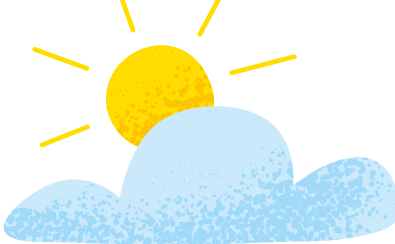


Quality of Life

by IMMOFINANZ

IMMOFINANZ
Annual Financial Report 2020

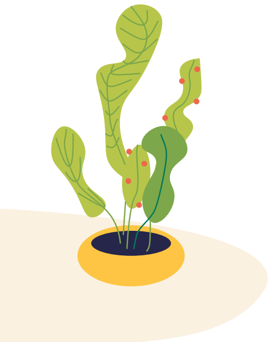
Three Brands. One Company.
Great Potential.

myhive

STOP SHOP

VIVO!

Content



Corporate Governance

Group Management Report

Consolidated Financial Statements

Individual Financial Statements

Report of the Supervisory Board

Dear Shareholders,

Global events were dominated by the COVID-19 pandemic throughout 2020. IMMOFINANZ started the past financial year with sound operating results, but business development was slowed by the crisis beginning in mid-March. The wide-ranging economic restrictions and shutdown of public life triggered a worldwide recession of historical proportions and also confronted IMMOFINANZ with numerous challenges. However, the many steps taken at the beginning of the crisis were successful in minimising the negative effects on the company and strengthened both liquidity and equity.

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

The Supervisory Board and Executive Board discussed the company's economic position as well as major events and measures in ten meetings during the 2020 financial year. The Supervisory Board acknowledges and accepts its responsibility in full; the attendance of the shareholder representatives equalled 96% in 2020. Detailed statistics on the attendance of the individual members can be found in the Corporate Governance Report on page 10.

Outside the framework of these meetings, the Supervisory Board remained in regular contact with the Executive Board and took a number of decisions through circular resolutions. The cooperation between the Supervisory Board and the Executive Board was consistently characterised by open discussions and constructive teamwork.

The Supervisory Board dealt extensively with the company's strategic orientation, above all in connection with the COVID-19 situation. Other focal points included the further optimisation of the portfolio through the acquisition and sale of properties, the company's management by the Executive Board and the financing situation as well as developments on the real estate and capital markets and the situation in IMMOFINANZ's core markets.

Special emphasis was given to the following issues:

– March: Changes in the shareholder structure and the resignation of Rudolf Fries from the Supervisory Board, following the sale of the shares under his ownership and the ownership of FRIES Family Private Foundation to RPPK Immo GmbH

– March: The resignation of Oliver Schumy from the Executive Board and as CEO by mutual agreement

– March: The conclusion of an unsecured, revolving corporate credit line of EUR 100.0 million to give the company greater financial flexibility

- April: The appointment of Ronny Pecik to the Executive Board and as CEO for a three-year period beginning on 4 May 2020

- July: The placement of 11.2 million new shares and 4.2 million treasury shares as well as the issue of a mandatory convertible bond with a total nominal value of EUR 120.0 million with institutional investors to strengthen equity and the indicators relevant for our investment grade rating

- July: In line with the corporate strategy, the sale of the Panta Rhei office building in Düsseldorf and the continued concentration in the office business on further growth with our innovative myhive office brand

- August: A recommendation to the 27th annual general meeting to waive the dividend for the 2019 financial year and, in view of the exceptional situation caused by the COVID-19 pandemic, to carry forward the total profit

- October: The issue of a corporate bond with a benchmark volume of EUR 500 million for institutional investors

- December: The further expansion of the STOP SHOP retail park brand through the acquisition of locations in the Czech Republic and Serbia

- Evaluation, discussion and approval of the budget for the 2021 financial year

Changes on the Supervisory Board

The resignation of two Supervisory Board members during the 2020 financial year also led to changes in the presidium. Rudolf Fries, who accompanied IMMOFINANZ as a member of the Supervisory Board for ten years and also served as its vice-chairman, resigned with immediate effect as of 4 March 2020 and with notification that the IMMOFINANZ share package held by him and by the FRIES Family Private Foundation had been sold. Michael Knap resigned as of the end of the 27th annual general meeting on 1 October for personal reasons and in agreement with his colleagues on the board. He had been a member of the Supervisory Board since 2008 and served as chairman since 2013. On behalf of the entire Supervisory Board, I would like to thank both gentlemen for their long-standing commitment and their contribution to the successful reorientation of IMMOFINANZ. I initially took over the function of vice-chairwoman after the resignation of Rudolf Fries and, after the resignation of Michael Knap, subsequently became chairwoman of the Supervisory Board. Christian Böhm and Sven Bienert now serve as vice-chairmen.

Changes on the Executive Board

In March 2020, Oliver Schumy resigned from the Executive Board for personal reasons and by mutual agreement. Mr. Schumy made a lasting and valuable contribution to the successful reorientation of IMMOFINANZ over the past years and, on behalf of the Supervisory Board, I would like to thank him for his commitment.

Mr. Schumy's functions were initially transferred to the remaining Executive Board members, Dietmar Reindl and Stefan Schönauer. In April 2020, Ronny Pecik was appointed CEO for a three-year period beginning in May. He is a leading entrepreneur and is making his many years of experience in corporate and capital market activities available to IMMOFINANZ.

Focal points of the committees

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

13 committee meetings were held during 2020, which had a high overall attendance rate of 97%. Information on the responsibilities of the committees, their composition and the attendance of the individual members is provided in the Corporate Governance Report beginning on page 10.

The Audit and Valuation Committee met four times during the past year. The agendas for these meetings included the discussion and examination of the annual and consolidated financial statements for 2019 and the risk report for 2019 as well as the annual report on internal audits in 2020 and the internal audit planning for 2021.

In four of its nine meetings, the Personnel and Nominating Committee dealt with IMMOFINANZ's remuneration policy. Other issues involved the termination of the contract with Oliver Schumy and the extension of the Executive Board contracts with Dietmar Reindl and Stefan Schönauer for a five-year period as of 1 May 2021. The appointment of Ronny Pecik was finalised at an extraordinary meeting of the Supervisory Board in March.

The Strategy Committee is responsible, above all, for ongoing discussions of the company's strategy and positioning as well as advising the Executive Board on these issues. These responsibilities were met by the full Supervisory Board in 2020.

The Supervisory Board also completed a routine annual self-evaluation of its working efficiency in 2020, above all with regard to its organisation and operating procedures. The focal points, among others, included the organisation of the Supervisory Board and the procedures at meetings, the activities of the committees, the provision of information to the Supervisory Board, the self-image of the Supervisory Board members as well as any recommendations for improvement.

Approval of the 2020 financial statements

The following documents were prepared by the Executive Board and audited by Deloitte Audit Wirtschaftsprüfungs GmbH, which was appointed as the auditor by the annual general meeting on 1 October 2020: the annual financial statements of IMMOFINANZ AG as of 31 December 2020 including the management report and the consolidated financial statements together with the group management report. All of these documents were awarded an unqualified opinion (see pages 203–208).

The annual financial statements and consolidated financial statements as well as the related auditor's reports were made available to all Supervisory Board members immediately after completion. These documents were discussed by the Audit and Valuation Committee in detail in the presence of the auditor and the Executive Board and reviewed in accordance with § 96 of the Austrian Stock Corporation Act. Following this examination and discussion, the members of the Audit and Valuation Committee unanimously agreed to recommend the unqualified acceptance of these documents to the Supervisory Board. The Supervisory Board accepted the annual financial statements as of 31 December 2020, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2020 were also accepted by the Supervisory Board. In accordance with L-Rule 60 of the Austrian Corporate Governance Code, the Supervisory Board reviewed and approved the expanded Corporate Governance Report which now also includes the Consolidated Corporate Governance Report and the non-financial statement.

The Supervisory Board agrees with the Executive Board's recommendation for the use of profit. The agenda for the annual general meeting on the 2020 financial year will therefore include a proposal for the distribution of a EUR 0.55 dividend per share.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board and the many men and women who work for IMMOFINANZ for their outstanding performance during the past financial year. The COVID-19 pandemic was still not under containment by the time this report was prepared, but the approval of several vaccines represents an important step. Although business at the beginning of 2021 was still influenced by COVID-19, IMMOFINANZ has a very solid position with a conservative capital and financing structure. This makes is possible for our company to react quickly, flexibly and directly in a challenging environment and also creates ideal conditions to return to our growth course as quickly as possible.

I would also like to thank you, our shareholders, for accompanying us on this journey.

Vienna, 21 April 2021

Bettina Breiteneder

Chairwoman

Corporate Governance Report

Corporate Governance Report expanded to include the Consolidated Corporate Governance Report

Commitment to the Austrian Corporate Governance Code

IMMOFINANZ pursues responsible business activities that are designed to create and maintain sustainable, long-term value. In line with this orientation, the company strives to achieve a high degree of transparency for all stakeholders. The Austrian Corporate Governance Code* provides Austrian stock companies with a framework for corporate management and monitoring. The Executive Board and Supervisory Board of IMMOFINANZ AG are committed to compliance with the code, in the currently applicable version, and to the related transparency and principles of good management. IMMOFINANZ complied with all provisions of the code – with the exception of the following temporary deviation – during the 2020 financial year.

Temporary deviation from C-Rule 16

C-Rule 16 requires the Executive Board to have a chairman. This requirement was not met for a brief period – namely between the resignation by mutual agreement of Oliver Schumy as CEO on 18 March 2020 and the appointment of Ronny Pecik as CEO on 4 May 2020. The Supervisory Board did not consider it necessary to appoint an interim CEO for the brief period immediately after Mr. Schumy's resignation.

Corporate Bodies

Dual management structure

The dual management structure of IMMOFINANZ AG, as a listed stock corporation, consists of an Executive Board and a Supervisory Board. These corporate bodies are strictly separated, in both their composition and functions, and can therefore independently carry out their assigned duties. The Executive Board is responsible for the management of the company, the Supervisory Board for monitoring.

* The current version of the code (January 2021) is available on the website of IMMOFINANZ AG (www.immofinanz.com) and on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).

The Executive Board

Ronny Pecik, Chief Executive Officer

- **Member of the Executive Board since 4 May 2020**
- **Appointed up to 3 May 2023**
- **Born in 1962**

Ronny Pecik has served as Chief Executive Officer since 4 May 2020. In this function he is responsible for Group M&A and Capital Markets, Group Transactions, Group Development Office, Group Investor Relations and Compliance & Corporate Legal. Mr. Pecik serves, among others, as a managing director of IMBEA IMMOEAST Beteiligungsverwaltung GmbH (IMBEA), a material IMMOFINANZ subsidiary.

Dietmar Reindl, Member of the Executive Board

- **Member of the Executive Board since 1 May 2014**
- **Appointed up to 30 April 2026**
- **Born in 1969**

Dietmar Reindl has been with IMMOFINANZ in leading functions since 2012 and was appointed to the Executive Board in May 2014. He is responsible for the real estate portfolio (Business Unit Office and Business Unit Retail), Group Development Retail, Group Marketing & Brand Management, Group Corporate Communications & Public Relations and Group Human Resources. Mr. Reindl also serves as a managing director of the material IMMOFINANZ subsidiary IMBEA.

Stefan Schönauer, Member of the Executive Board

- **Member of the Executive Board since 11 March 2016**
- **Appointed up to 30 April 2026**
- **Born in 1979**

Stefan Schönauer has worked with IMMOFINANZ in leading positions since the end of 2008 and was appointed Chief Financial Officer on 11 March 2016. He is responsible for Group Controlling & Country Finance, Group Finance, Group Business Support (Legal and Procurement), Group IT and Group Internal Audit as well as Group Risk & Process Management. Mr. Schönauer also serves as a managing director of the material IMMOFINANZ subsidiary IMBEA.

Oliver Schumy

- **Member of the Executive Board from 1 March 2015 to 18 March 2020**
- **Born in 1971**

Oliver Schumy resigned from the IMMOFINANZ Executive Board by mutual agreement as of 18 March 2020. His contract was terminated prematurely by mutual consent. His responsibilities were taken over during the period from 19 March 2020 to 3 May 2020 by Dietmar Reindl (Human Resources, Corporate Communications and Transactions) and Stefan Schönauer (Investor Relations, Legal and Compliance & Corporate Legal).

The Supervisory Board

Bettina Breiteneder, Chairwoman of the Supervisory Board since 1 October 2020

Vice-Chairwoman of the Supervisory Board from 4 March 2020 to 1 October 2020

- **First appointment in 2019**
- **Term ends in 2023[1]**
- **Born in 1970**

Experience: Many years of management experience in real estate, CEO, supervisory board functions, finance, accounting, audits, corporate governance, capital markets, human resources and insurance
Other functions: Member of the supervisory boards of:
Die Erste österreichische Sparkasse Privatstiftung
Generali Versicherung AG (chairwoman of the audit committee)
Member of the directorate of Wiener Konzerthaus

Christian Böhm, Vice-Chairman of the Supervisory Board since 1 October 2020

- **First appointment in 2010**
- **Term ends in 2020[2]**
- **Born in 1958**

Experience: Many years of management experience in the financial and insurance sector (pension funds)
Other functions: Chairman of the management board of APK Pensionskasse AG, Vienna
Chairman of the supervisory board of APK Versicherung AG, Vienna
Member of the supervisory board of APK Vorsorgekasse AG, Vienna

Sven Bienert, Vice-Chairman of the Supervisory Board since 1 October 2020

- **First appointment in 2019**
- **Term ends in 2023[1]**
- **Born in 1973**

Experience: Extensive expertise in the areas of real estate, CEO, supervisory board functions, finance, accounting, audits, corporate governance and human resources
Other functions:
Member of the supervisory board of ZIMA Holding AG
Member of the sustainability advisory board of DAW – Deutsche Amphibolin-Werke von Robert Murjahn Stiftung & Co KG

[1] End of term: at the end of the annual general meeting which votes on the release from liability for the 2023 financial year (31st AGM in 2024)
[2] End of term: at the end of the annual general meeting which votes on the release from liability for the 2020 financial year (28th AGM in 2021)

Nick J. M. van Ommen, FRICS Member of the Supervisory Board

– First appointment in 2008
– Term ends in 2020[1]
– Born in 1946

Experience: Many years of management and supervisory board experience in the banking sector and in real estate companies; served as CEO of EPRA from 2000 to 2008
Functions in listed companies:
Member of the supervisory boards of:
W. P. Carey Inc., USA
Brack Capital Properties N.V., Israel (up to 1 December 2020)
Other functions: Member of the supervisory boards of:
Allianz Nederland Group N.V., Netherlands
Allianz Benelux SA, Belgium

Philipp Obermair, Member of the Supervisory Board

– First appointment in 2014
– Born in 1979

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

Delegated by the IMMOFINANZ Works' Council

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

Terms ended in 2020

Michael Knap, Chairman of the Supervisory Board up to 1 October 2020

– First appointment in 2008
– Resigned as of 1 October 2020
– Born in 1944

Experience: Extensive experience in the areas of capital markets, corporate governance, financial analysis and investor representation; many years of management experience in the banking and insurance sector
Other functions: Vice-president of IVA Interessenverband für Anleger, Vienna

Rudolf Fries, Vice-Chairman of the Supervisory Board up to 4 March 2020

– First appointment in 2008
– Resigned as of 4 March 2020
– Born in 1958

Experience: Extensive experience in the areas of corporate and company law as well as real estate
Other functions: Chairman of the supervisory board of EAG-Beteiligungs Aktiengesellschaft, Baden
Attorney, partner in Eckert Fries Carter Rechtsanwälte GmbH, Baden

Maria Onitcanscaia, Member of the Supervisory Board up to 31 May 2020

– First appointment in 2019
– Born in 1981

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

Delegated by the IMMOFINANZ Works' Council

Gov-Board, GRI 102-22

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

Supervisory Board committees and attendance

Members of the Supervisory Board committees

Audit and Valuation Committee	Strategy Committee	Personnel and Nominating Committee
Christian Böhm, Chairman (since 1 October 2020), financial expert	**Sven Bienert,** Chairman (since 1 October 2020)	**Bettina Breiteneder,** Chairwoman (since 1 October 2020)
Sven Bienert, Vice-Chairman (since 1 October 2020)	**Nick J. M. van Ommen,** FRICS, Vice-Chairman	**Sven Bienert,** Vice-Chairman (since 4 March 2020)
Betttina Breiteneder, Chairwoman (up to 1 October 2020)	**Bettina Breiteneder**	**Christian Böhm** (since 1 October 2020)
Philipp Obermair	**Christian Böhm**	**Michael Knap,** Chairman (up to 1 October 2020)
Michael Knap, Vice-Chairman (up to 1 October 2020)	**Philipp Obermair**	**Rudolf Fries,** Vice-Chairman (up to 4 March 2020)
Rudolf Fries (up to 4 March 2020)	**Michael Knap,** Chairman (up to 1 October 2020)	
Maria Onitcanscaia (up to 31 May 2020)	**Maria Onitcanscaia** (up to 31 May 2020)	

The Supervisory Board monitors the Executive Board and provides support for the management of the company, particularly on decisions of fundamental importance. In addition to its primary function as a monitoring and support body, the Supervisory Board constantly strives to further improve the efficiency of its work through self-evaluation. At the beginning of the 2020 financial year, the Supervisory Board had six members who were elected by the annual general meeting (shareholder representatives) and two members delegated by the Works' Council. The shareholder representatives Rudolf Fries and Michael Knap resigned from the Supervisory Board as of 4 March 2020, respectively at the end of the annual general meeting on 1 October 2020. Maria Onitcanscaia, who was delegated by the Works' Council, resigned from the Supervisory Board as of 31 May 2020. At the end of the 2020 financial year, the Supervisory Board had four shareholder representatives and one member delegated by the Works' Council. Ten Supervisory Board meetings were held in 2020. These meetings were attended by roughly 96% of the elected members, respectively nearly 97% including the 13 individual committee meetings.

	Attendance								
Name	**Member since**	**Meetings (Plenum)**	**in %**	**Audit and Valuation Committee**	**in %**	**Personnel and Nominating Committee**	**in %**	**Total attendance**	**Total attendance in %**
Meetings/year		**10**		**4**		**9**		**23**	
Bettina Breiteneder, Chairwoman	2019	10/10	100%	4/4	100%	8/9	88%	22	96%
Christian Böhm, Vice-Chairman	2010	10/10	100%	4/4	100%	1/1	100%	15	100%
Sven Bienert, Vice-Chairman	2019	10/10	100%	4/4	100%	7/7	100%	21	100%
Nick J. M. van Ommen	2008	8/10	80%					8	80%
Michael Knap	up to October 2020	7/7	100%	3/3	100%	8/8	100%	18	100%
Rudolf Fries	up to March 2020	1/1	100%	1/1	100%	2/2	100%	4	100%
Average meeting attendance		**46/48**	**96%**	**16/16**	**100%**	**26/27**	**96%**	**88/91**	**97%**

Audit and Valuation Committee

The Audit and Valuation Committee is responsible for monitoring accounting processes and supervising the audit of the separate and consolidated financial statements. This committee also monitors the effectiveness of the company's internal control system, risk management and internal audit as well as property valuation. Christian Böhm took over the chair of this committee from Bettina Breiteneder, who remains a member of the Audit and Valuation Committee, following the resignation of Michael Knap on 1 October 2020. Maria Onitcanscaia, who was delegated by the Works' Council, resigned as of 31 May 2020. Sven Bienert, a previous member, became vice-chairman of this committee. Christian Böhm serves as the Audit and Valuation

Committee's financial expert based on his professional experience and knowledge of finance and accounting. The committee members, as a whole, are well informed of the real estate sector. The Audit and Valuation Committee held four meetings in 2020, whereby all shareholder representatives were in attendance.

Strategy Committee
The Strategy Committee is responsible, above all, for the regular evaluation of the company's strategy and orientation as well as consultations with the Executive Board on the definition of this strategy. These responsibilities were fulfilled by the full Supervisory Board in 2020.

Personnel and Nominating Committee
The Personnel and Nominating Committee makes recommendations to the Supervisory Board for nominations to the Executive and Supervisory Boards and is responsible for determining the remuneration and preparing the employment contracts for the Executive Board members. In addition, the committee reviews the remuneration policy for the Executive Board members at regular intervals. In its capacity as a remuneration committee, the Personnel and Nominating Committee has as its members the chairwoman and at least one member with knowledge and experience in remuneration policy. This committee met nine times during 2020, whereby 96% of the shareholder representatives attended these meetings.

Gov-Selec, GRI 102-24

Supervisory Board qualification matrix

Expertise in	Bettina Breiteneder, MRICS	Christian Böhm	Sven Bienert, SV MRICS REV	Nick J. M. van Ommen, FRICS
Real Estate	••	•	••	••
CEO/Executive Board/ Management	••	••	••	••
Supervisory Board Agendas	••	••	••	••
Finance	••	•	••	•
Compliance/Legal		•	•	
Accounting/Audits	•	••	••	•
M&A/Investment Management	••	•	••	
Corporate Governance	•	•	•	•
Capital Market	•	•		•
Human Resources	•	•	••	•
Insurance	•	•		••
Marketing				•
Austrian Market	••	••	••	•
CEE Markets	•	••	•	•

• = General experience in this area
•• = Responsibility and/or working experience in this area

All Supervisory Board members have extensive expertise in environmental, social and governance (ESG) issues. Bettina Breiteneder, a real estate development and management specialist, places high priority on sustainability, energy efficiency and the use of high-quality materials in the construction projects developed by her family-owned corporate group. Christian Böhm, as chairman of the management board of APK Pensionskasse, heads a major institutional investor whose investment decisions are taken with a clear focus on the environment, society and corporate governance. In this connection, APK has committed to follow a "responsible engagement approach". Mr. Böhm is also a member of the management board of the European branch association PensionsEurope and, in this function, has dealt with the recommendations of the EU Commission on sustainable investments. Sven Bienert is, among others, the head of the Center of Excellence for Sustainability in the Real Estate Industry at the University of Regensburg and a member of the DAW SE advisory board. He is a member of the management board of various branch associations associated with sustainability/ESG, for example the Institute for Corporate Governance of the German Real Estate Industry (ICG), and committees like the advisory board of the German Sustainable Building Council (DGNB e. V.) as well as a representative of the ZIA sustainability advisory board. He often directs research projects that are focused on ESG/sustainability/climate risks, e.g. www.crrem.eu. Nick van Ommen has dealt regularly with sustainability issues during his many years on the supervisory boards of real estate companies and insurance firms. In the past, he also served as CEO of the branch association EPRA, which is committed to sustainability and acts as a standard setter. Philipp Obermair, who was delegated by the Works' Council, represents the real estate management branch as the chief negotiator for collective bargaining negotiations in Austria.

