6 December 2017. The retail portfolio Moscow had been presented as a discontinued operation since 19 December 2016 based on a resolution passed by the Executive Board and Supervisory Board on that date. The assets and liabilities of the Russian service company, which were reported under “assets held for sale” or “liabilities held for sale” as of 31 December 2017 were sold through the closing on 8 February 2018. On the consolidated income statement, the results (after tax) for the retail portfolio Moscow in H1 2019 and in the comparative period are reported on a separate line. Other operating income in H1 2019 includes a payment of EUR 4.9 million on the contingent receivable from the retail portfolio. This receivable originated on 6 December 2017 in connection with pending proceedings for the refund of withholding taxes and land taxes which are currently in progress and have an uncertain outcome. A contingent receivable was not recognised for the remaining balance of this item because the realisation of the related income was not considered highly probable as of 30 June 2019.

The net profit or loss from discontinued operations as reported on the consolidated income statement also include expenses related to the sale of the logistics portfolio in the abbreviated 2016 financial year. The subsequently recognised costs of EUR -1.4 million represent contractually agreed reimbursements in connection with pending tax proceedings involving the sold logistics properties which were recognised as other operating expenses in 2019. All outstanding purchase price receivables from the sale of the logistics portfolio have now paid in full.

Cash flow from discontinued operations now only includes the cash flow of EUR 4.9 million from the above-mentioned receivables, which is reported under cash flow from investing activities.

3. Information on Operating Segments

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

All amounts in TEUR	Austria		Germany	
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Office	13,507	15,035	8,417	5,934
Retail	5,948	5,602	0	56
Other	2,097	3,805	1,541	467
Rental income	21,552	24,442	9,958	6,457
Operating costs charged to tenants	5,012	5,666	1,420	1,414
Other revenues	110	232	2	0
Revenues	26,674	30,340	11,380	7,871
Expenses from investment property	-6,563	-7,334	340	-1,380
Operating expenses	-6,339	-6,877	-1,932	-1,703
Results of asset management	13,772	16,129	9,788	4,788
Results of property sales	1,097	-1,674	-229	-1,157
Results of property development	9,628	-3,465	9,320	24,452
Other operating income	183	260	22	46
Other operating expenses	-553	-197	-1,009	-2,808
Results of operations	24,127	11,053	17,892	25,321
Revaluation result from standing investments and goodwill	48,574	-5,037	38,966	-857
Operating profit (EBIT)	72,701	6,016	56,858	24,464
	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Investment property	793,731	737,800	545,464	279,080
Property under construction	101,710	70,360	65,900	239,680
Goodwill	0	0	0	0
Investment properties held for sale	5,229	21,600	0	8,292
Real estate inventories	0	0	520	46,284
Segment assets	900,670	829,760	611,884	573,336
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Segment investments	29,241	11,831	45,150	49,391

All amounts in TEUR	Poland		Czech Republic	
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Office	11,922	12,441	5,381	5,430
Retail	10,796	8,716	6,393	5,164
Other	2,542	1,756	808	486
Rental income	25,260	22,913	12,582	11,080
Operating costs charged to tenants	9,244	11,069	3,644	3,750
Other revenues	116	1,055	73	103
Revenues	34,620	35,037	16,299	14,933
Expenses from investment property	-4,016	-3,221	-1,449	-2,314
Operating expenses	-11,647	-12,280	-3,688	-3,872
Results of asset management	18,957	19,536	11,162	8,747
Results of property sales	-401	-1,759	-252	6,386
Results of property development	-4,124	-629	-71	-123
Other operating income	189	337	39	11
Other operating expenses	-1,269	-1,583	-715	-856
Results of operations	13,352	15,902	10,163	14,165
Revaluation result from standing investments and goodwill	1,921	1,814	8,421	558
Operating profit (EBIT)	15,273	17,716	18,584	14,723
	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Investment property	740,800	716,610	452,038	332,080
Property under construction	54,485	43,550	0	7,440
Goodwill	32	32	7,056	7,056
Investment properties held for sale	2,207	1,480	233	0
Real estate inventories	0	0	0	0
Segment assets	797,524	761,672	459,327	346,576
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Segment investments	37,267	1,166	65,759	2,298

All amounts in TEUR	Slovakia		Hungary	
	Q1–2 2019	Q1–2 2018	Q1–2 2019	Q1–2 2018
Office	1,480	1,389	7,069	6,622
Retail	9,214	8,782	8,127	7,468
Other	348	225	1,165	1,000
Rental income	11,042	10,396	16,361	15,090
Operating costs charged to tenants	4,067	4,771	6,007	5,641
Other revenues	35	207	126	111
Revenues	15,144	15,374	22,494	20,842
Expenses from investment property	-3,851	-1,820	-1,773	-1,514
Operating expenses	-3,868	-4,391	-7,077	-5,796
Results of asset management	7,425	9,163	13,644	13,532
Results of property sales	485	-25	635	674
Results of property development	-77	-44	-164	-8
Other operating income	67	30	81	35
Other operating expenses	-718	-703	-812	-657
Results of operations	7,182	8,421	13,384	13,576
Revaluation result from standing investments and goodwill	1,613	6,830	1,347	5,089
Operating profit (EBIT)	8,795	15,251	14,731	18,665
	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Investment property	310,140	303,600	503,390	527,252
Property under construction	0	0	2,600	2,600
Goodwill	184	184	2,708	2,708
Investment properties held for sale	0	0	17,262	0
Real estate inventories	0	0	0	0
Segment assets	310,324	303,784	525,960	532,560
	Q1–2 2019	Q1–2 2018	Q1–2 2019	Q1–2 2018
Segment investments	5,401	2,632	625	113

All amounts in TEUR	Romania		Other countries	
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Office	7,930	8,103	679	600
Retail	14,260	13,225	8,382	4,183
Other	3,595	2,284	236	194
Rental income	25,785	23,612	9,297	4,977
Operating costs charged to tenants	9,399	10,570	1,965	1,360
Other revenues	118	869	12	36
Revenues	35,302	35,051	11,274	6,373
Expenses from investment property	-5,679	-4,946	-751	-1,021
Operating expenses	-11,750	-11,269	-2,174	-1,332
Results of asset management	17,873	18,836	8,349	4,020
Results of property sales	607	-358	-259	18,562
Results of property development	117	788	-320	3,188
Other operating income	3,021	1,936	4	48
Other operating expenses	-2,085	-3,018	-620	-1,201
Results of operations	19,533	18,184	7,154	24,617
Revaluation result from standing investments and goodwill	2,488	989	1,338	-114
Operating profit (EBIT)	22,021	19,173	8,492	24,503
	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Investment property	740,520	736,554	267,165	260,592
Property under construction	31,270	31,270	5,531	2,640
Goodwill	13,529	13,529	998	998
Investment properties held for sale	0	25,336	0	0
Real estate inventories	348	648	0	0
Segment assets	785,667	807,337	273,694	264,230
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Segment investments	4,395	308	11,003	10,200