Gov-Board, GRI 102-22

Shareholdings of the Executive Board and Supervisory Board members as of 31 December 2020

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

Member	Number of IMMOFINANZ shares
Ronny Pecik[1]	14,200,001
Dietmar Reindl	7,515
Stefan Schönauer	15,000
Bettina Breiteneder	34,500
Christian Böhm	1,000
Nick J. M. van Ommen, FRICS	15,000
Philipp Obermair	150

[1] RPPK Immo GmbH (formerly CARPINUS Holding GmbH), which is considered indirectly controlled by Ronny Pecik and Peter Korbačka pursuant to the Austrian Stock Exchange Act, held 13,000,000 shares and five certificates from the mandatory convertible bond 2020–2023 as of 31 December 2020. RPR Private Foundation, RPR Treasury GmbH, RPR Management GmbH and the Olympic Special Fund, each indirectly controlled by Ronny Pecik pursuant to the Austrian Stock Exchange Act, held a further 1,200,001 shares in total.

Working Procedures of the Executive Board and Supervisory Board

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

Independence and avoidance of conflicts of interest

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

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

Christian Böhm a member of the Supervisory Board, is the chairman of the management board of APK Pensionskasse AG. IMMOFINANZ makes pension fund contributions at ordinary market conditions to this firm for the company pensions of the Executive Board members. The contributions made in 2020 totalled EUR 167,501.0.

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

Criteria for the independence of the Supervisory Board

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

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

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

Gov-Col, GRI 102-25

Support for women on the Executive Board and Supervisory Board and in key functions

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

Women filled 27.66% of the management positions in 2020 (2019: 34.0%) and represented 59.69% of the total workforce (2019: 59.0%). The Executive Board currently has no female members. The Supervisory Board is chaired by Bettina Breiteneder, and the percentage of women among the shareholder representatives equals 25% (2019: 16.67%), respectively 20% for the entire Supervisory Board (2019: 25%). In the IMMOFINANZ Group, women hold key management positions in central corporate functions and on the local country boards.

Specific measures to increase the share of women in management positions have not been defined to date. IMMOFINANZ supports the work-life balance through flexible and partially flexible working times as well as part-time work models for employees, parental leave for fathers or the one-month "new baby break".

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

Diversity concept

IMMOFINANZ does not follow an abstractly defined diversity concept for appointments to the Executive Board or Supervisory Board. The Supervisory Board, which is responsible for appointments to the Executive Board and for issuing recommendations to the annual general meeting for elections to the Supervisory Board, considers the diversity aspects listed in § 243c (2) no. 2a of the Austrian Commercial Code (age, gender, education and professional experience) and the international aspects for supervisory board members which are discussed in L-Rule 52 of the Austrian Corporate Governance Code to be very important. Accordingly, these aspects are acknowledged and reflected in connection with specific appointment decisions or recommendations. However, the company does not consider it suitable or expedient to tie its decisions on recommendations or appointments to a diversity concept with abstractly defined goals. The Supervisory Board believes the decisive factors for recommended elections to the Supervisory Board and appointments to the Executive Board must involve aspects like expertise, specific requirements, experience, availability, etc.

Gov-Selec, GRI 102-24

External evaluation

IMMOFINANZ's compliance with the provisions of the Austrian Corporate Governance Code was evaluated by the auditor, Deloitte Audit Wirtschaftsprüfung GmbH, within the framework of a separate audit of the corporate governance report (pursuant to KFS/PG 13). The related auditor's report is available for review on our website (www.immofinanz.com). The evaluation of the corporate governance report for 2020 did not result in any objections.

Vienna, 21 April 2021

The Executive Board

Ronny Pecik
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Group Management Report

Economic Overview and Property Markets

The following section presents a selection of key economic indicators on the IMMOFINANZ core markets. Included here are statistics on GDP growth, the inflation rate and the unemployment rate based on the autumn forecast published by the European Commission in November 2020 and on current Eurostat and/or OECD data. This information is followed by a summary of developments in the individual real estate market segments where IMMOFINANZ is active. The information was drawn from market reports prepared by BNP Paribas, CBRE, JLL, Savills and EHL (data as of the end of Q3 or Q4 2020).

The COVID-19 pandemic was the determining factor for the commercial property market in Europe during 2020. All the same, the transaction volume reached a significant EUR 276.6 billion despite negative forecasts and health crises – and, in the end, was only 17% below the record set in 2019. The differences between the market and asset classes were, in some cases, significant. The strongest declines among the European countries were registered by Ireland with -41% and France with -39%, while Germany with -5% and Sweden with -6% nearly matched the previous year. The influence of the pandemic was particularly visible in the transaction volumes of the various asset classes. The traditional heavyweights were faced with, in part, substantial revenue declines: Volumes fell by 66% to EUR 9.4 billion in the asset class hotel and by 32% to EUR 94.3 billion in the asset class office. In spite of the sharp drop, office properties remained the most popular asset class on the commercial real estate market in 2020. The reduction in the transaction volumes for retail properties was more moderate with a minus of 6% to EUR 39.0 billion. The pandemic caused wide-ranging negative effects but was also responsible for positive impulses in the following sectors during 2020: healthcare with a volume of EUR 11.4 billion (+16%), followed by industrial and logistics properties at EUR 40.4 billion (+11%) and multi-family houses in the residential construction segment at EUR 65.9 billion (+7%).

Austria

Economic growth in Austria was weakened, above all, by the corona-related lockdown that covered the first six months. The year-on-year GDP decline amounted to 7.8% at the end of 2020 (2019: +1.5%). Tourism and the service sector were hardest hit by the measures implemented to contain the pandemic. Forecasts point to recovery for the Austrian economy in 2021, but any improvement will be clearly dependent on the further development of the COVID-19 crisis. The effects of European fiscal policy represent an added uncertainty factor. The inflation rate in Austria equalled 1.0% at the end of the year (2019: 1.5%) but, in contrast to many other countries in the European Union, there were no signs of deflation in 2020.

Despite measures implemented by the Austrian government to shore up the labour market, for example through short-time work regulations, the unemployment rate rose to 5.8% in 2020 (2019: 4.5%). Consumer spending by private households was an important growth driver for Austria in previous years, and the development of unemployment and purchasing power will therefore play a key role in the post-pandemic recovery.

The transaction volume on the commercial property market in Austria reached a record EUR 5.9 billion in 2019 but dropped by nearly half to EUR 3.3 billion in 2020 (-48%). Residential properties were the most popular asset class with a volume of EUR 1.2 billion and a share of 37%, followed by office properties at approximately EUR 1.1 billion (33%) and logistics properties at roughly EUR 460 million (14%). The prime yield in the office sector continued along the trend set in previous years with a moderate decline to 3.35% (2019: 3.45%).

OFFICE

The production of new space in Vienna rose substantially to 121,000 sqm in 2020 (2019: 42,000 sqm). Take-up declined to 205,000 sqm and, with a minus of 7%, was only slightly lower than the previous year (221,000 sqm). Vacancies subsequently dropped to 4.4% (2019: 4.7%). Vienna currently has nearly 11.2 million sqm of modern office space. Prime rents were stable at EUR 25.0/sqm/month.

RETAIL

Retail parks proved to be particularly crisis-resistant in a year that was influenced by corona-related measures. Rents were stable and ranged up to EUR 14.0/sqm/month. The prime yield for retail parks rose only slightly to 5.2% (2019: 5.0%). Shopping streets and shopping centers recorded a decline of 7% and 8%, respectively, in rents. In spite of these difficult framework conditions, roughly 48,000 sqm of new retail space was completed in 2020 (2019: 50,000 sqm).

Germany

The German economy fell into recession during 2020 with a 3.9% decline in the GDP (2019: +1.0%), even though the negative forecasts from the beginning of the year (-6.25%) failed to materialise. Economic recovery is forecasted for 2021, whereby this export-oriented nation is expected to benefit substantially from stronger momentum in the global economy. However, two risk factors remain: the pandemic and the effectiveness of government measures to lessen the economic impact. The inflation rate in Germany declined to -0.7% following a temporary VAT reduction. The unemployment rate equalled 4.6% at the end of the year (2019: 3.2%).

The commercial property market in Germany generated impressive results in 2020 despite the corona-related restrictions: The transaction volume was only slightly lower than 2018 and reached EUR 59.7 billion (2019: EUR 73.4 billion). Office properties remained the leader on the transaction market with 41%, or EUR 24.7 billion, of this volume, whereby the share of local buyers increased significantly. Roughly 60.5% of the capital was attributable to buyers from Germany. Europeans were the dominant category among foreign investors with a share of 20.4%, followed by buyers from North America, Asia and the Near East. Steady high demand combined with low-yield alternatives led to a further slight decline in the prime yields for first-class properties. Prime yields equalled 2.55% in Berlin and Munich and fell from 3.0% in the previous year to 2.9% in Düsseldorf. Düsseldorf reported the third-highest transaction volume in its history with EUR 3.6 billion (2019: EUR 4.1 billion).

OFFICE

The pandemic led to a decline in the take-up on the Düsseldorf office market from 514,500 sqm in 2019 to 275,000 sqm in 2020. In contrast, construction activity rose further to 249,000 sqm. The total supply of office space grew to 9.6 million sqm, and vacancies increased to 8.8% as a result of the weaker demand (2019: 6.6%). Prime yields fell to 2.9% (2019: 3.15%) based on the sustained demand in the previous year. Prime rents were stable at EUR 28.5/sqm/month, while average rents declined slightly and equalled roughly EUR 15.4/sqm/month at year-end.

Romania

Forecasts for Romania show a 5.25% decline in economic output for 2020 (2019: +3.0%). Although this value signals an improvement over the initial estimates at the beginning of the COVID-19 pandemic, the strong dependency of the Romanian economy on private consumption as well as weak export and production indicators represent risks for the recovery expected in 2021. Inflation fell significantly to 1.8% in 2020 (2019: 3.9%), and the unemployment rate amounted to 4.9% at year-end (2019: 4.0%).

The commercial property market in Romania contracted by 44% year-on-year to EUR 589 million in 2020 (2019: EUR 1.06 billion). Office properties formed again most of the transactions, with an increase in the already high share of 74% in 2019 to 80%, or EUR 471 million, in 2020. Logistics and industrial properties ranked second with a share of 12% and a volume of EUR 71 million. The retail sector saw only a single notable transaction due to the pandemic-related decline in demand. Prime yields remained stable at 7.0% (2019: 6.5%) for shopping centers and 7% for office properties.

OFFICE

Roughly 155,200 sqm of new office space were completed in Romania during 2020 (2019: 293,000 sqm). These projects increased the supply of modern space on the Bucharest office market to a total of 2.95 million sqm, and an additional 254,000 sqm are currently under construction. The rental performance amounted to 242,600 sqm (2019: 386,000 sqm), which represents a decline of 37%, and the vacancy rate rose to 12.4% by year-end (2019: 9.8%). Rents for properties in good locations were stable, while prime rents in the center of Bucharest rose slightly to EUR 18.75/sqm/month.

RETAIL

Despite the difficulties caused by the pandemic in 2020, retail space totalling 459,000 sqm is currently under construction in Romania. The roughly 139,000 sqm of new completions in 2020 (2019: 171,000 sqm) give the country over 3.9 million sqm of modern retail space. Rental levels were stable in 2020; prime rents equalled EUR 70.0/sqm/month in shopping centers and between EUR 8.0/sqm/month an EUR 15.0/sqm/month in retail parks.

Poland

In spite of the strong economic momentum, forecasts for Poland indicate a GDP decline of 3.5% in 2020 (2019: +4.1%). This economy was severely weakened by the pandemic, and the extent of the recovery expected in 2021 is uncertain due to the high number of infections. The inflation rate rose to 3.4% at the end of 2020 (2019: 2.1%), which is the highest level in the EU, but the unemployment rate declined slightly to 3.3% despite the pandemic (2019: 3.4%).

The volume of investments on the real estate market in Poland represented the third-highest value in the country's history at EUR 5.3 billion in 2020. However, COVID-19 was responsible for a significant shift in transaction volumes. Industrial and logistics properties were the most popular asset class with a volume of EUR 2.6 billion (50%), while office properties dropped to second place with a volume of EUR 2.0 billion and a market share of 38%. The demand for retail properties was significantly weakened by the pandemic, and transactions in this asset class reached a market share of only 12% and a volume of roughly EUR 658 million. The high transaction volume limited the increase in the yields for office properties to 4.6% (2019: 4.5%). In the meantime, prime yields for retail properties rose to 5.75% (2019: 5.0%) as a result of the negative market expectations.

OFFICE

Take-up on the Warsaw office market fell by 31% year-on-year to 608,000 sqm in 2020. Older buildings were temporarily taken off the market for renovation, and the supply of available office space totalled 5.7 million sqm. Completions nearly doubled to 314,000 sqm (2019: 162,000 sqm). This positive trend is expected to continue in 2021 with completions projected to reach 451,000 sqm. The vacancy rate rose to 9.9% at the end of 2020 (2019: 7.8%), while prime rents in the Warsaw city center equalled EUR 25.0/sqm/month and effective rents EUR 21.67/sqm/month.

RETAIL

The retail sector, which is responsible for roughly 18% of Polish GDP, contracted sharply by up to 61% in the past year due to the pandemic. The country currently has 12 million sqm of modern retail space. New space totalling 240,000 sqm was added during 2020, while 200,000 sqm, in older shopping centers were permanently closed (= 1.7% of the total retail space). Projects currently under construction amount to 190,000 sqm. Prime rents in retail parks were stable in 2020 and ranged from EUR 9.5/sqm/month to EUR 12.0/ sqm/month.

Slovakia

The Slovakian economy slid into recession during 2020 as a consequence of the pandemic, with a sharp drop in investments as well as private consumption and exports. The GDP rose by 2.5% in 2019, but a decline of 2.7% followed in 2020. The inflation rate achieved 1.6% at year-end (2019: 2.9%), while the unemployment rate increased to 7.0% (2019: 5.8%).

The transaction volume on the commercial investment market fell by 33% from EUR 770 million in 2019 to EUR 516 million in 2020. The Slovakian market followed the international trend, whereby logistics and industrial properties were the most popular asset classes with a volume of EUR 253 million or 49%. Office properties were responsible for EUR 191 million, or 37%, of the transaction volume, and retail properties for EUR 57 million or 11%. Prime yields equalled 5.5% (2019: 5.25%) on the office market and increased to 6.0% for retail properties (2019: 5.75%).

OFFICE

The market for modern office properties in Bratislava covered 1.92 million sqm at year-end 2020. A further 200,000 sqm (2019: 130,700 sqm) with a pre-rental quota of roughly 10% are currently under construction. The vacancy rate recently rose to 11.14% (2019: 8.7%), above all due to higher vacancies in the new completions. Rental levels remained generally stable: Rents in the Bratislava city center ranged from EUR 12.0/sqm/month to EUR 15.0/sqm/month, and prime rents equalled EUR 17.0/sqm/month.

RETAIL

The volume of modern retail space in Slovakia recently rose to 2.35 million sqm, and a further 150,000 sqm were under development in 2020 (2019: 120,000 sqm). The COVID-19 pandemic slowed the increase in rents and, as a result, the rental level remained stable. The prime yield for retail properties increased from 5.75% in the previous year to 6.0% in 2020.

Czech Republic

Economic growth in the Czech Republic was severely impaired by the measures implemented to combat the COVID-19 pandemic. The GDP decline equalled 5.0% at year-end 2020 (2019: +3.3%), and a return to the 2019 level is not expected before the end of 2022. At 2.4%, the inflation rate remained nearly unchanged year-on-year (2.6%). Unemployment rose from 2.0% in 2019 to 3.1% at the end of 2020.

The transaction volume on the real estate investment market totalled EUR 2.7 billion in 2020, after the previous record year with EUR 3.1 billion. Demand was strongest for residential properties, which represented a transaction volume of EUR 1.3 billion, followed by office properties with a volume of EUR 580.0 million.

OFFICE

The office market in Prague had approx. 3.75 million sqm of modern space at the end of 2020 and roughly 136,400 sqm currently under construction (2019: 246,700 sqm). The vacancy rate rose to 7.0% in 2020 (2019: 5.5%), and a further slight increase is expected in the coming years due to scheduled completions. A slight decline is visible in the rental level. Prime rents equalled EUR 22.5/sqm/month, and the prime yield was constant at 4.25%.

RETAIL

Retail revenues in the Czech Republic declined by only -0.7% in 2020 despite the COVID-19 pandemic. The supply of retail space rose by roughly 20,000 sqm and remained nearly unchanged at approx. 2.4 million sqm. A total of 16,200 sqm are currently under construction (2019: 14,000 sqm), whereby the realisation of new projects has been postponed. The measures implemented to combat the pandemic have led to a revision of yield expectations for the retail sector and were reflected in an increase in prime yields to 5.75% (2019: 4.5%).

Hungary

The Hungarian economy was negatively affected by its procyclical orientation in 2020. Experts estimate that the growth of 4.6% in 2019 will be followed by a decline of 6.5% in economic output in 2020. Inflation remained high at 2.8% in 2020 (2019: 3.4%), and the unemployment rate equalled 4.3% in November (2019: 3.4%).

Investments on the commercial property market in Hungary fell by 26% to EUR 1.25 billion in 2020 (2019: EUR 1.7 billion). The share of international buyers rose to 47% and nearly equalled the share of Hungarian investors. Office properties were the most popular asset class at EUR 813 million or 65%, whereby the transaction volume in absolute numbers nearly matched the previous year. Second and third place in the transaction volume ranking were held by logistics properties with EUR 160 million and hotels with EUR 150 million. Only two transactions were registered in the retail sector during the past year. Prime yields remained stable at 5.25% for office properties and rose to 6.0% (2019: 5.5%) for retail properties.

OFFICE

Take-up on the Hungarian office property market dropped by nearly 50% to roughly 320,000 sqm in 2020 (2019: 637,100 sqm). Completions of roughly 235,000 sqm led to an increase in the vacancy rate to 9.1% (2019: 5.6%). At the present time, 441,000 sqm of new space are under construction. The rental level remained stable year-on-year in 2020 and averaged EUR 13.0/sqm/month. Average prime rents equalled EUR 15.3/sqm/month.

RETAIL

The Hungarian retail sector was also heavily hit by the effects of the COVID-19 pandemic. The country's purchasing power fell by nearly 7.3% during the past year. This and other negative framework conditions led to a 10% to 20% decline in retail prime rents, and shopping center openings were postponed. Prime yields rose to 6.0% (2019: 5.5%) for shopping centers and to 8.0% (2019: 7.5%) for retail parks.

Portfolio Report

COVID-19 update

The COVID-19 pandemic and its effects played a decisive role in the development of the global economy – and the real estate branch – throughout 2020. The governments in most of IMMOFINANZ's core countries imposed temporary lockdowns beginning in March which had an impact, above all, on retail businesses. These restrictions were gradually eased beginning in mid-April and, with few exceptions which primarily involved restaurants and movie theatres in Romania and Serbia, all IMMOFINANZ retail areas were open as of mid-June.

At the beginning of October, the countries in which IMMOFINANZ holds commercial properties witnessed a renewed increase in new infections. Governments reintroduced containment measures that again included temporary shutdowns in the retail business and, as a further consequence, lockdowns. Roughly 35% of the rented retail space was closed on a temporary basis at the end of December 2020. This level dropped to almost 20% by the end of February 2021and increased again to around 58% at the beginning of April 2021.

In the retail parks, visitor frequency recovered very quickly after the end of the respective lockdowns. The STOP SHOP retail parks benefit from direct access to the individual stores from the parking areas and a focus on everyday products. Statistics also show that people shopped less frequently but spent more per visit as a result of the pandemic. This is reflected in the development of visitor frequency and the turnover reported by retailers to IMMOFINANZ. For example: footfall was only 3.9% lower year-on-year in August, but the retailers in the STOP SHOPs recorded an increase of 6.0% in revenue during that month. Footfall in the STOP SHOPs was 17.0% lower than the previous year during the months from January to December 2020 – including the COVID-19-related shutdown days – but revenues declined by only 7% and, after an adjustment for the shutdown days, even increased by around 1%.

The VIVO! shopping centers in Romania, which represent roughly 46% of the total VIVO! retail space, were only able to re-open in mid-June after the first lockdown. Consequently, these shopping centers recorded the strongest post-lockdown increase in visitor frequency during the third quarter. Footfall was only 14% lower year-on-year in September, but 29% lower in December due to the new shutdowns. In total, footfall in the VIVO! shopping centers was 29% lower than the previous year during the months from January to December 2020 – including the COVID-19-related shutdown days – while retail revenues declined by 26.0%.

An analysis of the individual branches shows the largest revenue declines, above all, in the areas of entertainment, fitness, restaurants & cafes, shoes and fashion as well as travel agencies. In contrast, higher revenues were recorded by supermarkets and food retailers, health & beauty outlets and pet supply stores.

In order to optimally offset the temporary decline in rental income from the retail properties on cash flow, IMMOFINANZ's management introduced a cost savings programme in March. It includes, among others, the postponement of non-essential investments and expenditures, the reduction of overheads and the renegotiation of supplier contracts. On the revenue side, individual solutions were developed together with retail tenants for the crisis months and the reopening phase to assist them in handling the situation, and marketing activities were launched to ensure the rapid recovery of visitor frequency in the retail properties. Necessary support was provided in the form of rent deferrals and temporary rental reductions, accompanied by the negotiation of contract extensions, an increase in turnover-based rents and the strengthening of safety measures. In the office business, temporary support was provided to individual tenants in branches particularly affected by the pandemic. Back-to-office plans were prepared with a focus on room concepts, distance guidelines, disinfection, protective measures and access rules. A separate task force was installed to manage hygiene procedures for the common areas to ensure the safe use of office and retail space.

Roughly 98.8% of the contract rents invoiced during the 2020 financial year for space in the office and retail properties had been paid by the end of March 2021 (retail: 98.6%, office: 98.8%). This high percentage demonstrates the quality of IMMOFINANZ's tenants and the appropriateness of the temporary support agreements. The rental reductions granted during this period amounted to 10.6% of the contractual rents (retail: 17.1%, office: 5.2%).

A close dialogue with tenants is essential for fast reactions and the implementation of necessary measures. The IMMOFINANZ teams have a successful track record in the repositioning and upgrading of properties and in adjustments to reflect changes in the market environment. The company follows an active portfolio management approach and has the necessary internal expertise – which represents a decisive advantage under difficult market conditions.