All amounts in TEUR	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Office	56,385	55,554	0	0	56,385	55,554
Retail	63,120	53,196	0	0	63,120	53,196
Other	12,332	10,217	0	0	12,332	10,217
Rental income	131,837	118,967	0	0	131,837	118,967
Operating costs charged to tenants	40,758	44,241	0	0	40,758	44,241
Other revenues	592	2,613	0	0	592	2,613
Revenues	173,187	165,821	0	0	173,187	165,821
Expenses from investment property	-23,742	-23,550	0	0	-23,742	-23,550
Operating expenses	-48,475	-47,520	0	0	-48,475	-47,520
Results of asset management	100,970	94,751	0	0	100,970	94,751
Results of property sales	1,683	20,649	0	0	1,683	20,649
Results of property development	14,309	24,159	0	0	14,309	24,159
Other operating income	3,606	2,703	473	397	4,079	3,100
Other operating expenses	-7,781	-11,023	-14,523	-16,793	-22,304	-27,816
Results of operations	112,787	131,239	-14,050	-16,396	98,737	114,843
Revaluation result from standing investments and goodwill	104,668	9,272	0	0	104,668	9,272
Operating profit (EBIT)	217,455	140,511	-14,050	-16,396	203,405	124,115
	30 6 2019	31 12 2018	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Investment property	4,353,248	3,893,568	0	0	4,353,248	3,893,568
Property under construction	261,496	397,540	0	0	261,496	397,540
Goodwill	24,507	24,507	0	0	24,507	24,507
Investment properties held for sale	24,931	56,708	0	0	24,931	56,708
Real estate inventories	868	46,932	0	0	868	46,932
Segment assets	4,665,050	4,419,255	0	0	4,665,050	4,419,255
	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018	Q1-2 2019	Q1-2 2018
Segment investments	198,841	77,939	0	0	198,841	77,939

4. Notes to the Consolidated Balance Sheet

4.1 INVESTMENT PROPERTY

The development of the investment properties during the first half of 2019 is as follows:

All amounts in TEUR	Q1–2 2019
Beginning balance	3,893,568
Deconsolidations (see 2.2)	-11,300
Change in scope of consolidation	106,480
Currency translation adjustments	-2,444
Additions	86,757
Disposals	-12,120
Revaluation	105,592
Reclassifications	204,209
Reclassification to IFRS 5	-17,494
Ending balance	4,353,248

The change in the scope of consolidation involves one property in the asset class Office in the Czech Republic. The reclassifications are related primarily to properties previously under construction in Germany and the Czech Republic. The reclassifications to assets held for sale cover one property in the asset class Office in Hungary and two land sites in the Czech Republic and Romania.

The additions to investment property include the addition of right-of-use assets totalling EUR 58.9 million from the initial application of IFRS 16. As of 30 June 2019, the right-of-use assets in investment property amounted to EUR 56.8 million. Details on the effects of the initial application of IFRS 16 are provided in note 1.1.

4.2 PROPERTY UNDER CONSTRUCTION

The development of the properties under construction during the first half of 2019 is as follows:

All amounts in TEUR	Q1–2 2019
Beginning balance	397,540
Currency translation adjustments	-10
Additions	52,799
Disposals	-5,963
Revaluation	18,171
Reclassifications	-201,041
Ending balance	261,496

The additions are related, in particular, to the *TRIVAGO Campus* and *FLOAT*, development projects in Germany, a development project on the Wienerberg in Austria and STOP SHOP properties in the Czech Republic, Poland and other countries.

The reclassifications consist primarily of EUR 15.9 million from investment property to property under construction in Austria and Poland (31 December 2018: EUR 47.8 million) and EUR 219.0 million from property under construction to investment property in Germany, Poland and the Czech Republic (31 December 2018: EUR 182.5 million).

The additions to property under construction include right-of-use assets totalling EUR 12.2 million from the initial application of IFRS 16. As of 30 June 2019, the right-of-use assets for property under construction amounted to EUR 13.5 million. Details on the effects from the initial application of IFRS 16 are provided in note 1.1.

4.3 EQUITY-ACCOUNTED INVESTMENTS

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

All amounts in TEUR	S IMMO	Other	Total
Interest held by IMMOFINANZ	29.14%		
Beginning balance	391,902	5,769	397,671
Disposals	0	-2,710	-2,710
Current net profit or loss from equity-accounted investments	43,283	209	43,492
Other comprehensive income from currency translation adjustment	70	14	84
Other comprehensive income from financial instruments measured at fair value through other comprehensive income (FVOCI)	11,436	0	11,436
Other comprehensive income from the change in the hedge accounting reserve	-2,957	0	-2,957
Offset of results with other net investment positions	0	728	728
Dividend	-13,650	-2,570	-16,220
Ending balance	430,084	1,440	431,524

The carrying amount of the equity-accounted investments totalled EUR 431.5 million as of 30 June 2019, whereby EUR 430.1 are attributable to S IMMO AG. Based on the 19,499,437 shares held by IMMOFINANZ, the book value of the S IMMO share equalled EUR 22.06 as of that date. The income statement shows profit of EUR 43.4 million from the equity-accounted investments; of this total, EUR 43.3 million are attributable to S IMMO AG.

There were no objective indications of impairment to the S IMMO investment as of 30 June 2019.

The disposal of EUR 2.7 million resulted from the transition consolidation of NP Investments a.s. and reflected the changeover from equity accounting to full consolidation as of 1 January 2019.

4.4 TRADE AND OTHER RECEIVABLES

All amounts in TEUR	30 6 2019	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2018
Rents receivable	23,546	23,546	0	0	22,823
Miscellaneous	34,634	34,634	0	0	33,709
Total trade accounts receivable	58,180	58,180	0	0	56,532
Receivables due from associates	4,190	4,190	0	0	4,550
Receivables due from joint ventures	1,932	673	1,259	0	29,604
Receivables due from equity-accounted investments	6,122	4,863	1,259	0	34,154
Restricted funds	44,316	21,866	22,446	4	129,054
Financing	10,798	167	881	9,750	14,424
Property management	6,024	5,947	44	33	2,033
Outstanding purchase price receivables – sale of properties	3,130	3,130	0	0	3,130
Outstanding purchase price receivables – sale of shares in other companies	15,165	1,167	13,998	0	14,605
Miscellaneous	15,369	11,524	3,564	281	13,871
Total other financial receivables	94,802	43,801	40,933	10,068	177,117
Tax authorities	34,389	34,389	0	0	34,949
Other contractual assets	1,441	1,441	0	0	2,876
Total other non-financial receivables	35,830	35,830	0	0	37,825
Total	194,934	142,674	42,192	10,068	305,628

4.5 ASSETS AND SPECIFIC LIABILITIES HELD FOR SALE

Of the assets and liabilities held for sale as of 31 December 2018, three retail properties, four office properties, one retail property and three properties in the asset class Other were sold during H1 2019. No assets or liabilities from the *Gerling Quartier* were classified as held for sale as of 30 June 2019.

One property in the asset class Other in Hungary and two land sites in the Czech Republic and Romania were classified as held for sale in Q2 2019 and are designated for sale through asset deals.

The sale plans remain in effect for the assets and liabilities which were classified as held for sale as of 31 December 2018, but which had not been sold as of 30 June 2019.

The assets and liabilities held for sale as of 30 June 2019 are summarised as follows:

All amounts in TEUR	Carrying amount as of 30 6 2019	Carrying amount as of 31 12 2018
Investment property	24,931	30,916
Property under construction	0	20,766
Real estate inventories	0	5,026
Trade and other receivables	0	202
Cash and cash equivalents	0	252
Assets held for sale	24,931	57,162
Reclassifiable reserves	376	682
Financial liabilities	1,131	0
Trade and other payables	0	366
Provisions	0	14
Deferred tax liabilities	0	1,181
Liabilities held for sale	1,131	1,561

As of 30 June 2019, the investment property held for sale included right-of-use assets totalling EUR 1.1 million and the financial liabilities held for sale included lease liabilities of the same amount. These additions resulted from the initial application of IFRS 16 as of 1 January 2019. Details on the effects of the initial application of IFRS 16 are provided in note 1.1.

4.6 EQUITY

On 2 July 2018, the Executive Board and Supervisory Board of IMMOFINANZ AG approved the use of an authorisation by 25th annual general meeting on 11 May 2018 (which was renewed by an authorisation of the 26th annual general meeting on 2 May 2019) to carry out a share buyback programme (share buyback programme 2018/19) in accordance with § 65 (1) No. 8 of the Austrian Stock Corporation Act. The authorisation covers up to 10% of the company's share capital. The share buyback programme 2018/19 has a volume up to 9.7 million IMMOFINANZ shares, which represent 8.66% of the current share capital. The share buyback started on 16 July 2018. A total of 8.1 million IMMOFINANZ shares had been repurchased for EUR 179.3 million by 30 June 2019, including 4.6 million shares for EUR 104.5 million during the first half of this year.