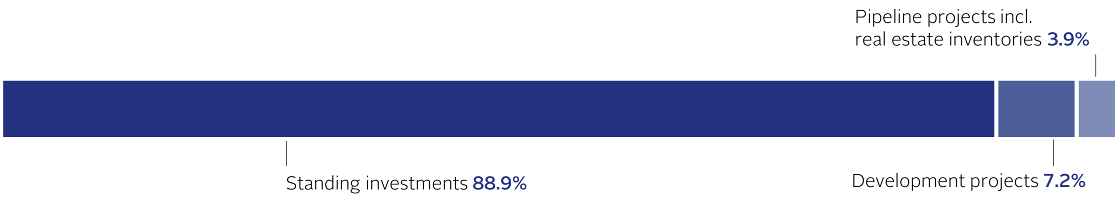
Property portfolio

The IMMOFINANZ portfolio covered 209 properties* as of 31 December 2020 (31 December 2019: 213) with a combined value of EUR 4,978.9 million (31 December 2019: EUR 5,122.1 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 4,428.5 million, or 88.9% of the carrying amount, and 2.0 million sqm, which generate steady rental income. The development projects total EUR 358.6 million, or 7.2% of the carrying amount. Pipeline projects are responsible for EUR 191.8 million, or 3.9%, and include future planned development projects, undeveloped land, real estate inventories and properties that are intended for sale.

The portfolio is focused on three clearly defined brands with a high degree of standardisation: myhive stands for flexible, international office solutions, STOP SHOP for retail parks and VIVO! for shopping centers. Properties in these three brands were responsible for 69.1% of the carrying amount of the standing investment portfolio at year-end 2020 and 76.2% of rental income (Q4 2020). A further 14.9% of the carrying amount is attributable to office buildings which are rented to single tenants. The largest of these properties is the City Tower in Vienna, which is leased to the Austrian government, followed by the trivago Campus and FLOAT in Düsseldorf.

Structure of the property portfolio

Total carrying amount: MEUR 4,978.9



* Properties that are held for sale and fall under IFRS 5 are, as in the past, not included in the portfolio report (see section 4.9 in the consolidated financial statements).

A geographical analysis shows 50.1% of the property portfolio in Austria, Germany and Poland, i.e. in so-called “developed markets” as defined by FTSE EPRA/NAREIT.

The application of IFRS 16 since the first quarter of 2019 leads to differences between the amounts presented in the portfolio report and on the balance sheet. Expert appraisals or internal valuation form the basis for the property values in the portfolio report. The reported property values 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[1]	Property portfolio in MEUR	Property portfolio in %
Austria	31	712.5	150.5	29.4	892.4	17.9
Germany	7	530.4	94.8	0.6	625.7	12.6
Poland	27	977.8	0.6	0.0	978.4	19.7
Czech Republic	20	567.5	0.0	0.0	567.5	11.4
Hungary	25	396.5	67.7	17.7	481.9	9.7
Romania	40	611.7	38.5	98.9	749.2	15.0
Slovakia	21	323.7	0.0	1.2	324.8	6.5
Other countries[2]	38	308.6	6.5	43.9	359.1	7.2
IMMOFINANZ	**209**	**4,428.5**	**358.6**	**191.8**	**4,978.9**	**100.0**
in %		**88.9**	**7.2**	**3.9**	**100.0**	

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
[1] Including real estate inventories (Cologne and Adama) totalling EUR 0.6 million
[2] In declining order based on the carrying amount: Slovenia, Serbia, Croatia, Turkey, Bulgaria

Property acquisitions

IMMOFINANZ continued the strategic expansion of its cost-efficient and, accordingly, crisis-resistant STOP SHOP retail park brand, as announced, and expanded the portfolio by eight locations in 2020. These acquisitions involved six fully rented retail parks in Serbia and the Czech Republic with roughly 43,000 sqm of rentable space as well as two retail parks in Austria and Croatia with roughly 5,500 sqm and 3,100 sqm, respectively. Four properties were transferred to our portfolio during 2020, and the closing for the Serbian real estate package took place in the first quarter of 2021. The expected annual rental income from the newly acquired properties totals approximately EUR 5.7 million. The gross return per property equalled up to 8.9%, for example in Serbia. Land in Croatia was also purchased during the past year.

Investments

Investments in the real estate portfolio totalled EUR 162.1 million in 2020, compared with the substantially higher EUR 905.3 million in 2019 which was influenced by several acquisitions and completions. The pandemic was responsible for isolated delays on development projects. In addition, non-essential investments were postponed to protect liquidity. Most of the expenditures in 2020 were directed to the office properties myhive Medienhafen (Düsseldorf), myhive Iride (Bucharest), myhive am Wienerberg and myhive Ungargasse (Vienna) as well as several STOP SHOP retail parks and a plot of land in Croatia.

Property sales

The portfolio optimisation also includes the sale of properties that are no longer part of the core business. These sales focus, above all, on real estate that is no longer compatible with IMMOFINANZ’s portfolio because of its size, location, quality or other features. The proceeds from these sales are invested to expand the portfolio, in other words in development projects and acquisitions.

In spite of the challenging market environment, properties totalling EUR 109.7 million were sold during 2020 (excl. proceeds from the sale of real estate inventories; 2019: EUR 119.4 million). These transactions included, among others, an office building in Poland as well as land in Romania and Hungary. The largest transaction took place at the beginning of August with the successful sale of the Panta Rhei office building in Düsseldorf. The marketing of this office property started before the beginning of the corona-related lockdown and was concluded without any negative effects. The sale price substantially exceeded the carrying amount, and the closing was finalised at year-end.

Structure of the property portfolio by asset class and classification

Total carrying amount: MEUR 4,887.9 (excl. Others); in MEUR

Selected details on the carrying amount of IMMOFINANZ's property portfolio as of 31 December 2020 are provided in the following table:

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	**65**	**2,749.9**	**349.1**	**79.7**	**3,178.7**	**63.8**
thereof myhive	28	1,400.8	329.8	0.0	1,730.6	34.8
Retail	**120**	**1,671.1**	**9.5**	**28.5**	**1,709.2**	**34.3**
thereof VIVO!/ shopping center	11	658.6	0.2	0.0	658.8	13.2
thereof STOP SHOP/ retail park	101	1,001.7	9.3	4.6	1,015.6	20.4
Others	24	7.4	0.0	83.6	91.0	1.8
IMMOFINANZ	**209**	**4,428.5**	**358.6**	**191.8**	**4,978.9**	**100.0**

[1] Including real estate inventories (Cologne and Adama) totalling EUR 0.6 million

Standing investments

With an 88.9% share of the total property portfolio, the standing investments are the major source of earnings for IMMOFINANZ. These properties are held to generate rental income. The most important objectives for their management include a continuous increase in quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants and the continuing improvement of the portfolio.

The 153 standing investments had a combined carrying amount of EUR 4,428.5 million as of 31 December 2020 (31 December 2019: 158 standing investments with a carrying amount of EUR 4,749.5 million). Of this total, 62.1% are attributable to office properties and 37.7% to retail properties. The year-on-year decline is explained primarily by the pandemic-related write-downs (revaluation results from standing investments: EUR -156.6 million; details are provided under "Property Valuation" beginning on page 34). The focal point of the standing investments based on the carrying amount are the markets in Poland (EUR 977.8 million), Austria (EUR 712.5 million) and Romania (EUR 611.7 million). The rentable space in this portfolio totals 1,953,460 sqm (31 December 2019: 2,001,063 sqm). The standing investment portfolio has a gross return of 6.2% based on IFRS rental income 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 level remained unchanged at a high 96.0% (31 December 2019: 96.8%). According to the EPRA's calculation formula, the vacancy rate equals 4.0% (31 December 2019: 3.2%). 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 (additional information on the EPRA financial indicators can be found beginning on page 46). Take-up was substantially higher at 616,000 sqm in 2020 despite the challenging market conditions, for a more than twofold increase over the previous year (excluding standing investments in the Other asset class; Q1–4 2019: 300,800 sqm). This increase was based, above all, on the extension of existing rental contracts in the retail business in return for support provided by IMMOFINANZ. The total take-up includes 65,000 sqm of new rentals and 551,000 sqm of contract extensions. The average unexpired lease term (WAULT*) weighted by rental income equalled 4.2 years as of 31 December 2020 (31 December 2019: 4.3 years).

Contract expiration profile: standing investments (total)

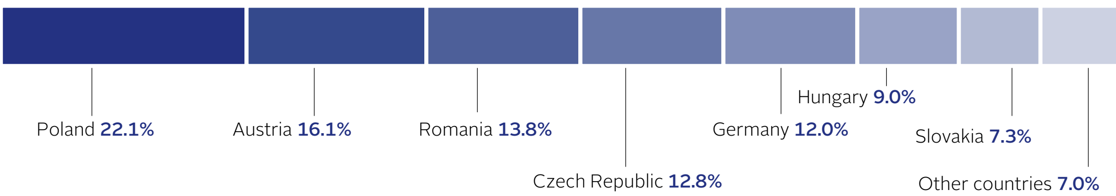
Expiring rental contracts as of the earliest possible contract end in relation to the total rented space (only GLA space[1]):

1 year in %	2 years in %	3 years in %	4 years in %	5 years in %	> 5 years in %	> 10 years in %
14	12	13	15	15	29	2

[1] Gross lettable area: the total area available to tenants for their exclusive use; excludes common areas, e.g. traffic, parking and service areas, etc.

Standing investments by core market

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 31 December 2020 by country, based on the carrying amount:



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

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
Austria	24	712.5	16.1	227,037	217,368	95.7
Germany	4	530.4	12.0	94,059	93,380	99.3
Poland	24	977.8	22.1	418,317	403,382	96.4
Czech Republic	20	567.5	12.8	233,406	224,333	96.1
Hungary	20	396.5	9.0	238,269	232,502	97.6
Romania	13	611.7	13.8	333,975	311,314	93.2
Slovakia	20	323.7	7.3	188,054	175,227	93.2
Other countries[1]	28	308.6	7.0	220,344	218,082	99.0
IMMOFINANZ	**153**	**4,428.5**	**100.0**	**1,953,460**	**1,875,587**	**96.0**

Standing investments	Rental income Q4 2020 in MEUR	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in %[2]	Financing costs incl. derivatives in %	LTV in %
Austria	7.9	4.4 (4.6)	293.8	1.2	2.1	41.2
Germany	5.2	3.9 (4.0)	270.8	0.6	1.0	51.1
Poland	15.3	6.3 (6.9)	441.6	1.3	1.9	45.2
Czech Republic	6.9	4.8 (5.0)	304.9	1.3	1.6	53.7
Hungary	7.2	7.3 (7.9)	197.4	1.3	1.9	49.8
Romania	12.0	7.8 (8.5)	0.0	0.0	0.0	0.0
Slovakia	6.1	7.5 (7.4)	184.2	1.4	1.9	56.9
Other countries[1]	8.4	10.9 (11.0)	84.7	1.9	1.9	27.4
IMMOFINANZ	**69.0**	**6.2 (6.6)**	**1,777.5**	**1.2**	**1.7**	**40.1**
Development projects and pipeline projects	2.2		89.5	1.4	2.1	
Rental income from sold properties and adjustments	2.3		0.0	0.0	0.0	
Group financing	0.0		1,269.1	0.0	2.3	
IMMOFINANZ	**73.5**		**3,136.1**	**1.2**	**2.0**	
Market value property portfolio in MEUR						4,978.9
EPRA NAV S IMMO shares (19.5 million shares)[3] in MEUR						474.2
Cash and cash equivalents[4] in MEUR			-1,051.4			
Properties/liabilities held for sale (asset & share deals) in MEUR			34.8			148.3
IMMOFINANZ in MEUR			**2,119.5**			**5,601.5**
Net LTV in %						**37.8**

[1] In declining order based on the carrying amount: Slovenia, Serbia, Croatia
[2] Financing costs based on nominal outstanding liability
[3] 19.5 million S IMMO shares at the EPRA NAV of EUR 24.32 per share as of 31 December 2020
[4] Cash and cash equivalents, incl. cash and cash equivalents from assets held for sale

Like-for-like rental income

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with Q4 2019) shows a decline of EUR 2.0 million, or 2.8%, in rental income to EUR 67.9 million in the fourth quarter of 2020. Although the retail business was hard hit by the COVID-19-related measures, like-for-like rental income remained nearly unchanged at EUR 33.9 million in the fourth quarter of 2020. Here it should be noted that most of the temporary rent deferrals are not directly reflected in rental income but in the write-off of rents receivable. Like-for-like rental income in the office business was EUR 1.9 million, or 5.3%, lower year-on-year. This decline is attributable, among others, to the relocation of a large office tenant in 2020 (the space has already been re-let) and to two office properties with retail space which was closed due to the pandemic. As seen over the full 12 months, the pandemic was responsible for a decline of EUR 6.2 million, or 2.6%, to EUR 236.9 million.

Standing investments like-for-like by core market

Standing investments like-for-like[1]	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q4 2020 in MEUR	Rental income Q4 2019 in MEUR	Change in rental income in MEUR
Austria	21	656.4	15.2	7.4	8.5	-1.1
Germany	4	530.4	12.3	5.2	5.1	0.1
Poland	22	949.0	22.0	14.8	16.4	-1.6
Czech Republic	18	540.7	12.5	6.8	7.3	-0.5
Hungary	20	396.5	9.2	7.2	7.3	-0.1
Romania	13	611.7	14.2	12.0	13.0	-1.0
Slovakia	20	323.7	7.5	6.1	5.8	0.2
Other countries	27	304.9	7.1	8.4	6.4	2.0
IMMOFINANZ	**145**	**4,313.1**	**100.0**	**67.9**	**69.9**	**-2.0**
Rental income from properties sold/ acquired, IFRS 15 and IFRS 16 adjustments and development projects				5.6		
IMMOFINANZ				**73.5**		

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 Q4 2020 in MEUR	Rental income Q4 2019 in MEUR	Change in rental income in MEUR
Office	**46**	**2,709.6**	**62.8**	**33.9**	**35.8**	**-1.9**
thereof myhive	20	1,360.5	31.5	17.9	19.3	-1.4
Retail	**98**	**1,596.1**	**37.0**	**33.9**	**33.9**	**0.0**
thereof VIVO!/shopping center	10	658.6	15.3	13.4	14.5	-1.1
thereof STOP SHOP/retail park	87	933.0	21.6	20.3	19.2	1.1
Others	1	7.4	0.2	0.1	0.1	0.0
IMMOFINANZ	**145**	**4,313.1**	**100.0**	**67.9**	**69.9**	**-2.0**

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 47 office standing investments totalled EUR 2,749.99 million as of 31 December 2020 (31 December 2019: 53 standing investments with a carrying amount of EUR 3,024.4 million). These assets represented 62.1% of the standing investment portfolio and 49.6% of the rental income from standing investments in the fourth quarter of 2020. A regional analysis shows the focal points of the IMMOFINANZ office properties in the core markets of Poland (EUR 694.1 million), Austria (EUR 570.2 million) and Germany (EUR 523.0 million).

The sale of three office buildings, including the Panta Rhei office building in Düsseldorf (closing at year-end 2020), and the reclassification to development projects of two office buildings which are undergoing refurbishment reduced the rentable space in the office standing investments to 940,303 sqm as of 31 December 2020 (31 December 2019: 1,035,844 sqm). Based on annualised rents (Q4 2020: EUR 34.2 million), the office portfolio generated a gross return of 5.0% and a return of 5.4% based on invoiced rents. The office properties in the myhive brand represent a carrying amount of EUR 1,400.8 million and generated a gross return of 5.2%, respectively 5.7% based on invoiced rents. The occupancy rate in the office portfolio equalled 93.7% (31 December 2019: 95.3%), and the myhive offices have an occupancy rate of 93.0%. Based on the EPRA's calculation formula, the vacancy rate equals 5.5% (31 December 2019: 4.2%). Despite the challenging market environment, take-up in the office business rose by 3.5% year-on-year to 155,000 sqm: nearly 42,500 sqm represented new rentals and 112,500 sqm contract extensions.

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 23.9% of the space in the office standing investments, and no single tenant has rented more than 3.8% of the total space in these properties. The WAULT* equalled 4.4 years as of 31 December 2020 (31 December 2019: 4.6 years).

Contract expiration profile: office standing investments

Expiring rental contracts as of the earliest possible contract end in relation to the total rented space (only GLA space[1]):

1 year in %	2 years in %	3 years in %	4 years in %	5 years in %	> 5 years in %	> 10 years in %
16	13	14	16	12	27	1

[1] Gross lettable area: the total area available to tenants for their exclusive use; excludes common areas, e.g. traffic, parking and service areas, etc.

The ten largest standing investments in the office portfolio based on the carrying amount (in declining order) are the myhive Warsaw Spire (Warsaw), FLOAT (Düsseldorf), myhive am Wienerberg, including the Twin Towers (Vienna), trivago Campus (Düsseldorf), City Tower Vienna (Vienna), Na Příkopě 14 (Prague), Cluster Produktionstechnik (Aachen), BBC Gamma (Prague), myhive Átrium Park (Budapest) and myhive S-Park (Bucharest). An overview of the IMMOFINANZ office properties can be found under www.immofinanz.com/en/office/office-search.

Key data on the office standing investments by category

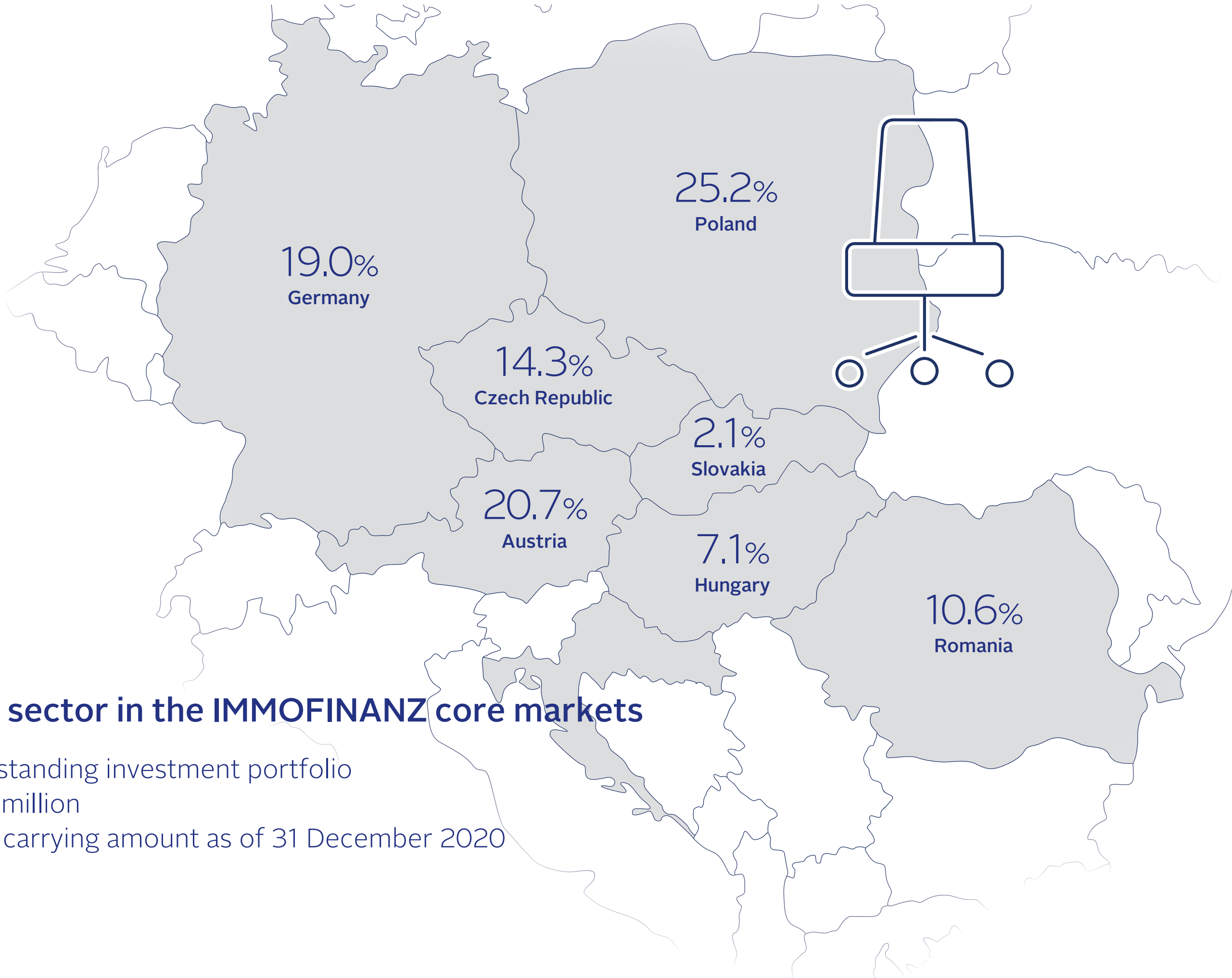
Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	**47**	**2,749.9**	**100.0**	**940,303**	**881,295**	**93.7**
thereof myhive	21	1,400.8	50.9	490,910	456,591	93.0

Standing investments	Rental income Q4 2020 in MEUR	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in %[1]	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	**34.2**	**5.0 (5.4)**	**1,179.9**	**1.1**	**1.6**	**42.9**
thereof myhive	18.1	5.2 (5.7)	652.5	1.2	1.8	46.6

[1] Financing costs based on nominal outstanding liability

The COVID-19 pandemic – with the accompanying shift to home office work in many companies – has accelerated the current digitalisation trend in the office sector. Even under the assumption that home office will play a slightly less important role in the future, the tenants' wish for greater flexibility is increasing. IMMOFINANZ is well positioned with its flexible myhive-office concept and offers tenants properties at good locations in a high-quality office and community environment with excellent service, infrastructure and a friendly atmosphere. Tenants only pay for the space they need and can make short-term adjustments where necessary.