IMMOFINANZ held 9,569,526 treasury shares as of 30 June 2019 (31 December 2018: 4,942,001 shares).

The 26th annual general meeting on 22 May 2019 approved a dividend payment of EUR 0.85 per share for the 2018 financial year. A total of EUR 88.1 million was distributed on 28 May 2019 to external shareholders.

4.7 LIABILITIES FROM CONVERTIBLE BONDS

As of 30 June 2019, IMMOFINANZ had convertible bonds with a total nominal value of EUR 297.2 million outstanding (31 December 2018: EUR 297.2 million) The underlying bond liability and the related interest coupons are measured at amortised cost based on the effective interest method.

All amounts in TEUR	30 6 2019	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2018
Convertible bond 2017–2024	282,675	4,457	278,218	0	284,638
Total	282,675	4,457	278,218	0	284,638

Convertible bond 2017–2024

IMMOFINANZ issued a convertible bond on 24 January 2017 with a nominal value of EUR 297.2 million, an initial interest rate of 2.0% and a term ending on 24 January 2024 through an accelerated bookbuilding process with institutional investors. In accordance with the bond terms, the coupon was reduced by 50 basis points to 1.5% with the interest period beginning on 24 January 2019 following IMMOFINANZ's receipt of an investment grade rating from S&P Global Ratings in the first quarter of 2019. The convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present time.

The cash dividend of EUR 0.85 per share for the 2018 financial year (see note 4.6) which was approved by the annual general meeting on 22 May 2019 led to the adjustment of the conversion price for the convertible bond 2017–2024 to EUR 21.377 per share. The conversion right can be exercised up to 10 January 2024.

4.8 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 30 June 2019:

All amounts in TEUR	30 6 2019	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2018
Amounts due to financial institutions	1,695,782	49,795	1,541,132	104,855	2,140,731
Thereof secured by collateral	1,695,676	49,689	1,541,132	104,855	2,140,625
Thereof not secured by collateral	106	106	0	0	106
Liabilities arising from the issue of bonds	498,513	3,353	495,160	0	0
Other financial liabilities	71,332	1,150	3,212	66,970	153
Total	2,265,627	54,298	2,039,504	171,825	2,140,884

On 21 January 2019 IMMOFINANZ AG issued an unsecured, non-subordinated bond with a nominal value of EUR 500 million. The bond has a four-year term and a fixed interest rate of 2.625% per year.

Other financial liabilities as of 30 June 2019 include lease liabilities of EUR 71.2 million, which resulted from the application of IFRS 16 since 1 January 2019. Details on the effects of the initial application of IFRS 16 are provided in note 1.1.

4.9 TRADE AND OTHER PAYABLES

All amounts in TEUR	30 6 2019	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2018
Trade payables	78,909	76,345	2,498	66	101,928
Derivative financial instruments (liabilities)	26,417	0	23,247	3,170	13,015
Property management	6,845	6,845	0	0	6,957
Amounts due to non-controlling interests	4,377	0	262	4,115	3,966
Amounts due to associated companies	88	88	0	0	271
Amounts due to joint ventures	334	6	21	307	334
Deposits and guarantees received	22,820	5,227	13,918	3,675	24,687
Prepayments received on property sales	1,633	1,624	9	0	1,317
Construction and refurbishment	1,432	1,432	0	0	2,895
Outstanding purchase prices (share deals)	0	0	0	0	49
Miscellaneous	4,219	3,523	690	6	11,112
Total other financial liabilities	68,165	18,745	38,147	11,273	64,603
Tax authorities	11,497	11,497	0	0	10,017
Rental and lease prepayments received	19,693	18,401	676	616	22,448
Other contractual liabilities	218	218	0	0	0
Miscellaneous	0	0	0	0	29
Total non-financial liabilities	31,408	30,116	676	616	32,494
Total	178,482	125,206	41,321	11,955	199,025

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 2019	Q1–2 2018
Office	56,385	55,554
Retail	63,120	53,196
Other	12,332	10,217
Total	131,837	118,967

5.2 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	Q1–2 2019	Q1–2 2018
Commission expenses	-183	-282
Maintenance	-7,904	-7,877
Operating costs charged to building owners	-7,266	-5,555
Property marketing	-3,386	-2,480
Personnel expenses from asset management	-2,480	-2,907
Other expenses from asset management	-338	-1,676
Rental and lease payments	0	-1,075
Fit-out costs	-1,944	-844
Write-off of receivables from asset management	-525	122
Other expenses	284	-976
Total	-23,742	-23,550

5.3 RESULTS OF PROPERTY SALES

All amounts in TEUR	Q1–2 2019	Q1–2 2018
Office	34,095	42,882
Retail	7,305	3,193
Other	3,759	6,636
Proceeds from property sales	45,159	52,711
Less carrying amount of sold properties	-45,159	-52,711
Net gain/loss from property sales	0	0
Gains/losses from deconsolidation (see 2.2)	2,860	26,692
Sales commissions	-393	-481
Personnel expenses from property sales	-586	-629
Legal, auditing and consulting fees from property sales	-568	-639
VAT adjustments from the sale of properties	0	-426
Other expenses	-285	-32
Expenses from property sales	-1,832	-2,207
Revaluation results from properties sold and held for sale	655	-3,836
Total	1,683	20,649

5.4 RESULTS OF PROPERTY DEVELOPMENT

All amounts in TEUR	Q1-2 2019	Q1-2 2018
Proceeds from the sale of real estate inventories	53,265	9,989
Cost of real estate inventories sold	-52,707	-9,998
Other costs to sell for real estate inventories	-186	-218
Write-down related reversals of real estate inventories	202	298
Write-down of real estate inventories	-1,212	-4,986
Impending losses from the forward sale of real estate inventories	0	589
Operating costs charged to building owners-inventories	-157	-181
Other expenses from real estate inventories	-1,370	-430
Expenses from real estate inventories	-2,723	-4,928
Expenses from property development	-1,697	-3,308
Revaluation results from properties under construction	18,171	32,404
Total	14,309	24,159

The proceeds of EUR 53.3 million from the sale of real estate inventories and the costs of EUR -52.7 million for real estate inventories resulted primarily from the sale of the hotel leased to 25hours and the related underground garage and from the sale of further units in the Cologne *Gerling Quartier*.

5.5 OTHER OPERATING INCOME

Other operating income consists of the following:

All amounts in TEUR	Q1-2 2019	Q1-2 2018
Expenses charged on	41	42
Insurance compensation	88	155
Income from derecognised liabilities	2,562	1,568
Reimbursement for penalties	300	22
Miscellaneous	1,088	1,313
Total	4,079	3,100

5.6 OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

All amounts in TEUR	Q1-2 2019	Q1-2 2018
Administrative expenses	-63	-130
Legal, auditing and consulting fees	-3,641	-4,548
Penalties	-63	-439
Levies	-438	-3,030
Advertising	-1,229	-884
Expenses charged on	-1	-13
Rental and lease expenses	0	-311
EDP and communications	-1,277	-1,375
Expert opinions	-292	-364
Personnel expenses	-10,782	-14,340
Other write-downs	-523	-344
Miscellaneous	-3,995	-2,038
Total	-22,304	-27,816

The year-on-year decline in personnel expenses resulted from a one-off special bonus of EUR 4.0 million for the Executive Board which was approved by the Supervisory Board's Personnel Committee in the first quarter of 2018. Taxes and duties in the previous year were related primarily to the purchase of limited partner shares and were not reflected in comparable expenses during 2019. The increase in miscellaneous other operating expenses in 2019 resulted chiefly from costs for short-term leases and low-value assets as well as higher bank transaction costs.