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



The office sector in the IMMOFINANZ core markets

Share of the standing investment portfolio
EUR 2,749.9 million
based on the carrying amount as of 31 December 2020

Poland

Number of properties	10
Carrying amount in MEUR	694.1
Carrying amount in %	25.2
Rentable space in sqm	232,698
Occupancy rate in %	94.8
Rental income Q4 2020 in MEUR	9.6
Gross return in %	5.6

Austria

Number of properties	10
Carrying amount in MEUR	570.2
Carrying amount in %	20.7
Rentable space in sqm	154,494
Occupancy rate in %	94.0
Rental income Q4 2020 in MEUR	5.5
Gross return in %	3.9

Germany

Number of properties	3
Carrying amount in MEUR	523.0
Carrying amount in %	19.0
Rentable space in sqm	94,059
Occupancy rate in %	99.3
Rental income Q4 2020 in MEUR	5.1
Gross return in %	3.9

Czech Republic

Number of properties	7
Carrying amount in MEUR	391.9
Carrying amount in %	14.3
Rentable space in sqm	122,509
Occupancy rate in %	94.5
Rental income Q4 2020 in MEUR	4.2
Gross return in %	4.3

Romania

Number of properties	8
Carrying amount in MEUR	290.4
Carrying amount in %	10.6
Rentable space in sqm	182,046
Occupancy rate in %	88.5
Rental income Q4 2020 in MEUR	5.1
Gross return in %	7.0

Hungary

Number of properties	6
Carrying amount in MEUR	194.5
Carrying amount in %	7.1
Rentable space in sqm	102,891
Occupancy rate in %	97.1
Rental income Q4 2020 in MEUR	3.1
Gross return in %	6.5

Slovakia

Number of properties	2
Carrying amount in MEUR	58.2
Carrying amount in %	2.1
Rentable space in sqm	35,612
Occupancy rate in %	82.9
Rental income Q4 2020 in MEUR	1.1
Gross return in %	7.4

Other countries[1]

Number of properties	1
Carrying amount in MEUR	27.6
Carrying amount in %	1.0
Rentable space in sqm	15,995
Occupancy rate in %	99.0
Rental income Q4 2020 in MEUR	0.5
Gross return in %	7.0

IMMOFINANZ

Number of properties	47
Carrying amount in MEUR	2,749.9
Carrying amount in %	100.0
Rentable space in sqm	940,303
Occupancy rate in %	93.7
Rental income Q4 2020 in MEUR	34.2
Gross return in %	5.0

[1] Croatia

Retail standing investments

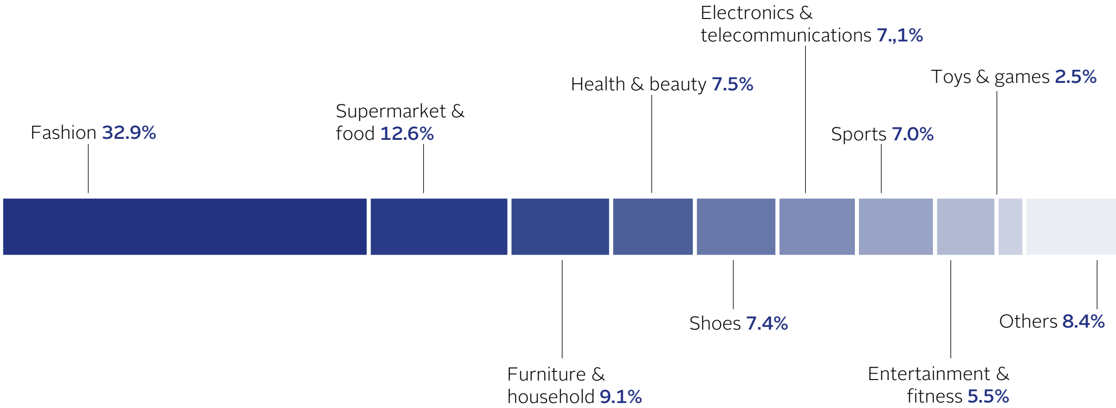
The carrying amount of the 105 standing investments in the retail sector totalled EUR 1,671.1 million as of 31 December 2020 (31 December 2019: 100 standing investments with a carrying amount of EUR 1,672.9 million). These properties represented 37.7% of the standing investment portfolio and generated 50.2% of the rental income from standing investments in the fourth quarter of 2020. The largest regional markets are Romania with EUR 321.3 million, Poland with EUR 283.6 million and Slovakia with EUR 265.5 million. The STOP SHOP retail parks have a carrying amount of EUR 1,001.7 million and a gross return of 8.4%, respectively 8.5% based on invoiced rents. The VIVO! shopping centers have a carrying amount of EUR 658.6 million; they generate a gross return of 8.2% and an invoiced rental return of 8.4%.

The retail standing investments have 1,013,157 sqm of rentable space (31 December 2019: 955,039 sqm). Based on annualised rents (Q4 2020: EUR 34.6 million), the retail portfolio has a gross return of 8.3%, respectively 8.5% based on invoiced rents. The occupancy rate in the retail properties remained high at 98.1% as of 31 December 2020 (31 December 2019: 98.3%); the STOP SHOP retail parks and VIVO! shopping centers were essentially fully rented with an occupancy rate of 98.6% and 97.3%, respectively. Take-up in the retail properties amounted to roughly 460,900 sqm in 2020 and included approximately 22,500 sqm of new rentals and 438,400 sqm of contract extensions. The extensions were concluded, above all, in return for temporary support provided by IMMOFINANZ during the lockdown phases.

IMMOFINANZ relies on a balanced tenant mix to create an optimal environment for retailers and their customers. All larger IMMOFINANZ retail properties have solid international and local anchor tenants, but no single retailer has rented more than 4.2% of the total space in these properties. The WAULT* equalled 3.9 years as of 31 December 2020 (31 December 2019: 3.8 years).

Branch mix – Retail

Only rented space in standing investments as of 31 December 2020



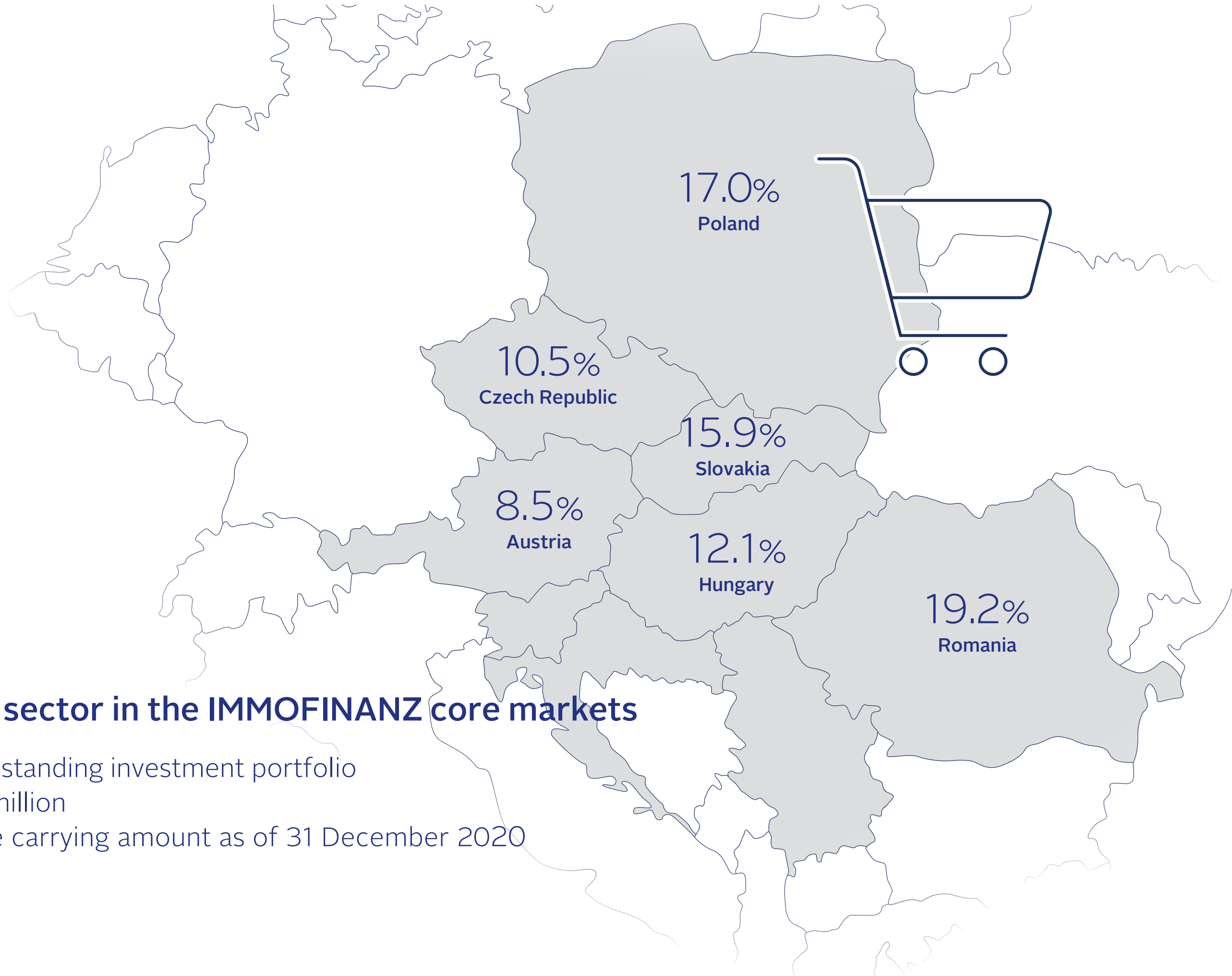
Contract expiration profile: retail standing investments

Expiring rental contracts as of the earliest possible contract end in relation to the total rented space (only GLA space[1]):

1 year in %	2 years in %	3 years in %	4 years in %	5 years in %	> 5 years in %	> 10 years in %
12	12	13	14	18	30	2

[1] Gross lettable area: the total area available to tenants for their exclusive use; excludes common areas, e.g. traffic, parking and service areas, etc.

* 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
EUR 1,671.1 million
based on the carrying amount as of 31 December 2020

Romania

Number of properties	5
Carrying amount in MEUR	321.3
Carrying amount in %	19.2
Rentable space in sqm	151,929
Occupancy rate in %	98.9
Rental income Q4 2020 in MEUR	6.9
Gross return in %	8.6

Poland

Number of properties	14
Carrying amount in MEUR	283.6
Carrying amount in %	17.0
Rentable space in sqm	185,619
Occupancy rate in %	98.5
Rental income Q4 2020 in MEUR	5.7
Gross return in %	8.0

Slovakia

Number of properties	18
Carrying amount in MEUR	265.5
Carrying amount in %	15.9
Rentable space in sqm	152,442
Occupancy rate in %	95.6
Rental income Q4 2020 in MEUR	5.0
Gross return in %	7.5

Hungary

Number of properties	14
Carrying amount in MEUR	201.9
Carrying amount in %	12.1
Rentable space in sqm	135,378
Occupancy rate in %	97.9
Rental income Q4 2020 in MEUR	4.1
Gross return in %	8.0

Czech Republic

Number of properties	13
Carrying amount in MEUR	175.5
Carrying amount in %	10.5
Rentable space in sqm	110,897
Occupancy rate in %	97.9
Rental income Q4 2020 in MEUR	2.7
Gross return in %	6.1

Austria

Number of properties	14
Carrying amount in MEUR	142.2
Carrying amount in %	8.5
Rentable space in sqm	72,543
Occupancy rate in %	99.4
Rental income Q4 2020 in MEUR	2.4
Gross return in %	6.6

Other countries[1]

Number of properties	27
Carrying amount in MEUR	281.1
Carrying amount in %	16.8
Rentable space in sqm	204,349
Occupancy rate in %	99.0
Rental income Q4 2020 in MEUR	8.0
Gross return in %	11.3

IMMOFINANZ

Number of properties	105
Carrying amount in MEUR	1,671.1
Carrying amount in %	100.0
Rentable space in sqm	1,013,157
Occupancy rate in %	98.1
Rental income Q4 2020 in MEUR	34.6
Gross return in %	8.3

[1] Slovenia, Serbia, Croatia

The ten largest standing investments in the retail portfolio based on the carrying amount (in declining order) are the VIVO! Cluj-Napoca (Romania), VIVO! Bratislava (Slovakia), VIVO! Lublin (Poland), VIVO! Constanța (Romania), VIVO! Baia Mare (Romania), VIVO! Stalowa Wola (Poland), VIVO! Hostivař (Czech Republic), VIVO! Piła (Poland), VIVO! Krosno (Poland) and STOP SHOP Třebíč (Czech Republic). An overview of the IMMOFINANZ retail properties can be found under www.immofinanz.com/en/retail/retail-search.

Key data on the retail standing investments by category

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	**105**	**1,671.1**	**100.0**	**1,013,157**	**994,291**	**98.1**
thereof VIVO!/shopping center	10	658.6	39.4	314,106	305,506	97.3
thereof STOP SHOP/retail park	93	1,001.7	59.9	688,750	679,090	98.6

Standing investments	Rental income Q4 2020 in MEUR	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in %[1]	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	**34.6**	**8.3 (8.5)**	**594.8**	**1.4**	**2.0**	**35.6**
thereof VIVO!/shopping center	13.4	8.2 (8.4)	152.5	1.4	1.9	23.2
thereof STOP SHOP/retail park	21.0	8.4 (8.5)	442.3	1.5	2.0	44.2

[1] Financing costs based on nominal outstanding liability

The government-ordered temporary shutdowns to contain the COVID-19 pandemic have affected nearly all branches. However, discounters have fared substantially better due to consumers' growing price consciousness. IMMOFINANZ is well positioned with its cost-efficient STOP SHOP and VIVO! retail brands and benefits from its focus on everyday goods and tenants from the discount segment.

Development projects

The development projects had a carrying amount of EUR 358.6 million as of 31 December 2020, which represents 7.2% of the total property portfolio (31 December 2019: EUR 199.4 million and 3.9%). This amount includes EUR 300.8 million of active development projects and EUR 57.9 million of projects in the preparation or concept phase, for which outstanding construction costs are not yet available. Included here are four STOP SHOP projects. The expected fair value of the active projects on completion amounts to EUR 391.1 million. The core markets of Germany and Austria represent the focus of these activities based on an expected fair value after completion of EUR 162.8 million, respectively EUR 96.7 million.

The COVID-19 pandemic led to delays in the progress of construction on several development projects. The fully rented STOP SHOP Siedlce, which opened at the end of March 2020, was reclassified from development projects to standing investments in the year under report.

Current focus of development activities

Germany

The country's first office building in the myhive brand, myhive Medienhafen, which also includes the flexible myhive products, is currently under construction in the Düsseldorf Medienhafen. This high-rise is designed as a multi-tenant building and will have approximately 21,000 sqm of rentable space on 16 floors. Completion is scheduled for the third quarter of 2021.

Austria

The two development projects in progress as of 31 December 2020 involve the modernisation of existing office buildings: the location for the myhive am Wienerberg with approximately 12,500 sqm and the myhive Ungargasse in Vienna's third district with roughly 17,200 sqm of planned usable space which was largely completed in the fourth quarter of 2020. The myhive Ungargasse will be reclassified to standing investments in 2021.

Hungary

An existing office building in Budapest is also undergoing modernisation. Completion is scheduled for the second half of 2021.

Romania

At the IRIDE Business Park in Bucharest, the IRIDE 18 and 19 office buildings are currently undergoing modernisation and integration in the myhive concept. They are then expected to have roughly 10,000 sqm and 18,000 sqm of rentable space. These projects were largely completed during the fourth quarter of 2020, and the properties will be reclassified to standing investments in 2021.

Croatia

The development of a new retail park under the STOP SHOP brand is planned for the Croatian city of Kaštela. It will have 6,800 sqm of rentable space and 220 parking spaces. Construction will start in autumn 2021, and completion is planned for spring 2022.

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	Expected yield after completion in %[1]
Austria	2	96.5	32.1	0.2	25,871	96.7	4.1	4.2
Germany	1	94.0	31.2	40.8	21,707	162.8	5.9	4.3
Hungary	1	65.3	21.7	13.6	34,218	78.9	6.3	7.9
Romania	2	38.5	12.8	3.0	27,790	41.5	3.7	8.8
Other countries[2]	1	6.5	2.2	4.6	6,763	11.0	1.0	8.6
Active projects	**7**	**300.8**	**100.0**	**62.2**	**116,349**	**391.1**	**20.8**	**5.7**
Projects in preparation	8	57.9						
IMMOFINANZ	**15**	**358.6**						

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

Pipeline projects

Pipeline projects include planned development projects, undeveloped land and/or temporarily suspended projects. These projects had a carrying amount of EUR 191.8 million as of 31 December 2020 (31 December 2019: EUR 173.2 million). Romania represents the focal point of the pipeline projects at EUR 98.9 million. IMMOFINANZ intends to further reduce the scope of pipeline projects, in particular the land reserves in Romania, through selected sales as part of its corporate strategy.

Assets held for sale

The assets held for sale totalled EUR 168.4 million as of 31 December 2020 (including capitalised rights of use for building rights) and are not included in this portfolio report (31 December 2019: EUR 154.6 million). Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in section 4.9 of the consolidated financial statements.

Property Valuation

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

The valuation includes property-related factors like the occupancy rate, rental income and the length of the rental contracts as well as the age and quality of the buildings. External factors are also taken into account, e.g. the development of the regional and general market environments, the economy and the financing climate. As of 31 December 2020, CBRE was responsible for appraising nearly the entire IMMOFINANZ portfolio (EUR 5 billion). Internal appraisals covered 0.9%.

Development of property valuation in 2020

The COVID-19 pandemic has had a negative influence on the valuation of investment property. Revaluations totalled EUR -166.5 million in 2020, compared with strong positive results in the previous year (2019: EUR 193.3 million). The external appraiser CBRE identified a slight increase in market yields (increase of up to 50 basis points in the retail segment) which was subsequently reflected in changed assumptions for re-letting in the portfolio.

Revaluation results from the standing investments totalled EUR -156.6 million in 2020 (2019: EUR 195.9 million). This reduction represented roughly 3.5% of the carrying amount of the standing investments as of 31 December 2020. The write-downs included EUR 71.0 million for retail properties (4.3% of the carrying amount) and EUR 89.1 million for office properties (3.2% of the carrying amount). The pandemic-related write-downs in the retail segment were recorded, above all, by the VIVO! shopping centers in Romania and Poland, while the negative valuation effects in the office business also resulted from slightly higher yields in these two countries. These negative effects were contrasted by positive valuation results, above all, from the office buildings in Germany.

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 valuation effect of EUR -145.6 million for 2020 (2019: EUR 122.7 million).

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 2020 in MEUR
Austria	21	656.4	15.2	-8.1
Germany	4	530.4	12.3	2.0
Poland	22	949.0	22.0	-68.0
Czech Republic	18	540.7	12.5	-1.6
Hungary	20	396.5	9.2	-9.4
Romania	13	611.7	14.2	-45.4
Slovakia	20	323.7	7.5	-8.4
Other countries	27	304.9	7.1	-6.7
IMMOFINANZ	**145**	**4,313.1**	**100.0**	**-145.6**

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

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 2020 in MEUR
Office	**46**	**2,709.6**	**62.8**	**-74.7**
thereof myhive	20	1,360.5	31.5	-58.7
Retail	**98**	**1,596.1**	**37.0**	**-70.8**
thereof VIVO!/shopping center	10	658.6	15.3	-59.9
thereof STOP SHOP/retail park	87	933.0	21.6	-10.6
Others	1	7.4	0.2	-0.1
IMMOFINANZ	**145**	**4,313.1**	**100.0**	**-145.6**

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

myhive Ungargasse
Vienna | AT | approx. 17,200 sqm of rentable space

Financing

Financing strategy and further optimisation of the capital structure

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

Financing with a total volume of EUR 925.2 million was concluded in 2020. That represents approximately 29.2% of the total financial liabilities as of 31 December 2020 and involves extensions as well as new financing.

Financial liabilities* amounted to EUR 3.2 billion as of 31 December 2020 (31 December 2019: EUR 2.8 billion). Cash and cash equivalents, including cash held for sale, rose to EUR 1,051.4 million (31 December 2019: EUR 345.1 million), due to the capital measures carried out in July and the issuance of a benchmark bond. Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.1 billion (31 December 2019: EUR 2.5 billion).

IMMOFINANZ AG concluded an unsecured, revolving corporate credit line of EUR 100.0 million at the end of March 2020. It can be used at the company's discretion until 31 March 2022 and gives IMMOFINANZ additional financial flexibility. This credit line was unused as of 31 December 2020 and is therefore available in full.

Capital increase and placement of a subordinated mandatory convertible bond

In order to strengthen the company's equity and the indicators relevant for the current investment grade rating, IMMOFINANZ successfully carried out a share placement and issued a mandatory convertible bond in July 2020. The gross issue proceeds totalled EUR 356.1 million.

A total of 15,418,824 shares were placed with institutional investors through an accelerated bookbuilding process under the exclusion of subscription rights. Share capital was increased by 11,208,526 to 123,293,795 shares, and 4,210,298 treasury shares were sold. The placement was completed at EUR 15.31 per share and resulted in gross issue proceeds of EUR 236.1 million.

IMMOFINANZ also issued a subordinated mandatory convertible bond with a total nominal value of EUR 120.0 million through an accelerated bookbuilding process with institutional investors. The initial conversion price was set at EUR 17.1472, which represents a 12.0% premium above the subscription price for the shares in the current share placement. The bond carries a coupon of 4.0% per year, payable semi-annually in arrears on 23 January and 23 July of each year. The subordinated mandatory convertible bond is currently convertible into a total of 6,998,228 IMMOFINANZ shares and is classified as equity under IFRS and by the rating agency Standard & Poor's.

Issue of a benchmark bond

In October 2020, IMMOFINANZ issued a fixed-interest, senior unsecured bond with institutional investors. The bond has a benchmark volume of EUR 500 million, a seven-year term and a fixed coupon of 2.5% per year. The net proceeds from the issue will be used to refinance existing liabilities, to utilise value-creating opportunities for growth and for general corporate purposes.

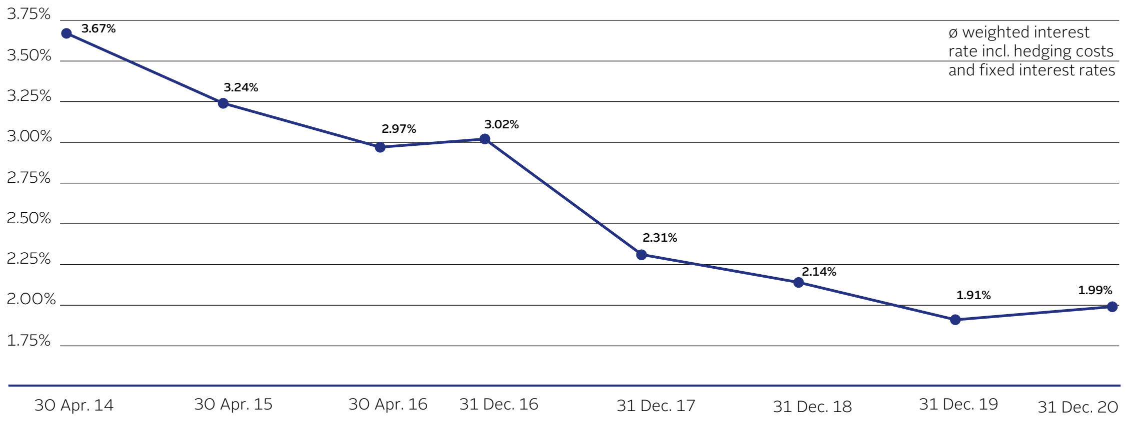
* Excluding lease liabilities of EUR 77.1 million in accordance with the application of IFRS 16; including IFRS 5

Robust balance sheet structure

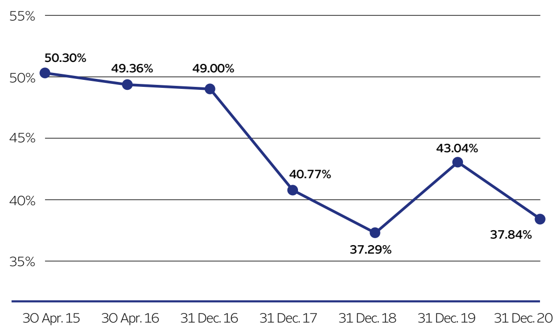
As of 31 December 2020, IMMOFINANZ had a robust balance sheet structure with an equity ratio of 45.1% (31 December 2019: 46.0%) and a net loan-to-value ratio (net LTV) of 37.8% (31 December 2019: 43.0%).

The indicator net LTV compares the carrying amount of financing, less cash and cash equivalents, with the total carrying amount of the properties and the EPRA NAV for the roughly 19.5 million shares held in S IMMO AG (S IMMO).

Development of average financing costs



Development of net LTV



Calculation of net LTV as of 31 December 2020

Amounts in TEUR	
Carrying amount of financing[1]	3,170,916.0
- Cash and cash equivalents[2]	1,051,417.5
Net carrying amount of financing	2,119,498.5
Carrying amount of property[3] & EPRA NAV of S IMMO shares[4]	5,601,469.0
Net LTV in %	**37.8**

[1] Including IFRS 5 values, excluding IFRS 16 values
[2] Cash and cash equivalents, including cash and cash equivalents in assets held for sale
[3] Excluding rights of use, values as per IFRS 16
[4] 19.5 million S IMMO shares at the EPRA NAV of EUR 24.32 per share as of 31 December 2020

Constant financing costs

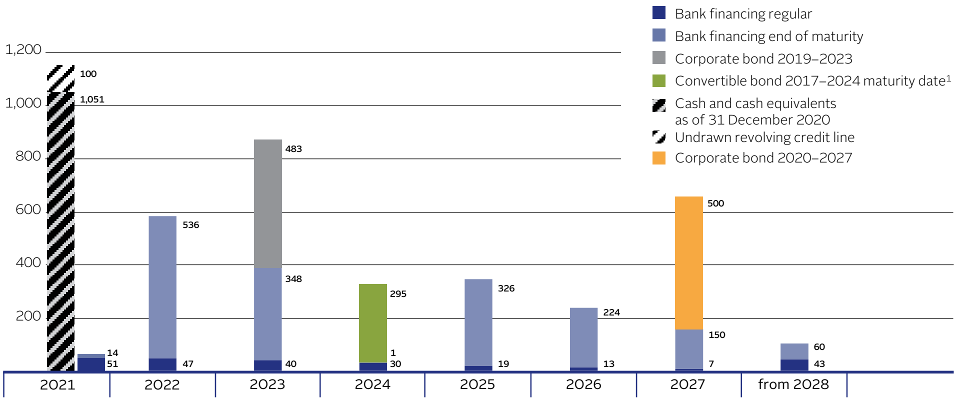
The average financing costs for IMMOFINANZ, including derivatives, equalled 1.99% per year as of 31 December 2020 (31 December 2019: 1.91% per year). The hedging quota remained stable at 88.6% (31 December 2019: 90.7%).

Term structure

The weighted average remaining term of financial liabilities equalled 4.25 years at the end of December 2020 (2019: 4.0 years). The following graph shows the term structure by year as of 31 December 2020. The maturing financing volume for the financial year 2021 amounted only to EUR 14.2 million. IMMOFINANZ is in regular contact with its financing banks to discuss the premature extension of expiring financings, in particular for the financial 2022 year, in order to further optimise the term structure.

Term structure of financial liabilities by financial year as of 31 December 2020

In MEUR



[1] The convertible bond 2017–2024 was not "in the money" as of 31 December 2020. It is presented in the year of final maturity, i.e. 2024; the bondholders have a put option on 22 January 2022.

Unencumbered assets

In addition to properties which carry external financing and are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 1,482.8 million, or 28.9% of the total property portfolio, were not externally financed and therefore unencumbered as of 31 December 2020 (31 December 2019: EUR 1,434.0 million or 27.3%). Including the S IMMO shares (valued at the EPRA NAV), which are also unencumbered, this value increases to EUR 1,957.1 million or 34.9%.

Unencumbered assets by asset class

Unencumbered property portfolio in total: MEUR 1,482.8

Composition of financial liabilities

The financial liabilities held by IMMOFINANZ are denominated entirely in euros and consist of amounts due to financial institutions as well as liabilities from bonds. The composition of these liabilities as of 31 December 2020 is as follows:

Weighted average interest rate of the financial liabilities	Book value liabilities in TEUR as of 31 12 2020	Total average interest rate incl. expenses for derivatives in %[1]
Convertible bonds[2]	291,055.3	1.50
Corporate bond	978,050.6	2.56
Bank liabilities[3]	1,901,810.1	1.77
IMMOFINANZ	**3,170,916.0**	**1.99**

[1] Based on nominal remaining debt, excluding mandatory convertible bond
[2] Convertible bond 2017–2024 (coupon reduced to 1.50% following the receipt of an investment grade rating) at EUR 294.5 million as well as future coupon payments for the mandatory convertible bond 2020–2023 which are classified as liabilities.
[3] Including IFRS 5

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 3,170.9 million as of 31 December 2020.

Bank liabilities

The bank liabilities represent secured loans which, in each case, were concluded by the respective property company as the borrower. Consequently, all rights and obligations from these loans are attributable to the borrower. These property loans include standard market obligations for compliance with specific financial covenants by the property company, which generally involve:

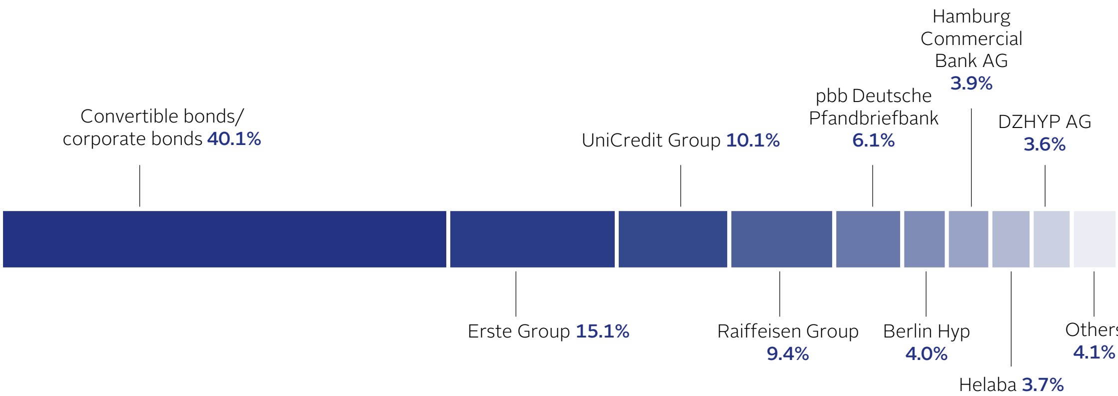
– Debt service coverage ratios
– The ratio of the remaining debt to the market value of the property (loan-to-value)

The COVID-19 pandemic and the related curfews and legal restrictions led, in part, to the shutdown of properties, above all in the retail sector beginning in March 2020. Government assistance packages were also introduced to support the economy. Among others, the government measures gave tenants the right to defer rental payments.

Rent reductions can result in the failure to meet individual financial covenants. This, in turn, can entitle the financing banks to call the outstanding loan prematurely if the borrower also fails to comply with contractually defined, accepted measures to remedy the situation. As a precautionary measure, IMMOFINANZ has therefore partly concluded agreements with the financing banks to suspend compliance with the debt service coverage ratio during the COVID-19 pandemic. These suspensions covered a total loan volume of EUR 274.9 million as of 31 December 2020 for office properties in Hungary and retail properties in Slovakia and the Czech Republic. IMMOFINANZ is in regular contact and communication with its financing banks and is continuously evaluating the current situation.

The total volume of refinancing, long-term extensions and new financing from bank liabilities amounted to EUR 425.2 million (2019: EUR 798.1 million). Of this total, EUR 325.2 million is attributable to the office asset class and EUR 100.0 million to the retail asset class.

Financing sources as of 31 December 2020



Derivatives

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted EUR 1,459.6 million as of 31 December 2020 (31 December 2019: EUR 1,694.1 million). In total, 88.6% of financial liabilities are hedged against interest rate risk (31 December 2019: 90.7%), 45.8% via interest rate derivatives and a further 42.8% represent financial liabilities with fixed interest rates.

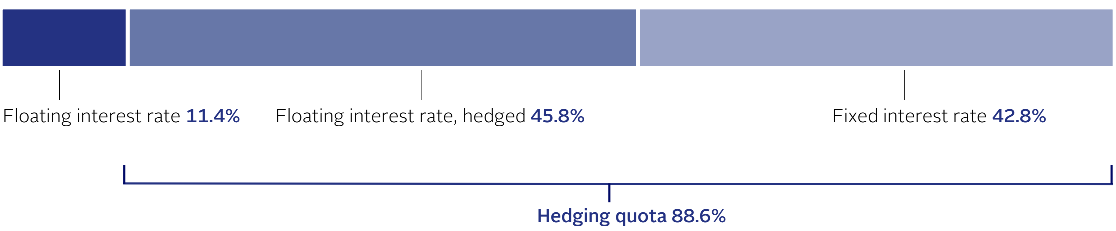
Interest rate derivatives[1]	Floating leg	Market value incl. interest & CVA/DVA as of 31 12 2020 in TEUR	Notional amount in TEUR	Average hedged reference interest rate in %
Interest rate swap	3-M-EURIBOR	-29,840.1	1,459,580.4	0.14
IMMOFINANZ AG		**-29,840.1**	**1,459,580.4**	

[1] Including IFRS 5 (For information on assets held for sale, see section 4.9 in the consolidated financial statements.)

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

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

Financial liabilities – type of interest rate as of 31 December 2020



Bonds

The outstanding nominal value of the bonds totalled EUR 1,397.3 million as of 31 December 2020 (31 December 2019: EUR 797.2 million). It is attributable to the convertible bond issued in January 2017 with a term ending in 2024 and a put option for the investors at the nominal amount in 2022 (current conversion price: EUR 21.3772), the subordinated mandatory convertible bond issued in July 2020 with a term ending in 2023 (current conversion price: EUR 17.1472) and the two benchmark corporate bonds which were issued in January 2019 and October 2020.

	ISIN	Maturity	Coupon in %	Nominal value as of 31 12 2019 in TEUR	Repurchases/ redemptions/ conversions/ new issues 2020 in TEUR	Nominal value as of 31 12 2020 in TEUR
Corporate bond	XS1935128956	27 01 2023	2.63	500,000	-17,200	482,800
Corporate bond	XS2243564478	15 10 2027	2.50	0	500,000	500,000
Convertible bond	XS1551932046	24 01 2024[1]	1.50[2]	297,200	-2,700	294,500
IMMOFINANZ			**2.32**	**797,200**	**480,100**	**1,277,300**
Mandatory convertible bond[3]	AT0000A2HPN2	23 07 2023	4.00	0	120,000	120,000
IMMOFINANZ			**n. a.**	**797,200**	**600,100**	**1,397,300**

[1] The term of the bond ends in 2024; the bondholders have a put option on 24 January 2022.
[2] Coupon reduced by 50 basis points to 1.50% as of 24 January 2019 following the receipt of an investment grade rating.
[3] The mandatory convertible bond represents a hybrid financial instrument which must be separated into equity and debt components on initial recognition. The regular interest payments are classified as a financial liability, while the mandatory conversion is considered an equity component.

S&P Global Ratings assigned a long term issuer rating BBB- with stable outlook to IMMOFINANZ AG during the first quarter of 2019. They confirmed this rating and outlook during the annual review process in February 2021. IMMOFINANZ's announcement in March 2021, i.e. after the end of the reporting year, of its intention to launch a voluntary takeover offer to the shareholders of S IMMO AG led to a revision in the S&P outlook from stable to negative.

In connection with the issue of the corporate bond 2019–2023 and the corporate bond 2020–2027, IMMOFINANZ has committed to comply with the following standard financial covenants. These covenants will be calculated on the basis of the consolidated IFRS financial statements:

Financial covenant	Threshold in %	Value as of 31 12 2020 in %
Net Debt to Value Ratio[1]	Max. 60.0	39.0
Secured Net Debt to Value Ratio[1]	Max. 45.0	15.6
Interest Coverage Ratio	Min. 150.0	375.2

[1] The values are based on the latest calculation as per the bond terms on or before 31 December 2020.

Business Development

IMMOFINANZ started the 2020 financial year with strong operational performance, but the development of business was negatively influenced by the COVID-19 pandemic beginning at the end of that year's first quarter. Rental income rose by 3.1% to EUR 288.6 million due to the strong growth in the portfolio during the second half of 2019, but a crisis-related increase in receivables write-offs from asset management led to substantially higher property expenses. The results of asset management totalled EUR 206.4 million in 2020 and reflect the previous year despite these write-offs. The pandemic also had a negative influence on the valuation of investment property: revaluations totalled EUR -166.5 million, compared with clearly positive results in the previous year (2019: EUR 193.3 million). This reduction represents roughly 3.2% of the total property portfolio. In addition, the continuing decline in the price of the S IMMO share during 2020 led to a write-down of EUR 88.6 million in this investment to EUR 363.6 million. Net profit for the 2020 financial year amounted to EUR -165.9 million.

Funds from operations (FFO)

FFO 1 from the standing investment business (before tax and including the S IMMO dividend) rose by 0.6% from EUR 125.3 million in 2019 to EUR 126.1 million. That represents FFO 1 per share of EUR 1.13 compared with EUR 1.18 in the previous year (see the table on the following page for the number of shares used in the calculation). These FFO 1 calculations include the accrued interest for once-a-year coupon payments on bonds: the calculation for 2020 includes accrued interest of EUR -2.6 million for the bond 2020–2027 that was issued in October. The first annual coupon payment for this bond will be made on 15 October 2021. The calculation of FFO 1 for 2019 includes the future interest payments for the bond issued in January 2019, whereby the first coupon payment was made in January 2020.

Funds from operations (FFO)

All amounts in TEUR	P&L 2020	Adjustments	FFO 2020	FFO 2019
Results of asset management	**206,438**	**57**	**206,495**	**207,762**
Results of property sales	**7,934**	**-7,934**	**0**	**0**
Results of property development	**-24,173**	**24,173**	**0**	**0**
Other operating income	2,659	-550	2,109	3,097
Other operating expenses	-48,909	8,622	-40,287	-42,896
Results of operations	**143,949**	**24,368**	**168,317**	**167,963**
Other revaluation results	-156,599	156,599	0	0
Operating profit (EBIT)	**-12,650**	**180,967**	**168,317**	**167,963**
Financing costs	-63,990			
Financing income	2,209			
Foreign exchange differences	-1,937			
Other financial results	-14,560			
Net profit or loss from equity-accounted investments	-69,496			
Financial results	**-147,774**	**94,489**	**-53,285**	**-44,165**
FFO 1 before tax (excluding S IMMO)			**115,032**	**123,798**
FFO 1 per share before tax (excluding S IMMO) in EUR			**1.03**	**1.16**
Dividends received from S IMMO			13,650	13,650
FFO 1 before tax (including S IMMO)			**128,682**	**137,448**
FFO 1 per share before tax (including S IMMO) in EUR			**1.15**	**1.29**

Including accrued interest on the bonds				
FFO 1 before tax (including S IMMO)			**128,682**	**137,448**
Accrued interest corporate bond 2019–2023			0	-12,118
Accrued interest corporate bond 2020–2027			-2,603	n. a.
FFO 1 before tax adjusted for accrued interest (including S IMMO)			**126,079**	**125,330**
FFO 1 per share before tax adjusted for accrued interest (including S IMMO) in EUR			**1.13**	**1.18**
Number of shares (as per EPS formula) for the calculation			111,595,279	106,567,143

Income statement

All amounts in TEUR	2020	2019
Rental income	288,623	279,879
Results of asset management	**206,438**	**207,339**
Results of property sales	**7,934**	**-5,079**
Results of property development	**-24,173**	**-12,377**
Other operating income	2,659	6,156
Other operating expenses	-48,909	-46,144
Results of operations	**143,949**	**149,895**
Revaluation result from standing investments and goodwill	**-156,599**	**195,683**
Operating profit (EBIT)	**-12,650**	**345,578**
Financial results	**-147,774**	**4,473**
Earnings before tax (EBT)	**-160,424**	**350,051**
Net profit for the period from continuing operations	**-165,883**	**347,517**
Net profit or loss from discontinued operations	0	4,602
Net profit or loss	**-165,883**	**352,119**

Rental income increased by 3.1%, or EUR 8.7 million, to EUR 288.6 million, above all due to acquisitions and property completions in the second half of the previous year.

The COVID-19 pandemic led to a substantial rise in the write-off of receivables from asset management to EUR 29.2 million (2019: EUR 2.2 million). In contrast, maintenance and real estate marketing costs declined to EUR 14.4 million (2019: EUR 21.6 million), respectively EUR 5.4 million (2019: EUR 8.3 million) and reflect the liquidity protection measures that were implemented immediately at the start of the crisis to cut costs and protect liquidity. Property expenses were 25.1% higher than the previous year at EUR 71.9 million (2019: EUR 57.4 million). However, an adjustment for the effects on receivables write-offs shows a year-on-year reduction of 22.8% in property expenses to EUR 42.7 million.

The results of asset management reflected the previous year at EUR 206.4 million in 2020 (2019: EUR 207.3 million). The results of property sales rose to EUR 7.9 million (2019: EUR -5.1 million), supported, above all, by the profitable sale of an office property in Düsseldorf and the related revaluation. Properties with a volume of EUR 109.8 million were sold during 2020 (asset and share deals), whereby the largest transactions involved one office property each in Düsseldorf and Warsaw as well as land in Romania.

The results of property development totalled EUR -24.2 million (2019: EUR -12.4 million). This decline resulted from the revaluation of properties under construction, which amounted to EUR -21.2 million (2019: EUR 1.5 million) and also reflected a COVID-19-related increase in market yields as well as costs increases on individual projects.

Results of operations

Other operating expenses rose by 6.0% to EUR 48.9 million (2019: EUR 46.1 million). The increase in personnel expenses included under this position is primarily attributable to a non-recurring payment related to the resignation of Oliver Schumy from the Executive Board. The results of operations equalled EUR 143.9 million and were only slightly lower than the previous year (2019: EUR 149.9 million).

Revaluation and operating profit

Results from the revaluation of standing investments turned negative –due to the adverse effects of the COVID-19 pandemic – at EUR -156.6 million (2019: EUR 195.9 million). This value decline represents roughly 3.5% of the carrying amount of the standing investments as of 31 December 2020. Retail properties were written down by EUR 71.0 million (4.3% of the carrying amount) and office buildings by EUR 89.1 million (3.2% of the carrying amount). Additional details are provided under "Property Valuation" on page 34.

These crisis-related, negative valuation results were responsible for a decline in operating profit (EBIT) – despite the strong operating performance – from EUR 345.6 million in 2019 to EUR -12.7 million.

Financial results and taxes

Financing costs declined slightly to EUR 64.0 million (2019: EUR 64.6 million) despite a year-on-year increase of roughly 12% in the financing volume. Average financing costs, including hedging, equalled 1.99% per year (31 December 2019: 1.91%). Other financial results amounted to EUR -14.6 million (2019: EUR -9.0 million) and resulted chiefly from the valuation of interest rate derivatives in the current low-interest environment.

The steady decline in the price of the S IMMO share during 2020 represented an objective indication of impairment to this investment as of 31 December 2020. Consequently, the S IMMO investment was tested for impairment and the carrying amount was written down to EUR 363.6 million (i.e. to a carrying amount of EUR 18.65 per S IMMO share). Net profit for the 2020 financial year therefore includes an impairment loss of EUR 88.6 million. The share of profit/loss from equity-accounted investments amounted to EUR -69.5 million in 2020 (2019: EUR 78.4 million), whereby EUR 15.0 million (2019: EUR 62.0 million) are attributable to the share of earnings from S IMMO. Of this total, EUR -73.1 million are attributable to S IMMO (including the carryforward of EUR 0.6 million in undisclosed reserves from the initial consolidation). Financial results totalled EUR -147.8 million (2019: EUR 4.5 million).

Net profit

Profit before tax equalled EUR -160.4 million (2019: EUR 350.1 million). After the deduction of EUR -5.5 million (2019: EUR -2.5 million) in income taxes, net profit amounted to EUR -165.9 million (2019: EUR 352.1 million). That represents earnings per share* (basic) of EUR -1.50 (2019: EUR 3.37).

Balance sheet

The condensed balance sheet is shown below:

All amounts in TEUR	31 12 2020	in %	31 12 2019	in %
Investment property	4,680,351	76.2	4,985,257	83.6
Property under construction	358,640		199,439	
Real estate inventories	619		868	
Assets held for sale	168,382		154,622	
Other assets	63,765	0.9	55,771	0.9
Equity-accounted investments	367,932	5.4	478,191	7.5
Trade and other receivables	144,639	2.1	169,826	2.7
Cash and cash equivalents	1,047,085	15.3	341,161	5.3
Assets	**6,831,413**	**100.0**	**6,385,135**	**100.0**
Equity	3,083,707	45.1	2,937,145	46.0
Liabilities from convertible bonds	291,056	4.3	285,807	4.5
Financial liabilities	2,916,051	42.7	2,580,381	40.4
Trade and other payables	188,958	2.8	197,667	3.1
Other liabilities	89,370	1.3	108,849	1.7
Deferred tax liabilities	262,271	3.8	275,286	4.3
Equity and liabilities	**6,831,413**	**100.0**	**6,385,135**	**100.0**

IMMOFINANZ has a robust balance sheet structure which was further strengthened by capital measures in 2020. Equity was increased to EUR 3.1 billion by the placement of shares and a mandatory convertible bond in July 2020. Cash and cash equivalents rose to EUR 1.1 billion as a result of these capital measures and the benchmark bond issued in October 2020. This bond issue is also reflected in an increase in financial liabilities to EUR 2.9 billion (31 December 2019: EUR 2.6 billion). In total, the net loan to value ratio improved to 37.8% (2019: 43.0%). The equity ratio equalled 45.1% (2019: 46.0%).