Miscellaneous other operating expenses include research expenses of TEUR 50 from a project focused on digitalisation in the real estate branch.

5.7 REVALUATION RESULTS FROM INVESTMENT PROPERTY AND GOODWILL

The results from the revaluation of investment properties and goodwill in 2019 consist entirely of effects from property valuation. In the previous year, this position included a subsequent purchase price adjustment of EUR -0.1 million.

The following table shows the revaluation gains and losses on investment property:

All amounts in TEUR	Q1–2 2019			Q1–2 2018		
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total
Investment property	138,447	-33,779	104,668	36,219	-26,847	9,372
Property under construction	32,736	-14,565	18,171	36,694	-4,290	32,404
Properties sold and held for sale	1,649	-994	655	3,784	-7,620	-3,836
Total	172,832	-49,338	123,494	76,697	-38,757	37,940

5.8 FINANCIAL RESULTS

All amounts in TEUR	Q1–2 2019	Q1–2 2018
For financial liabilities AC	-28,038	-29,046
For derivative financial instruments	-3,548	-4,716
Total financing costs	-31,586	-33,762
For financial receivables AC	1,066	3,065
For derivative financial instruments	86	20
Total financing income	1,152	3,085
Foreign exchange differences	-1,454	1,244
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	-17	62
Valuation of financial instruments at fair value through profit or loss	-16,290	-1,904
Distributions	568	498
Valuation adjustments and impairment of receivables	-413	1,025
Other financial results	-16,152	-319
Net profit or loss from equity-accounted investments	43,396	31,263
Total	-4,644	1,511

AC: financial assets measured at amortised cost

The results from the measurement of financial instruments at fair value through profit or loss consist primarily of valuation gains and/or losses on derivative financial instruments (interest rate swaps).

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

6. Additional Disclosures on Financial Instruments

6.1 CLASSES OF FINANCIAL INSTRUMENTS

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

	Carrying amount of financial assets	Carrying amount of non-financial assets	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2019	30 6 2019	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Trade accounts receivable	58,180	0	58,180	56,532	58,180	56,532
Financing receivables	16,920	0	16,920	48,578	16,920	48,578
Loans and other receivables	84,004	35,830	119,834	200,518	119,834	200,518
Trade and other receivables	159,104	35,830	194,934	305,628	194,934	305,628
Real estate fund shares	4,635	0	4,635	5,025	4,635	5,025
Derivatives	0	0	0	499	0	499
Miscellaneous other financial instruments	6,475	0	6,475	6,445	6,475	6,445
Other financial assets	11,110	0	11,110	11,969	11,110	11,969
Cash and cash equivalents	560,446	0	560,446	631,754	560,446	631,754
Total assets	730,660	35,830	766,490	949,351	766,490	949,351

Non-FI: non-financial assets

	Carrying amount of financial liabilities	Carrying amount of non-financial liabilities	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2019	30 6 2019	30 6 2019	31 12 2018	30 6 2019	31 12 2018
Liabilities from convertible bonds	282,675	0	282,675	284,638	295,247	297,751
Bonds	498,513	0	498,513	0	523,455	0
Amounts due to financial institutions	1,695,782	0	1,695,782	2,140,731	1,703,281	2,143,117
Other financial liabilities	71,332	0	71,332	153	71,332	153
Financial liabilities	2,265,627	0	2,265,627	2,140,884	2,298,068	2,143,270
Trade payables	78,909	0	78,909	101,928	78,909	101,928
Derivatives	26,417	0	26,417	13,015	26,417	13,015
Miscellaneous other liabilities	41,748	31,408	73,156	84,082	73,156	84,082
Trade and other payables	147,074	31,408	178,482	199,025	178,482	199,025
Total equity and liabilities	2,695,376	31,408	2,726,784	2,624,547	2,771,797	2,640,046