The value of the property portfolio amounted to EUR 5.2 billion and represents 76.2% of total assets. These properties are reported on the balance sheet under the following positions: investment property, property under construction, real estate inventories and assets held for sale. Assets held for sale include properties as well as other assets which will be transferred to the buyer in the event of a sale.

The additions are related primarily to the acquisition of retail parks under the STOP SHOP brand in Austria, Czech Republic and Croatia as well as investments in office properties in Vienna and the purchase of land reserves in Croatia. The disposals in 2020 consisted chiefly of properties in the core countries: in Germany through the sale of the Panta Rhei office building, and in Poland and Romania.

The equity-accounted investments of EUR 367.9 million include EUR 363.6 million which are attributable to S IMMO AG. Based on the roughly 19.5 million shares held by IMMOFINANZ, the book value of the S IMMO share equals EUR 18.65 (31 December 2019: EUR 24.34). As indicated above, the S IMMO investment was written down by EUR 88.6 million.

* Number of shares included: 111,595,279 basic for 2020 and 107,387,703 diluted for 2019

EPRA Financial Indicators

IMMOFINANZ is a member of the European Public Real Estate Association (EPRA), the interest group for listed real estate companies which is headquartered in Brussels. EPRA's mission is to promote, develop and represent the European public real estate sector. Its objectives are achieved through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the real estate industry.

With its Best Practices Recommendations (EPRA BPR), the EPRA has created a standardised framework for improving the comparability between real estate companies – above and beyond IFRS. IMMOFINANZ publishes detailed information on the EPRA indicators based on these recommendations (www.epra.com) as part of its commitment to full transparency. The non-financial statement (starting on page 65) also provides further non-financial indicators on IMMOFINANZ's performance, including environment and employee-related issues, in line with the principles and criteria defined in the "EPRA Sustainability Best Practices Recommendations Guidelines – Third Version September 2017".

EPRA net asset value

The EPRA recommends publishing a revised version of the net asset value indicators (NAV indicators) beginning with the financial statements for 2020 to better reflect current market trends and company developments. The two previously published indicators – net asset value (NAV) and triple net asset value (NNNAV) will be replaced by three new indicators: net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV).

These indicators are calculated in accordance with the EPRA BPR, whereby adjustments are made beginning with IFRS equity to provide stakeholders with the most transparent information on the market value of the real estate company's assets and liabilities under various scenarios.

In order to present the transition as clearly as possible, IMMOFINANZ calculated a transition for the 2020 financial year and the comparative period from the previous EPRA NAV and EPRA NNNAV to the three new NAV indicators based on the EPRA BPR Guidelines issued in October 2019. The EPRA NTA is the most relevant indicator for IMMOFINANZ's business activities and therefore serves as the new primary indicator for net asset value.

Net asset value (NAV) and triple net asset value (NNNAV)

The EPRA NAV concept is used to present the fair value of equity on a long-term basis in order to give investors an overview of a company's sustainable asset position. The calculation of EPRA NAV also includes the undisclosed reserves in real estate inventories as well as the (negative) fair value of derivative financial instruments. Undisclosed reserves are not included in carrying amounts according to IFRS accounting rules, while the (negative) fair values of derivative financial instruments regularly serve as a means of hedging long-term financing so these gains or losses will remain hypothetical as of the balance sheet date. The deferred taxes on these items are included. The EPRA NAV concept also calls for the inclusion of the deferred taxes on investment property which would be incurred when these assets are sold. Goodwill, which arises as a technical figure due to the recognition of deferred taxes on business combinations, is deducted.

The calculation of EPRA NNNAV involves an adjustment to reverse the (negative) fair value of derivative financial instruments from the NAV calculation. In addition, financial liabilities are restated at their fair value and the deferred taxes which would be incurred on a planned sale are deducted. Asset deals generally result in the full realisation of deferred taxes, while the assumption for sales through share deals is that IMMOFINANZ will (economically) bear 50% of the deferred tax liabilities.

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

Net reinstatement value (NRV), net tangible assets (NTA) and net disposal value (NDV)

The calculation of the three new NAV indicators begins with the IFRS equity attributable to shareholders. Since the convertible bond 2017–2024 was not "in the money" as of 31 December 2020, the calculation of diluted equity includes a deduction for the equity component of this bond. This bond was "in the money" as of 31 December 2019, and the debt component of the convertible bond 2017–2024 was therefore included in equity as a diluting factor.

The objective of the EPRA net reinstatement value is to present the value of net assets on a long-term basis. It is calculated under the assumption that property will never be sold. The NRV is also intended to show what would be required to re-establish the company on the investment markets based on its current capital and financing structure. Accordingly, the NRV includes a correction to equity for the deferred taxes on investment property. Property taxes and other costs incurred by the buyer are also taken into account in accordance with the external appraisals.

The assumption underlying EPRA net tangible assets is that assets are bought and sold, and these transactions lead to the partial realisation of deferred taxes. The calculation of NTA includes the deferred taxes on the properties that will not be sold over the long term. Intangible assets are excluded from the NTA calculation. The NTA can include an adjustment for property taxes and other costs incurred by the buyer when previous transactions show that these costs are lower than indicated by the external consultants' appraisals. This is regularly the case with share deals. After an adjustment for special effects, roughly 22% of the property sales in recent years were settled through share deals. Property taxes and other costs incurred by the buyer are included at an appropriate amount in the NTA calculation.

The EPRA net disposal value shows the value of equity under a sale scenario. The NDV does not represent a liquidation value because the calculation is based on fair values, which generally do not represent liquidation amounts. Deferred taxes, financing instruments and other adjustments are therefore included at market value in keeping with the resulting tax effects. The deferred taxes on investment property as well as property taxes and other costs incurred by the buyer are not included in the NDV.

Transition from EPRA NAV to the three new EPRA indicators

	Former indicators 2020	New indicators 2020		
All amounts in TEUR	**NAV/NNNAV**	**NRV**	**NTA**	**NDV**
Equity excluding non-controlling interests	3,107,583	3,107,583	3,107,583	3,107,583
Diluting effects of convertible bond 2017–2024	0	-21,654	-21,654	-21,654
Diluted equity excluding non-controlling interests after an adjustment for convertible bonds and the exercise of options	**3,107,583**	**3,085,929**	**3,085,929**	**3,085,929**
Undisclosed reserves in real estate inventories	0	0	0	0
Deferred taxes on real estate inventories	0	0	0	0
Diluted equity excluding non-controlling interests after an adjustment for convertible bonds and the exercise of options as well as undisclosed reserves	**3,107,583**	**3,085,929**	**3,085,929**	**3,085,929**
Fair value of derivative financial instruments	29,125	29,177	29,125	0
Deferred taxes on derivative financial instruments	-5,745	-5,755	-5,745	0
Deferred taxes on investment property	318,982	321,471	304,332	0
Goodwill resulting from deferred taxes	-24,184	-24,184	-24,184	-24,184
Intangibles assets	0	0	-276	0
EPRA NAV (diluted)	**3,425,761**			
Fair value of derivative financial instruments	-29,125			
Deferred taxes on derivative financial instruments	5,745			
Effect of fair value measurement of financial liabilities	-29,393	0	0	-29,393
Deferred taxes on the fair value measurement of financial liabilities	7,348	0	0	7,348
Deferred taxes on investment property	-8,068			
Real estate transfer tax and other purchasers costs	0	183,972	41,081	0
EPRA NNNAV (diluted)	**3,372,268**	**3,590,610**	**3,430,262**	**3,039,699**
Number of shares excluding treasury shares in 1,000	123,293,795	123,293,795	123,293,795	123,293,795
Potential shares in 1,000	0	0	0	0
EPRA NAV per share in EUR	**27.79**	**29.12**	**27.82**	**24.65**
EPRA NNNAV per share in EUR	**27.35**			

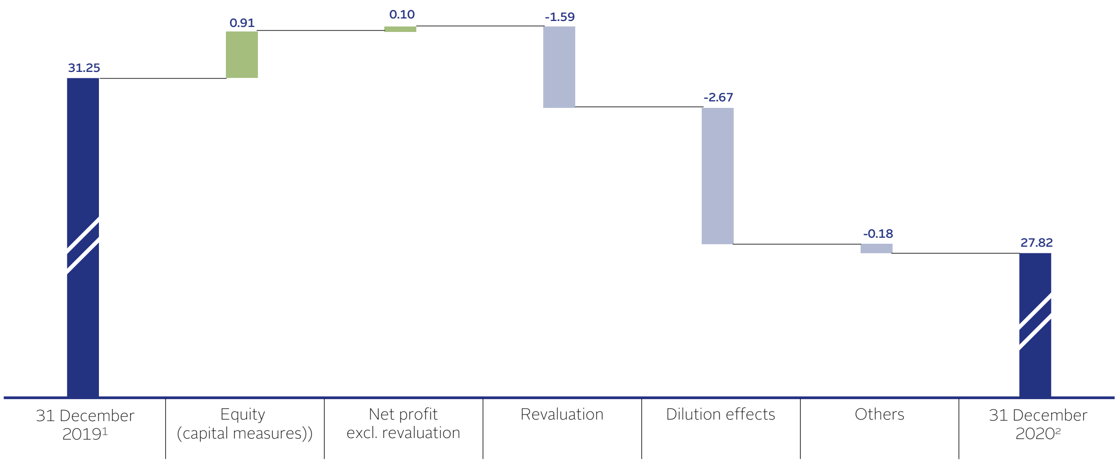
All amounts in TEUR	Former indicators 2019 NAV/NNNAV	New indicators 2019 NRV	NTA	NDV
Equity excluding non-controlling interests	2,960,094	2,960,094	2,960,094	2,960,094
Diluting effects of convertible bond 2017–2024	285,807	285,807	285,807	285,807
Diluted equity excluding non-controlling interests after an adjustment for convertible bonds and the exercise of options	**3,245,901**	**3,245,901**	**3,245,901**	**3,245,901**
Undisclosed reserves in real estate inventories	2	2	2	2
Deferred taxes on real estate inventories	0	0	0	0
Diluted equity excluding non-controlling interests after an adjustment for convertible bonds and the exercise of options as well as undisclosed reserves	**3,245,903**	**3,245,903**	**3,245,903**	**3,245,903**
Fair value of derivative financial instruments	18,311	18,701	18,311	0
Deferred taxes on derivative financial instruments	-3,590	-3,664	-3,590	0
Deferred taxes on investment property	327,275	328,856	306,551	0
Goodwill resulting from deferred taxes	-24,184	-24,184	-24,184	-24,184
Intangibles 2017–	0	0	-434	0
EPRA NAV (diluted)	**3,563,715**			
Fair value of derivative financial instruments	-18,311			
Deferred taxes on derivative financial instruments	3,590			
Effect of fair value measurement of financial liabilities	-30,240			-30,240
Deferred taxes on the fair value measurement of financial liabilities	7,560			7,560
Deferred taxes on investment property	-10,253			
Real estate transfer tax and other purchaser's costs	0	197,829	44,175	
EPRA NNNAV (diluted)	**3,516,061**	**3,763,441**	**3,586,732**	**3,199,039**
Number of shares excluding treasury shares in 1,000	100,876,743	100,876,743	100,876,743	100,876,743
Potential shares in 1,000	13,902,793	13,902,793	13,902,793	13,902,793
EPRA NAV per share in EUR	**31.05**	**32.79**	**31.25**	**27.87**
EPRA NNNAV per share in EUR	**30.63**			

The calculation of the EPRA NAV indicators as of 31 December 2020 – in contrast to 31 December 2019 – does not include any potential shares which would result from the conversion of the convertible bond 2017–2024 because the bond was not "in the money" at year-end 2020. The number of shares used for the calculation was increased, however, by the placement in July 2020 of 15,418,824 shares (11,208,526 shares from authorised capital and 4,210,298 from the sale of treasury shares). The calculation of the EPRA NAV indicators also includes 6,998,228 shares for the mandatory convertible bond 2020–2023 issued in July 2020 because the bond must be converted into IMMOFINANZ shares and is classified as equity under IFRS.

The EPRA NTA per share equalled EUR 27.82 as of 31 December 2020, compared with EUR 31.25 in 2019. This decline is primarily attributable to the negative revaluation of investment property as well as diluting effects (see the following reconciliation).

The book value per share equalled EUR 25.20 as of 31 December 2020 (31 December 2019: EUR 29.34).

EPRA NTA bridge



[1] Number of shares as of 31 December 2019 in thousand: 114,780 (diluted)
[2] Number of shares as of 31 December 2020 in thousand: 123,294 (basic)

EPRA earnings per share

EPRA earnings per share is a result of operating activities and an important indicator of the extent to which current dividend payments are covered by operating results.

All amounts in TEUR	2020	2019
Weighted average number of shares in 1,000	**111,595**	**106,567**
Net profit or loss from continuing operations excluding non-controlling interests	**-167,014**	**354,286**
Revaluation of investment properties and development properties	177,841	-197,372
Results of property sales	-7,934	5,078
Goodwill impairment, negative differences and earn-out effects on income	0	323
Changes in fair value of financial instruments	13,838	8,932
Taxes in respect of EPRA adjustments	-40,220	19,747
EPRA adjustments in respect of joint ventures and non-controlling interests	927	-142
EPRA earnings	**-22,562**	**190,852**
EPRA earnings per share in EUR	**-0.20**	**1.79**
Company-specific adjustments		
One-time effects in other operating expenses[1]	6,098	3,983
Valuation S IMMO	88,618	-14,350
Foreign exchange gains and losses	1,935	1,510
Deferred taxes in respect of company-specific adjustments[1]	-24,447	2,456
Company-specific adjusted EPRA earnings[1]	**49,642**	**184,451**
EPRA earnings per share after company-specific adjustments in EUR[1]	**0.44**	**1.73**

[1] The comparative data were adjusted.

EPRA earnings per share equalled EUR -0.20 in 2020, respectively EUR 0.44 per share after company-specific adjustments. This reduction resulted, above all, from the decline in net profit before revaluation results.

EPRA net initial yield

The EPRA net initial yield (EPRA NIY) shows the ratio of annualised rental income, less non-recoverable operating property expenses (net rental income – projected over a full financial year) to the total portfolio value of the standing investments. For this calculation, the fair values of the properties are increased by the estimated purchasers' costs. The EPRA net initial yield is a comparative benchmark for portfolio valuation. Its goal is to assist investors in comparing the value of different real estate portfolios.

The EPRA "topped-up" NIY includes an adjustment for the granting of rent-free periods (or other unexpired rental incentives like temporary rental reductions or scaled rents).

All amounts in TEUR	2020	2019[1]
Investment property	4,721,453	5,005,974
Investment property – proportional share of joint ventures	1,268	1,267
less undeveloped land	-197,055	-166,756
less undeveloped land – proportional share of joint ventures	-1,268	0
Total property portfolio	**4,524,398**	**4,840,485**
Allowance for estimated purchasers' costs	167,855	163,124
Gross value of total standing investment portfolio	**4,692,253**	**5,003,609**
Annualised cash rental income	290,553	296,909
Non-recoverable property operating expenses	-26,417	-28,452
Non-recoverable property operating expenses – proportional share of joint ventures	0	-5
Annualised net rental income	**264,136**	**268,452**
Notional rent expiration of rent free periods or other lease incentives	16,119	15,030
"Topped-up" net annualised rents	**280,254**	**283,482**
EPRA net initial yield in %	**5.6**	**5.4**
EPRA "topped-up" net initial yield in %	**6.0**	**5.7**

[1] The comparative data were adjusted.

The EPRA NIY rose from 5.4% at year-end 2019 to 5.6% and the "topped-up" NIY from 5.7% to 6.0%. These increases were based, above all, on the reduction of the total portfolio value.

EPRA vacancy rate

The EPRA vacancy rate represents the ratio of the estimated market rents for vacant space to the estimated market rents for the entire standing investment portfolio. Its goal is to provide investors with an indicator for evaluating vacancies in the standing investments based on the estimated market rents.

EPRA vacancy rate by core market

Standing investments	31 12 2020 Rentable space in sqm	Market rent for vacant space in MEUR	Total market rent in MEUR	EPRA vacancy ratio in %	31 12 2019 EPRA vacancy ratio in %
Austria	227,037	0.1	3.0	4.4	4.9
Germany	94,059	0.0	1.8	0.9	1.7
Poland	418,317	0.2	5.8	3.8	1.7
Czech Republic	233,406	0.1	2.9	3.9	3.2
Hungary	238,269	0.1	2.7	2.5	2.8
Romania	333,975	0.3	4.7	5.6	5.0
Slovakia	188,054	0.2	2.2	7.9	5.5
Other countries	220,344	0.0	2.2	1.1	0.7
IMMOFINANZ	**1,953,460**	**1.0**	**25.3**	**4.0**	**3.2**

EPRA vacancy rate by asset class and brand

Standing investments	31 12 2020 Rentable space in sqm	Market rent for vacant space in MEUR	Total market rent in MEUR	EPRA vacancy ratio in %	31 12 2019 EPRA vacancy ratio in %
Office	**940,303**	**0.8**	**13.9**	**5.5**	**4.2**
thereof myhive	490,910	0.5	7.7	6.6	4.6
Retail	**1,013,157**	**0.2**	**11.3**	**2.1**	**1.9**
thereof VIVO!/shopping center	314,106	0.1	4.7	3.0	2.7
thereof STOP SHOP/retail park	688,750	0.1	6.5	1.4	1.2
IMMOFINANZ	**1,953,460**	**1.0**	**25.3**	**4.0**	**3.2**

The EPRA vacancy rate equalled 4.0% at year-end 2020 (31 December 2019: 3.2%). The vacancy rate in the office portfolio increased slightly to 5.5% and reflects normal tenant turnover. The retail portfolio was nearly fully rented with a vacancy rate of only 2.1%, whereby the STOP SHOP retail parks had the lowest vacancy rate as of 31 December 2020 at 1.4%.

EPRA cost ratio

The EPRA cost ratio shows the company's cost efficiency by comparing the proportional share of the operating and administrative expenses for investment property – both including and excluding direct vacancy costs – to gross rental income for the reporting period. The underlying calculations for the EPRA cost ratio are based on the results of asset management. Other operating costs, e.g. development costs and miscellaneous operating expenses, are excluded.

All amounts in TEUR	2020	2019
Expenses from investment property	-71,852	-57,444
Net operating costs, excluding indirect costs that are recharged through rents but not invoiced separately	-1,832	-4,320
EPRA costs (including direct vacancy costs)	**-73,684**	**-61,764**
Vacancy costs	-6,434	-8,168
EPRA costs (excluding direct vacancy costs)	**-67,250**	**-53,596**
Gross rental income including service fees and service charge cost components	288,625	279,882
Less service fees and service charge cost components of gross rental income	-12,251	-12,090
Gross rental income	**276,373**	**267,791**
EPRA cost ratio (including direct vacancy costs) in %	**26.7**	**23.1**
EPRA cost ratio (excluding direct vacancy costs) in %	**24.3**	**20.0**

The EPRA cost ratio equalled 26.7% in 2020 (2019: 23.1%) including direct vacancy costs and 24.3% (2019: 20.0%) excluding direct vacancy costs. This increase resulted from the crisis-related rise in expenses for investment properties. The receivables write-offs from asset management included in the calculation rose to EUR 29.2 million in 2020 (2019: EUR 2.2 million).

EPRA capital expenditure

EPRA capital expenditure (CapEx) provides an overview of the property-related investments made during a financial year.

All amounts in TEUR	2020	2019
Acquisitions	53,530	675,462
Development projects	90,070	90,857
Investment property	17,584	58,280
thereof incremental lettable space	0	0
thereof no incremental lettable space	15,522	50,312
thereof tenant incentives	2,062	7,968
thereof other material non-allocated types of expenditure	0	0
EPRA capital expenditure	**161,184**	**824,599**

Capital expenditure totalled EUR 161.2 million in 2020 and was concentrated on properties solely owned by IMMOFINANZ (2019: EUR 824.6 million). Major projects included the development of the myhive Medienhafen in Düsseldorf, the modernisation of existing office properties in Romania and several STOP SHOP retail parks.

Eight retail parks were acquired in 2020, whereby four were transferred to the portfolio by year-end. IMMOFINANZ also purchased land in Croatia during the past year.

Capital expenditure in investment properties totalled EUR 17.6 million in 2020 and was roughly 70% lower than the previous year (2019: EUR 58.3 million). These expenditures were directed primarily to two office buildings, the myhive Twin Towers (Vienna) and FLOAT (Düsseldorf), as well as the VIVO! shopping center in Bratislava. Capital expenditure in investment properties consisted almost entirely of improvements to existing rental space as well as rental incentives. The investments in additional rental space are immaterial and, in accordance with EPRA requirements, are reported under "thereof no incremental lettable space".

Risk Report

As an international real estate investor, property owner 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.

Risks represent the possibility of deviating from planned targets as the result of "coincidental" disruptions caused by the unpredictable nature of the future. In this connection, negative variances are considered risks in the strict sense of the term and positive variances are seen as opportunities.

Principles of integrated risk management

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

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. The overall risk situation for the 2020 financial year was influenced by the COVID-19 pandemic through an increase in the uncertainty factors affecting the company and the entire market environment. The potential effects of the COVID-19 pandemic on the 2021 financial year are discussed in detail at the end of this risk report.

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

Monitoring and control of the risk management system

The risk management system is monitored and controlled through two corporate channels. On the one hand, internal audit evaluates the effectiveness of risk management and contributes to its improvement. On the other hand, the auditor reviews the effectiveness of risk management in accordance with C-Rule 83 of the Austrian Corporate Governance Code (in the version released in January 2021) and reports to the Executive Board on the results of this analysis.

Evaluation of the functionality of the risk management system

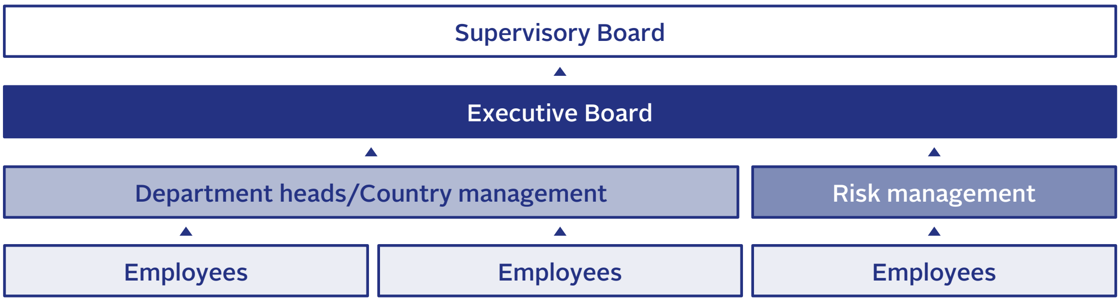
Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, evaluated the effectiveness of IMMOFINANZ's risk management system during the period from November 2020 to January 2021. This analysis covered the design and implementation of the measures and organisational procedures instituted by the company, but not their application in the sense of operating effectiveness. Based on the knowledge gained by Deloitte during the related activities, no circumstances were identified that would lead to the assumption that the risk management system instituted by IMMOFINANZ as of 31 December 2020 – based on the comprehensive framework for corporate risk management according to COSO – is not functional.

Structure of risk management

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

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

Responsibilities and reporting paths

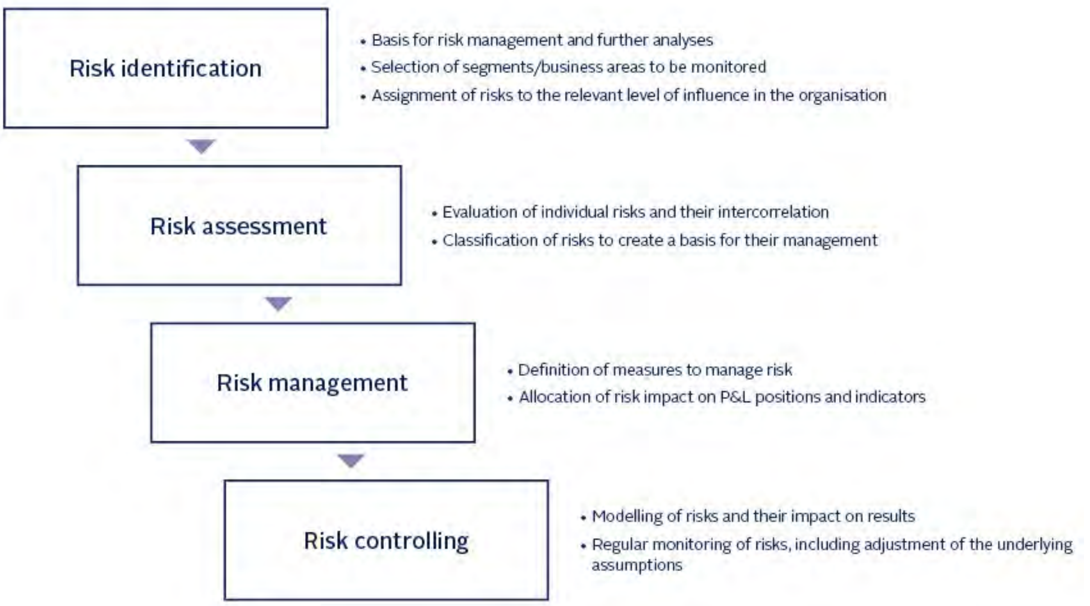


The Executive Board, as a whole, is responsible for risk management in the IMMOFINANZ Group and defines the corporate goals and related risk strategy.

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

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

Risk management process



Major market and property-specific risks

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

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

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

Major business and other risks

Description of risk	Effects	Measures
Strategic business risks	Increase in similar risks in the portfolio	Diversification by sector and region
	Capital market movements make it difficult to raise equity or debt	Balanced structure of equity and debt
	Loans for projects and transactions are not available	Medium-term planning, capital and liquidity management; investment grade rating provides access to new capital market segment
Financial risks	See note 7.2 to the consolidated financial statements	See note 7.2 to the consolidated financial statements
Legal and tax risks	Legal disputes with tenants, business partners, investors or public authorities	Continuous monitoring of legal developments, creation of provisions
	Changes in national tax schemes result in subsequent tax liabilities	Continuous monitoring of legal developments, compliance with disclosure requirements
Organisational risks	IT risks materialise, e.g. failure of technical systems, unauthorised data access or manipulation	Group-wide IT governance and compliance, continuous updating of security standards, penetration tests, connections to geographically separate back-up data processing facility, strengthen awareness among employees through specialised IT training
	Environmental risks, e.g. extreme weather conditions, natural disasters or man-made damages like ground contamination can result in damages to properties	Insurance to cover environmental damage
	HR risks like staff turnover lead to the loss of top performers or capacity bottlenecks	Personnel development and appropriate remuneration and bonus systems
	Compliance risks materialise, which can result in penalties and damage to the company's reputation	Strict compliance with legal regulations and regular training for employees
	Procurement risks, e.g. dependence on suppliers and subcontractor bankruptcies, can lead to supply shortages	Optimisation of supplier base, development of sourcing strategies, ongoing and comprehensive evaluation of suppliers
	Implementation of digitalisation strategy	Sufficient resources for individual projects, professional project management throughout the Group, proactive management of digitalisation process
Investment risks	Fluctuations in the fair value of the S IMMO investment	Continuous monitoring and evaluation
Environmental and social governance risks	Changes in the climatic conditions at the property locations lead to future expenses	An analysis of the standing investment portfolio based on climate models is planned; necessary adjustments will be made in connection with regular maintenance; development projects already reflect future climate conditions
	Today's commercial properties do not meet CO_2-neutrality standards	Further development of existing concepts, integration of new technologies
	Implementation of circular economy in the real estate sector creates major challenges for companies	Prevention of future contamination in new construction, integration of new technologies
	Attainment of material equality between women and men	Career advancement for women in the company, measures to improve the work-life balance
	Demographic developments require a focus on diversity and inclusion	Further development of the corporate culture, conscious approach to the issues of diversity and inclusion

Features of the internal control system

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

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

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

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

Opportunity and risk position in 2020

Overview of opportunities and risks as of 31 December 2020

COVID-19 (1)
The risk position during the 2020 financial year and at the beginning of 2021 was influenced by the COVID-19 pandemic and its impact on the real estate sector and the entire economy. In the retail business, the government-ordered temporary shutdown of commercial enterprises in the IMMOFINANZ core markets had a negative effect on rental income. The VIVO! shopping centers were hit harder than the STOP SHOP retail parks, which have very limited common areas and focus on everyday, cost-efficient products. In order to offset the temporary decline in rental income from the retail business on cash flow, the Executive Board introduced a cost savings programme in March 2020. It includes, among others, the postponement of non-essential investments and expenditures, the reduction of overheads and the renegotiation of supplier contracts. An unsecured, revolving corporate credit line was also arranged to give IMMOFINANZ greater financial flexibility. The office business was not affected by the government-ordered, temporary shutdowns, but most of these tenants followed the call to introduce home office as a measure to contain the pandemic. Tenants received support in returning to work with back-to-office plans that included room concepts, distance guidelines, disinfection, protective measures and access rules. A separate task force was installed to manage hygiene procedures for the common areas to ensure the safe use of office and retail space. Project development was faced with temporary limitations on construction and the resulting delays, which differed by country but were not material.

The COVID-19 pandemic was also responsible for price disruptions on the international capital markets, which were reflected in the development of the IMMOFINANZ share price. The annual low of EUR 11.50 was reached on 30 October 2020 (-51.9% versus the 2019 closing price). As a means of supporting the capital markets and the economy, the ECB resumed its bond purchase programme and injected additional liquidity into the banking sector. The European Union launched an assistance package for the countries most affected by the pandemic, and national governments implemented measures to increase household consumption and support companies. The outlook for the 2021 financial year shows that further negative macroeconomic developments and the negative effects of the crisis on Group results cannot be excluded. They involve, among others, a downstream wave of bankruptcies due to the expiration of government assistance. This potential increase in insolvencies is connected with the risk of a deterioration in the financing situation for companies. Banks affected by receivables write-offs could be lost as financing partners, which could lead to a dangerous shortage of liquidity on the capital market.

IMMOFINANZ took a proactive step in July 2020 to strengthen its equity through the placement of shares and a mandatory convertible bond. The EUR 500.0 million benchmark bond issued in October 2020 marked a further step by IMMOFINANZ to increase its financial flexibility and optimise the capital structure.

The expected long-term effects of the COVID-19 pandemic include, for example, changes in consumer behaviour and in the modern working world that will have an impact on the property solutions offered by IMMOFINANZ. In the retail business, this can range from more conscious purchasing behaviour to the avoidance of public areas. In the office business, the increased use of home office and the current recession can lead to changes in the demand for office space. The Executive Board sees IMMOFINANZ well positioned to address these challenges with its cost-efficient STOP SHOP and VIVO! retail concepts and its high-quality, innovative office solutions.

Macroeconomic conditions (2)
Private household consumption was a key driver for economic growth in the individual IMMOFINANZ core markets during the years prior to 2020. Rising unemployment and a growing shift towards savings had a negative effect on consumer spending in 2020, a development which government support measures – like short-time work – were unable to offset. However, the momentum in private consumption will play a decisive role in overcoming the economic effects of the pandemic. This is important for IMMOFINANZ, above all, in the retail business. In the office business, a longer recession or only slight recovery after the pandemic could lead to weaker demand and, as a result, to higher vacancies and/or pressure on rental levels.

Legal proceedings (3)
IMMOFINANZ has settled numerous historical legal disputes in recent years. The proceedings over restitution demands for the VIVO! shopping centers in Cluj and Constanța, Romania, are still in progress. There were no decisive changes in these proceedings during the past year.

Investments (4)
IMMOFINANZ AG acquired 19,499,437 bearer shares in S IMMO AG through share purchase contracts dated 18 April 2018. The transaction closed on 21 September 2018. The S IMMO share is listed in the Prime Segment of the Vienna Stock Exchange and is therefore exposed to market price risks. This material investment is included in the consolidated IFRS financial statements at equity. The S IMMO share lost 23.9% of its value during 2020 and closed the year at EUR 16.96. The decline represented an impairment trigger and led to a write-down of EUR 88.6 million to the investment. As of 31 December 2020, the carrying amount of the S IMMO investment equalled EUR 363.6 million, or 5.3% of IMMOFINANZ's total assets. The investment was not financed externally. The significant improvement in the price of the S IMMO share since 31 December 2020 provided objective indications of an increase in the value of this investment at the end of the first quarter of 2021. Therefore, an increase in the carrying amount of the investment up to the realisable amount of EUR 459.8 million (based on the closing price of EUR 21.45 on 31 March 2021) is possible as of 31 March 2021.

Valuation risks (5)
The pandemic has influenced property valuation through the general increase in risk and the subsequently higher market yields. The retail properties, in particular, were affected by this development. The external appraisals by CBRE reflected slightly higher market yields (increase of up to 50 basis points in the retail segment) as well as changed assumptions concerning re-rentals in the portfolio properties. Revaluation results for the 2020 financial year totalled EUR -166.5 million.

The COVID-19 pandemic led to an increase in market yields, above all in the retail segment, and consequently to the recognition of impairment losses. The 2020 recession and the expiration of government support measures could result in weaker demand for office space and an increase in yields during 2021.

IT risks (6)
IMMOFINANZ has set a goal to digitalise its corporate processes up to the customer. These projects are connected with corresponding risks, which are being addressed with professional project management. The projects scheduled for 2020 were realised as planned, and there are currently no indications of increased risk for the projects planned for 2021. Furthermore, the issues of data protection and cybersecurity represent a focal point of risk analysis. IMMOFINANZ not only addresses these issues through the involved systems, but also gives high priority to employee training. Corporate processes are also being optimised to guarantee the highest possible level of security. Based on the previously established procedures the risk for critical corporate processes can be considered very low.

Energy efficiency (7)

Energy efficiency in properties is crucial for the reduction of CO_2. IMMOFINANZ's goal is to identify opportunities for savings and continuously improve the portfolio with regard to energy efficiency and the contribution to climate protection. One project group is working to develop measures to make the portfolio climate-neutral over the long term. Preparations have also started to implement the EU's Taxonomy Regulation. The focus on energy-efficient properties and activities which are considered "sustainable" under the EU taxonomy will create numerous opportunities, for example in the areas of tenant satisfaction, financing, positioning on the capital market and the contribution to climate protection.

Climate and environmental risks (8)

Global warming leads to climate change over the long term and, in turn, creates challenges for real estate investors. These challenges include, for example, an increase in serious weather phenomena, like heavy rains, flooding, dryness, hail etc., which can cause damage to IMMOFINANZ's buildings and result in higher insurance premiums. However, climate change also makes it necessary to evaluate the site of every property in light of future conditions and to undertake necessary construction measures today. A further aspect involves the changing regulatory conditions in the real estate sector. The government goal to achieve CO_2 neutrality as well as new legal requirements, like the EU Taxonomy Regulation, require the further improvement of buildings and can question the viability of individual business areas. The goal to realise a circular economy against the backdrop of resource conservation represents a significant challenge for the real estate branch from the current point of view. At the same time, it creates competitive advantages for companies that can offer solutions to these issues.

Portfolio risks (9)

The overall occupancy rate for IMMOFINANZ's portfolio remained high at 96.0% as of 31 December 2020, which represents a decline of 0.8 percentage points since 31 December 2019. The occupancy rate equalled 93.7% (31 December 2019: 95.3%) in the office properties and was constant at a high 98.1% (31 December 2019: 98.3%) in the retail properties.

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 300.8 million (31 December 2019: EUR 177.5 million). The outstanding construction costs for these development projects totalled EUR 62.2 million as of 31 December 2020 (31 December 2019: EUR 111.9 million). The pipeline projects, including real estate inventories, had a carrying amount of EUR 191.8 million as of 31 December 2020 (31 December 2019: EUR 173.2 million).

Information on Equity

The share capital of IMMOFINANZ AG totalled EUR 123,293,795.00 as of 31 December 2020 (31 December 2019: EUR 112,085,269.00). It is divided into 123,293,795 (31 December 2019: 112,085,269) zero par value shares with voting rights, each of which represents a proportional share of EUR 1.00 in share capital.

Treasury shares

Holding of treasury shares

IMMOFINANZ held 6,998,228 treasury shares, representing a proportional share of EUR 6,998,228.00 or approximately 5.68% of share capital, as of 31 December 2020. As of 31 December 2019, IMMOFINANZ and its subsidiaries held a total of 11,208,526 treasury shares, representing a proportional share of EUR 11,208,526.00, or approximately 10.00% of share capital, on that date. Of this total, 1,500,000 shares were held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary, and 9,708,526 shares directly by IMMOFINANZ.

Transfer and placement of shares

A total of 1,500,000 treasury shares were transferred from IMBEA IMMOEAST Beteiligungsverwaltung GmbH to IMMOFINANZ in June 2020 through a distribution in kind.

IMMOFINANZ sold 4,210,298 treasury shares, representing a proportional share of approximately 3.41% in share capital, for EUR 15.31 per share through an accelerated bookbuilding process in July 2020. The proceeds from the shares sold in connection with this placement totalled EUR 64,459,662.38.

Development of treasury shares during the 2020 financial year

Date	Number of shares	Circumstances/authorisation	Proportional share of share capital as of 31 12 2020 in %	Sale price in EUR
December 2019	**11,208,526**		**9.1**	**n.a.**
July 2020	-4,210,298	Sale of treasury shares	3.4	64,459,662
December 2020	**6,998,228**		**5.7**	**n.a.**

Authorisations of the annual general meeting to purchase and sell treasury shares

The annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital during a period of 30 months. The shares may be purchased over the stock exchange or over the counter. The Executive Board was also authorised, with the consent of the Supervisory Board, to exclude the proportional subscription rights of shareholders.

The Executive Board was also authorised, with the consent of the Supervisory Board, to sell or use treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act during a period of five years, whereby the proportional subscription rights of shareholders can be excluded.

These authorisations for the purchase and sale of treasury shares replaced the previous authorisation from the 26th annual general meeting on 22 May 2019. They have not been used to date and are therefore available in full.

Authorised capital

The annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to § 169 of the Austrian Stock Corporation Act to increase the company's share capital by up to EUR 61,646,897.00 through the issue of up to 61,646,897 new shares in exchange for cash or contributions in kind. The authorisation is valid up to 29 October 2025. This authorised capital may be issued up to an amount of EUR 12,329,379.00, (i.e. 10% of share capital), also under the exclusion of subscription rights, e.g. in connection with a capital increase in exchange for cash contributions or contributions in kind as well as the fulfilment of greenshoe options or the settlement of peak amounts. The 10% limit also includes any new shares to be delivered in connection with the exchange and/or subscription rights of a convertible bond that was issued during the term of the authorised capital under the exclusion of subscription rights.

This authorisation replaces the previous authorisation from the 26th annual general meeting on 22 May 2019. It has not been used to date and is therefore available in full.

Change of control provisions

Convertible bond 2017–2024

In accordance with the issue terms of the convertible bond 2017–2024 (issued in January 2017), the conversion price will be reduced in line with the remaining term of the bond when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. The bondholders are also entitled to tender their securities and to demand immediate repayment at the nominal value plus accrued interest as of the respective date. Details on these provisions are provided in the terms and conditions for the convertible bond 2017–2024 (also see note 4.13 in the consolidated financial statements).

Corporate bonds 2019–2023 and 2020–2027

In accordance with the issue terms of the corporate bond 2019–2023 issued in January 2019 and the corporate bond 2020–2027 issued in October 2020, the bondholders are entitled under the following circumstances to terminate their bonds and demand immediate repayment at 101% of the nominal value plus accrued interest as of the respective date. This provision takes effect when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired and results in a mandatory takeover offer. Details on these provisions are provided in the issue terms of the bonds.

Mandatory convertible bond 2020–2023

In accordance with the issue terms of the mandatory convertible bond issued in July 2020, the bondholders are entitled to a special optional conversion when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. Bondholders who decide in favour of this special optional conversion are entitled to receive the number of IMMOFINANZ shares based on the conversion price as well as the value of the option right included in the mandatory convertible bond plus any accrued outstanding interest as defined in the issue terms. Details on these provisions are provided in the issue terms of the mandatory convertible bond 2020–2023 (also see note 4.13 in the consolidated financial statements).

Property financing

The property financing concluded by IMMOFINANZ and its subsidiaries generally includes standard market cancellation rights for the lenders in the event of a change of control.

Corporate credit line

IMMOFINANZ also concluded an unsecured, revolving corporate credit line of EUR 100.0 million. It includes a termination right in the event of a change of control. As of 31 December 2020, the corporate credit line had not been used and is therefore available in full.

Executive Board and Supervisory Board

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

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

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

Amendments to the articles of association, board appointments and dismissals

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

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

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

Significant holdings

Information reported to the company and directors' dealings reports show the following investments and attributed voting rights under stock corporation law which exceeded 4% of share capital as of 31 December 2020:

– S IMMO AG (through CEE Immobilien GmbH): 10.86% (based on a notification dated 27 March 2018)
– RPPK Immo GmbH*: 10.54% (based on a notification dated 29 January 2021)
– Tahoe Invest a.s. and WXZ1 a.s.: 7.48% (based on a notification dated 22 July 2020

* RPPK Immo GmbH, which is considered indirectly controlled by Ronny Pecik and Peter Korbačka pursuant to the Austrian Stock Exchange Act, held 13,000,000 shares and five certificates from the mandatory convertible bond 2020–2023 as of 31 December 2020. RPR Private Foundation, RPR Treasury GmbH, RPR Management GmbH and the Olympic Special Fund, each indirectly controlled by Ronny Pecik pursuant to the Austrian Stock Exchange Act, held a further 1,200,001 shares in total.
On 29 January 2021, IMMOFINANZ issued an ad-hoc press release to announce possible changes in the shareholder structure with regard to RPPK Immo GmbH.

Voluntary Consolidated Non-financial Statement for the 2020 Financial Year

The core business of IMMOFINANZ comprises the management and development of office and retail properties in selected countries in Central and Eastern Europe. As of 31 December 2020, the portfolio consisted of 208 properties with a total value of EUR 5.0 billion. In the office sector the company focuses exclusively on capital cities in its core countries and the major office locations in Germany, operating under its international myhive brand in addition to its other office properties such as single-tenant buildings. The office portfolio accounted for 64% of the total portfolio value at the end of the 2020 financial year and 49.6% of rental income from standing investments. In the retail portfolio expansion, IMMOFINANZ is focused on its STOP SHOP and VIVO! brands, which are primarily aimed at secondary and tertiary cities. The retail portfolio constitutes 34.3% of the total portfolio value and makes up 50.2% of rental income from standing investments. IMMOFINANZ's goal is the steady expansion of a high-quality commercial real estate portfolio generating strong returns. Further details can be found in the portfolio report.

GRI 102-1, 102-2, 102-4, 102-6, 102-7

myhive Nimbus – Biodiversity
Beehives positioned on several roofs

Highlights 2020

- We took swift and comprehensive action to support our tenants, employees and communities in facing the challenges presented by COVID-19.

- We expanded our successful myhive office concept, adding a range of flexible products. This enables our tenants to respond quickly to various requirements and increased levels of uncertainty. High-quality, standardised fit-out solutions also increase the average usage period for the facilities, irrespective of whether there is a change of tenant.

- We made a successful start with the certification of our STOP SHOP standing investments and received a BREEAM In-Use sustainability certification for the STOP SHOP in Lazarevac (Serbia).

- We once again increased the sustainable mobility offering at our locations and equipped all 14 of our STOP SHOP sites in Hungary with electric car charging stations. In December 2020 the roll-out began at our retail parks in the Czech Republic.

- We worked on our strategy to achieve long-term climate neutrality and increase the efficiency of resource utilisation in our portfolio, taking into consideration the ways in which we can best contribute to the European Union's aim of becoming climate-neutral by 2050. We will present the details of our strategy by the summer of 2021.

- We updated our materiality analysis and involved external stakeholders in the process. This helps to prioritise those ESG issues that are most important for our business model.

- For our non-financial reporting last year, we received a Silver Award from EPRA for the first time as well as the Most Improved Award.