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 2019 Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	4,635	4,635
Miscellaneous other financial instruments	6,475	-	-	6,475
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	26,417	26,417

All amounts in TEUR	Level 1	Level 2	Level 3	31 12 2018 Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	5,025	5,025
Derivatives	-	-	499	499
Miscellaneous other financial instruments	6,445	-	-	6,445
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	13,015	13,015

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

All amounts in TEUR	Real estate fund shares Q1-2 2019	Derivatives Q1-2 2019	Total Q1-2 2019
Beginning balance	5,025	-12,516	-7,491
Recognised in the consolidated income statement	-216	-16,104	-16,320
Disposals	-174	2,203	2,029
Ending balance	4,635	-26,417	-21,782

The results of EUR -16.3 million which are shown in the above table and recognised in the consolidated income statement include EUR -16.4 million of financial instruments that were held as of 30 June 2019.

These amounts were reported under other financial results.

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

Level	Financial instruments	Valuation method	Major input factors	Major non-observable input factors
3	Real estate fund shares	Net present value methods	Discount rate, expected principal repayments and dividends	Discount rate: 8.50%
3	Derivatives (interest rate swaps)	Net present value methods	Interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 1.00% to 2.50%

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

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

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

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 2019:

All amounts in TEUR	30 6 2019	31 12 2018
Relations with joint ventures		
Receivables	1,932	29,604
Thereof bad debt allowance	-6,768	-7,175
Liabilities	333	333
Relations with associated companies		
Receivables	4,191	4,550
Thereof bad debt allowance	-7,941	-7,343
Liabilities	88	261
All amounts in TEUR	Q1-2 2019	Q1-2 2018
Relations with joint ventures		
Other income	1	12
Interest income	135	1,205
Write-downs to receivables	407	2,267
Thereof results that increase or reduce the net investment	-130	2,353
Income taxes	0	-23
Relations with associated companies		
Other income	350	358
Other expenses	-1,308	-1,545
Interest income	232	345
Write-downs to receivables	-598	-220
Thereof results that increase or reduce the net investment	-592	-220

There were no reportable transactions between IMMOFINANZ and related persons in H1 2019.

8. Subsequent Events

IMMOFINANZ finalised the acquisition of the Palmovka Open Park, an office property in Prague, on 8 July 2019 through the purchase of 100% of the shares in the real estate holding companies. The seller is Metrostav Development, the project development company which completed the property in 2018. The agreed property value amounts to EUR 76.4 million.

On 11 July 2019 IMMOFINANZ closed the acquisition of the Warsaw Spire Tower from Ghelamco and Madison International Realty through the purchase of 100% of the shares in the real estate holding companies. The agreed property value amounts to EUR 386.0 million. The office tower has 71,600 sqm of rentable space.

The share buyback programme 2018/2019 was terminated on 13 August 2019 when repurchases reached the maximum volume of 9,708,526 shares. These shares were purchased over the stock exchange at a weighted average price of EUR 22.54 per share.

IMMOFINANZ sold four buildings and one undeveloped site on the EMPARK grounds in Warsaw to the Polish developer Echo Investment on 14 August 2019. Following this transaction, four buildings with 63,500 sqm of rentable space will remain in the IMMOFINANZ portfolio (original rentable space: 117,000 sqm). The agreed property value totals EUR 48.9 million.

In the retail asset class, IMMOFINANZ acquired five retail parks in Slovenia for the STOP SHOP brand as of 27 August 2019. These properties have 46,200 sqm of rentable space in total.

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 2019, 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 as required by Austrian stock market 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 the principal risks and uncertainties for the remaining six months of the financial year and reportable transactions with related parties.

Vienna, 28 August 2019

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

FINANCIAL CALENDAR 2019

27 November 2019	Announcement of results for the first three quarters of 2019 (after the close of trading)
28 November 2019	Report on the first three quarters of 2019

IMPRINT

Photos

IMMOFINANZ

Concept and Realisation

Mensalia Unternehmensberatung

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Disclaimer

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

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