COVID-19

COVID-19 and the measures taken to contain the pandemic also presented challenges for IMMOFINANZ, although there was no material detrimental impact on the business model. At the start of the crisis, numerous measures were immediately introduced to minimise the negative effects on the company to the greatest extent possible, support tenants during the difficult period and strengthen the Group's liquidity. IMMOFINANZ thereby positioned itself as a strong partner to its tenants, investors, employees, suppliers and other stakeholders during this time.

Individual solutions were developed with retail tenants to assist them in dealing with the crisis. IMMOFINANZ entered into agreements with all retailers for the first lockdown and reopening period and conducted discussions on the renewed partnership-based approach during the lockdowns at the end of 2020 and in the first quarter of 2021. In the office sector, individual tenants operating in industries that were particularly affected were likewise given temporary support.

An in-house task force worked on hygiene and protective measures for all common areas in order to ensure that office and retail space could be safely used. Safety concepts and guidelines (for example with respect to ventilation) were promptly issued, the cleaning frequency was increased and protective masks and disinfectant were made widely available. Back-to-office plans were also developed, with a focus on concepts for space utilisation, distancing rules, disinfection, protective measures and access rules.

Overall, the crisis did not result in any significant changes to IMMOFINANZ's business model, as the pandemic largely accelerated trends that were already underway. In the office sector it gave impetus to digitalisation and strengthened the desire for flexibility among tenants. IMMOFINANZ is very well-positioned for this with its flexible myhive office products. In retail, on the other hand, the temporary closures affected almost all segments, although discount retailers performed significantly better due to increasing price consciousness on the part of consumers. This development is also reflected in our cost-efficient retail formats. Further details can be found in the portfolio report, beginning on page 20.

About this report

IMMOFINANZ has not been required to prepare a consolidated non-financial statement/consolidated non-financial report pursuant to § 267a of the Austrian Commercial Code since the 2019 financial year, on the basis of § 267a (1) of the Austrian Commercial Code. As a company of public interest, IMMOFINANZ nevertheless voluntarily issues a non-financial statement in accordance with § 267a of the Austrian Commercial Code.

Non-financial performance indicators

Non-financial performance indicators (pursuant to § 267 (2) of the Austrian Commercial Code) are reported as part of the consolidated non-financial statement.

The following table provides an overview of where the non-financial performance indicators required pursuant to § 267 (2) of the Austrian Commercial Code, including environmental and employee issues, can be found. It also indicates where the corresponding information from the voluntary non-financial statement pursuant to § 267a of the Austrian Commercial Code is reported. Recognised frameworks are used in order to meet the legal requirements. Further information on the frameworks utilised can be found in the section on reporting standards (page 67).

Report scope and coverage

This report covers IMMOFINANZ AG and all consolidated subsidiaries (see section 8 of the consolidated financial statements). The portfolio comprised 208 properties (including assets held for sale) at 31 December 2020; 157 properties are included in the NFI reporting, as there is an established monitoring system for these properties. They are included in the reporting in accordance with the financial control principle.

GRI 102-6, 102-7, 102-45

Reporting standards

The key indicators reported are based on the Sustainability Best Practices Recommendations Guidelines (2017) issued by the European Public Real Estate Association (EPRA). The selected indicators are listed in the index on page 100 of the non-financial report. This report references selected GRI Standards, the details of which are given in the GRI index. The non-financial reporting in the 2019 annual report received the EPRA Sustainability Best Practices Recommendations Silver Award and the Most Improved Award.

GRI 102-54

Performance indicators

The goal for the current financial year is to further expand the data used for the non-financial performance indicators in order to support future development of meaningful quantitative targets. On this basis we will also set additional specific targets relating to the development of non-financial performance indicators.

Environmental indicators – portfolio

The information presented shows the portfolio by asset class (office and retail). The indicators cover 63 properties in the office sector with space of approximately 1 million sqm and 105 properties in the retail sector with space of approximately 800,000 sqm. Due to variations in data availability, it is currently not possible to provide an exhaustive overview of consumption indicators. The number of buildings included is therefore shown as a coverage rate in the respective tables. The consumption data for energy and water is based on invoices from the utility providers. Due to partial unavailability of data as of the 31 December reporting date, some estimations based on prior-year figures were used for the 2020 energy indicators. The proportion of data that has been estimated is given as a percentage in the respective tables.

IMMOFINANZ reports the water and energy consumption of the owner (IMMOFINANZ). If tenants obtain energy or water directly from the utility company, this is not reflected in the consumption figures due to lack of access to this data. The consumption levels are also shown as intensity values to facilitate data comparability. For this purpose, leased space is used in the report, as this provides a uniform indicator for various types of building usage.

Environmental indicators – own office buildings

The consumption figures for the operation of IMMOFINANZ's own office buildings are also reported, in separate tables, on page 106. The business premises are largely owned by IMMOFINANZ and usage is shared with tenants. IMMOFINANZ's own consumption is not invoiced separately at present; the data is therefore an estimation, based on tenant consumption and the percentage of total space utilised by IMMOFINANZ. Buildings which are let to third parties cannot currently be included in the information presented due to lack of access to the consumption data. An expansion of the monitoring system is currently in progress. The total office space used by IMMOFINANZ forms the basis for the reported intensity values.

CO_2 footprint

The CO_2 footprint calculation is based on the GHG Protocol Corporate Standard. Emissions are stated in CO_2-equivalent terms. The CO_2e factors for electricity were taken from publicly available sources, including the European data from the Association of Issuing Bodies (AIB) for the Country Production Mix. For the calculation of Scope 2 emissions in accordance with the market-based method, a corresponding data system for collecting reported CO_2e per electricity provider is under development. Publication of this calculation method is planned in the next financial year. Emissions from the burning of natural gas are in line with the default value contained in the Intergovernmental Panel on Climate Change (IPCC) guidelines published in 2006 (and the 2019 refinement), the IPCC National Greenhouse Gas Inventories Program and the corresponding emission figures published by the IPCC. For the vehicle fleet, the current emission factors published by the Austrian Environment Agency are used. District heating supply is not covered in this CO_2e calculation due to lack of data availability.

Employee indicators

All indicators in the employee section are stated based on the headcount at all fully consolidated companies as of 31 December (excluding the Executive Board, employees on parental leave, interns and young professionals). If an indicator is calculated on a different basis, this is shown in a footnote. The data underlying the calculation of the indicators is produced by the IMMOFINANZ employee management programme.

External audit

This report has not undergone an external audit.

GRI 102-56

Sustainability at IMMOFINANZ

Our approach to sustainability

IMMOFINANZ is one of the leading commercial real estate specialists in Central and Eastern Europe and an active portfolio manager of over 200 office and retail properties. The size of this portfolio gives rise to a particular responsibility for us – in economic, social and ecological terms – towards our stakeholders, the environment and society. Our business model is therefore oriented towards long-term, sustainable value creation in line with environmental, economic and social considerations.

The corporate Code of Conduct forms the basis for exercising our responsibility and for all business activities and decisions within the company. It sets out the fundamental approach and values for responsible corporate governance at IMMOFINANZ.

IMMOFINANZ views itself as a partner to its stakeholders and is above all committed to its tenants and their customers with the assurance of quality and safety. Sustainability factors are incorporated in the planning, construction and operation of our properties in order to meet the needs of our stakeholders and to minimise the environmental impact through business activities. The constant reduction in the CO_2 footprint of our portfolio, through usage of environmentally friendly technology and the systematic improvement of the portfolio's energy efficiency, constitutes part of our sustainability strategy.

IMMOFINANZ is currently working intensively on measures and the formulation of quantitative targets to achieve long-term climate neutrality in its portfolio and has the objective of continuously improving the portfolio's resource utilisation efficiency. It is planned to present this strategy by the summer of 2021. We aim to act as a strong partner to our customers and to support them by taking joint measures with respect to the impact from COVID-19.

Our employees are the foundation of our activities. They bring our values to life and their commitment guarantees a high level of customer satisfaction. We aim to create a work environment based on openness and mutual respect throughout the Group. Especially in times of overall uncertainty, our positioning as a stable employer that is resilient to crises is particularly important.

Integration of sustainability in governance processes
The Executive Board is responsible for IMMOFINANZ's strategic direction and sustainable company performance. The Supervisory Board supports and advises the Executive Board. Details on the composition, working practices and sustainability expertise of the Supervisory Board members are provided in the Corporate Governance Report beginning on page 8.

The sustainability management strategic focal points are based on the materiality analysis conducted in 2020 (see pages 71–72).

Establishment of the ESG committee
An ESG committee was established at the beginning of 2021 in order to improve management of the individual sustainability issues and initiatives. It comprises experts from various areas, including Asset Management, Development, Human Resources, Procurement, Compliance, Risk Management, Country Execution, Investor Relations & Corporate Communications and Finance. The committee holds regular meetings at which current projects and issues are discussed, and ways of on improving the communication relating to sustainability across the entire Group and the further development and optimisation of the company's sustainability strategy are worked on. Updates are provided to the Executive Board at least on a quarterly basis and to the Supervisory Board at least once a year. On IMMOFINANZ's Executive Board, the COO Dietmar Reindl is responsible for sustainability issues and individual projects are approved by the Executive Board in its entirety. Measures are implemented on an operational level in the day-to-day business by the respective area and country heads and their employees. They report progress and results to their managers and monitor achievement against targets.

GRI 102-20

Our stakeholders
IMMOFINANZ's core business comprises leasing and management of office and retail properties, development projects and the sale of properties. As a result, it involves fundamental human needs but there is also an associated impact on the environment and society. Ongoing communication and the acceptability of the business to our various stakeholders is very important for the commercial success of our business model. We actively factor their views and concerns into the orientation of our business and the further development of our product offering.

Our key stakeholders, based on regularly conducted stakeholder analyses, are tenants, their employees and the visitors to our retail properties, potential tenants, employees, shareholders, investors and analysts, buyers and sellers of commercial property and policymakers at local and federal level. Other interest groups include suppliers and service providers, banks and the media. We identified the stakeholders in the materiality analysis conducted in 2017 and in the materiality analysis update in 2020. Additionally, stakeholders are also defined in numerous other internal projects.

We maintain regular contact with our tenants, which was particularly intensive due to the COVID-19 pandemic and the partnership-based management of the crisis. We also conduct annual surveys and factor the concerns and preferences of our tenants into the further development of our product offering. The ongoing dialogue with our employees includes surveys, annual employee performance reviews, diverse workshops, an active intranet platform and the open-door policy practiced within the Group.

Property buyers and sellers expect us to have swift decision-making processes and to act in a dependable and prudent manner. We treat both groups with integrity as a partner. We typically provide information to our shareholders, investors, analysts, rating agencies and lending banks a number of times per year in a transparent and comprehensive manner and maintain an open and constructive dialogue with them. We undertake extensive public relations work, conduct regular meetings with the press and always aim to respond to enquiries as swiftly as possible.

There is close contact with our suppliers and service providers, particularly in relation to structuring and executing contracts. Policymakers, especially at local level, are important partners in the implementation of construction-related measures and development projects. In this area IMMOFINANZ maintains professional contact with all participants and aims to take the concerns of the population as well as the respective overall urban development into consideration.

GRI 102-2, 102-40, 102-42

Membership of associations, support of external initiatives and working with universities

IMMOFINANZ is involved in a number of initiatives, associations and organisations in the real estate sector and economy, which focus their activities on the further development of standard setting in the sector, training, research and representation of interests.

We are a member of bodies including: Aktienforum (the Austrian Equity Forum), Austrian Council of Shopping Centers, Austrian Proptech Initiative, CercleInvestor Relations Austria, EPRA European Public Real Estate, Handelsverband Retail Association Austria, Federation of Austrian Industries, Institut für interne Revision (Austrian Institute for Internal Audit), Leading Companies Austria, IG Lebenszyklus Bau (life-cycle construction), Österreichisches Controller Institut (the Austrian Controller Institute), Polish Council of Shopping Centers, PRVA – Public Relations Verband Austria, RICS – Royal Institution of Chartered Surveyors and Vereinigung österreichischer Projektentwickler (the Association of Austrian Project Developers).

Additionally, we have entered into a research and development agreement with the Vienna University of Technology (TU Wien). The project “Establishing the Nexus of Human Comfort and Sustainability in Work Environments” is dedicated to climate change and the topic of how office users can be motivated to utilise resources more sustainably. The TU Wien is also working together with the Stanford University department of Mechanical Design in this respect. Furthermore, we are also working in collaboration with the Fachhochschule Vienna of the Vienna Chamber of Commerce, Austria’s leading university of applied sciences for management and communication, as well as with the Higher Technical College in Wiener Neustadt.

GRI 102-12, 102-13

Materiality analysis

The materiality analysis serves as a means of focusing the non-financial reporting on the key issues. It also provides guidance for further developing the management of non-financial factors. As part of the 2020 materiality analysis, IMMOFINANZ determined which topics are of particular importance to its stakeholders and the company. The results from the previous analysis conducted in 2017 formed the basis for the process. In an internal expert workshop held in order to specify and assess economic, environmental and social impacts, management from all business areas reviewed the previous material issues to evaluate their current applicability and relevance and identify missing focal points.

Engagement with internal and external stakeholders

In a second step, stakeholders were engaged in the process. Stakeholder interests (internal/external) were determined with the help of a web-based questionnaire. In total, 550 people took part in the survey in December 2020.

Materiality analysis results

The respondents evaluated 26 issues in total, with the issue of customer satisfaction ranking as especially relevant. The analysis enabled the previous material issues to be re-confirmed and supplemented with additional issues. These related to: sustainable value creation, incorporation of sustainability in governance processes, innovation in development projects, renovations and services, tax integrity, climate neutrality, ecological construction and renovation, building design and life cycle management and cooperation with local communities. These will gradually be integrated into the future reporting. In addition to prioritising the issues, the respondents had the opportunity to freely express their specific expectations.

Both the quantitative and qualitative results were discussed and finalised in a workshop by the project team, which comprised members of the ESG committee, their employees and external advisors. To conclude, the material issues were presented to and approved by the Executive Board.

GRI 102-43, 102-44, 102-46, 102-49

Material issues for IMMOFINANZ

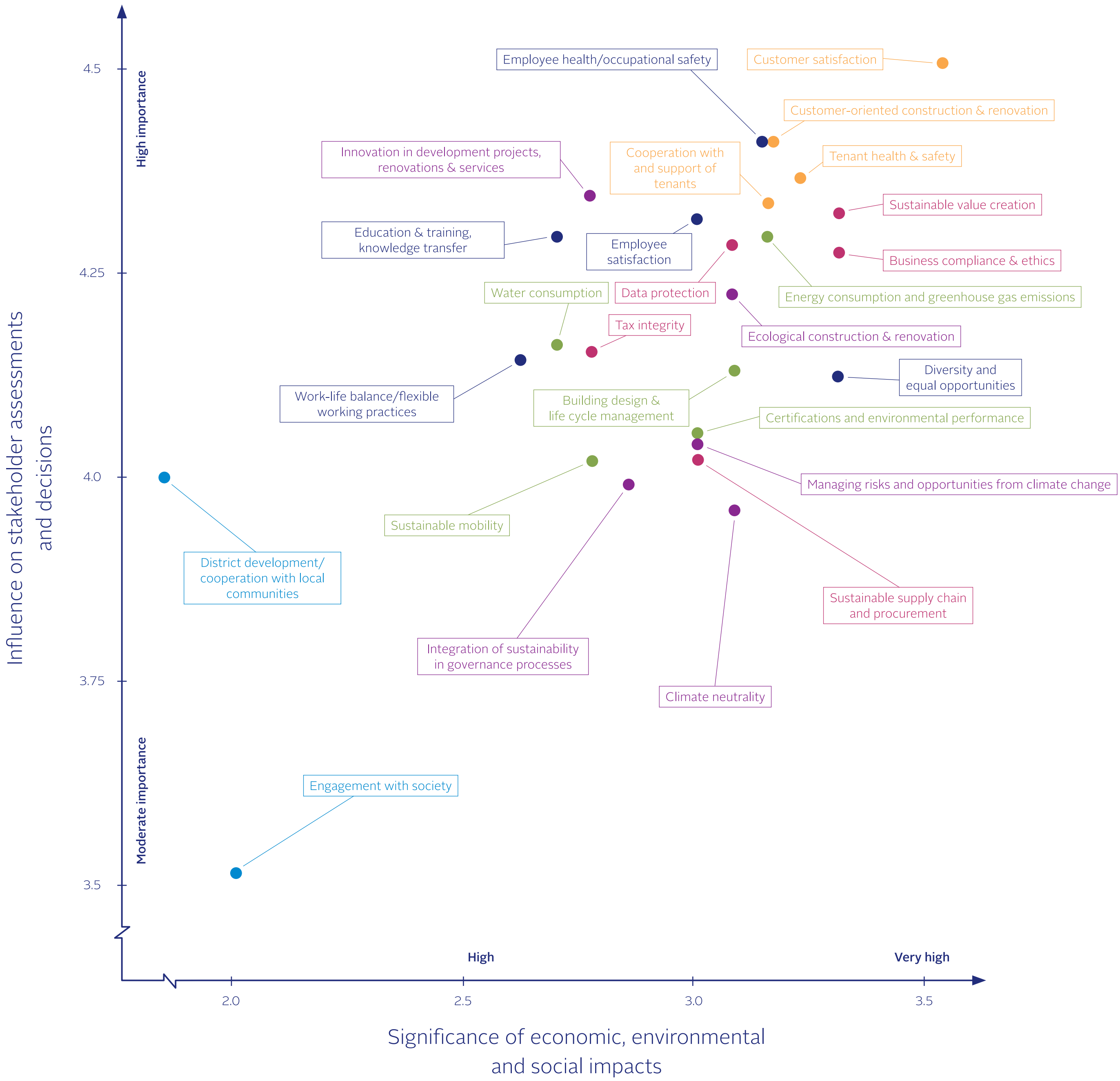
- Managing risks and opportunities from climate change
- Climate neutrality
- Ecological construction & renovation
- Sustainable mobility
- Sustainability certifications and environmental performance
- Energy consumption and greenhouse gas emissions
- Building design & life cycle management
- Water consumption
- Tenant health & safety
- Customer-oriented construction & renovation
- Cooperation with & support of tenants
- Customer satisfaction
- District development / cooperation with local communities
- Education & training, knowledge transfer
- Employee health / occupational safety
- Work-life balance / flexible working practices
- Diversity and equal opportunities
- Employee satisfaction
- Business compliance & ethics
- Data protection
- Sustainable value creation
- Sustainable supply chain and procurement
- Engagement with society
- Integration of sustainability in governance processes
- Innovation in development projects, renovations & services
- Tax integrity

GRI 102-47

Materiality matrix

The y-axis shows the extent of the influence on stakeholder assessments and decisions. The x-axis shows the significance of the economic, environmental and social impacts that result from IMMOFINANZ's activities.

Materiality matrix



Cluster

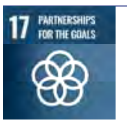
- Company
- Business model and innovation
- Employees
- Tenants
- Green buildings and environment
- Society/stakeholders

Sustainability management in terms of Sustainable Development Goals

The global challenges of sustainable economic activity can only be resolved through worldwide cooperation. The United Nations defined 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development, with the objective of making the world a place in which activities are conducted in an environmentally sustainable, socially just and economically efficient manner. This action plan has the commitment of 193 countries. We as IMMOFINANZ are also committed to the SDGs.

IMMOFINANZ is fully aware of its responsibility and is making continual progress on the SDGs that relate to the core business. We as IMMOFINANZ have identified the following SDGs for our core activities:

In order to show the basis for measuring the SDGs, we have linked selected sub-goals to GRI indicators and also identified our main areas of action, which we address in more detail in the following sections.

SDG	Sub goal	Indicator	Area of activity
	**3.9** Significantly reduce the number of fatalities and illnesses due to hazardous chemicals as well as pollution and contamination of air, water and soil by 2030	**305-2** Energy indirect GHG emissions (Scope 2)	Energy management Energy efficiency
	**7.2** Significantly increase share of renewable energy in energy mix by 2030 **7.3** Double the rate of energy efficiency improvement by 2030	**302-1** Energy consumption within the organisation **302-2** Energy consumption outside of the organisation	Energy management Mobility Green buildings and infrastructure
	**8.5** Achieve full productive employment and dignified work for all women and men, including young people and people with disabilities, as well as equal remuneration for equivalent work by 2030	**102-8** Information on employees and other staff **404-1** Average hours of training per year and employee **404-2** Programs for upgrading employee skills and transition assistance programs	Training and education, knowledge transfer Employee satisfaction
	**9.1** Establish high-quality, reliable, sustainable and durable infrastructure, including regional and cross-border infrastructure, to support economic development and human welfare with a focus on affordable and equal access for all **9.4** Modernise the infrastructure by 2030 to make it sustainable, with more efficient resource usage and increased utilisation of clean and sustainable technology	Key performance indicator under development	Energy management Mobility Water consumption Green buildings and infrastructure
	**13.2** Integration of climate protection measures in strategies and planning **13.3** Improve information and awareness as well as staff and institutional capacities in the area of climate change mitigation and adaptation, reducing climate impact and improving early warnings systems	**CRE3** Intensity of greenhouse gas emissions from buildings **413-1** Operations with local community engagement, impact assessments and development programs	Energy management Mobility Energy efficiency CO_2 footprint
	**17.1** Strengthen mobilisation of domestic resources	**204-1** Proportion of spending on local suppliers	Sustainable value creation Sustainable procurement

GRI 102-12

Responsibility towards the environment

IMMOFINANZ places emphasis on responsible treatment of natural resources, utilisation of environmentally friendly technologies, a consistently pursued energy saving strategy, renovation of buildings worthy of preservation and the construction of efficient new properties. The main issues in this area include increasing sustainability certifications, sustainable energy management, the development of a long-term strategy to achieve climate neutrality, ecological construction, renovation and building design and life cycle management.

Material topics for IMMOFINANZ	Description	Sustainability and Diversity Improvement Act issues
Managing risks and opportunities from climate change	Consideration of physical and transitional risks and opportunities from climate change in relation to IMMOFINANZ's activities. This includes analysis of measures to adapt to climate change effects on the portfolio and consideration of potential changes in regulatory requirements and analysis of technological developments.	Environmental issues
Climate neutrality	Reduction of IMMOFINANZ's contribution to climate change through decarbonisation of the business model with the goal of reaching climate neutrality.	Environmental issues
Ecological construction & renovation	Sustainable portfolio orientation with the focus on project development and renovation, taking into account ecological criteria such as energy efficiency, materials and energy types used, thermal insulation and heat recovery.	Environmental issues
Sustainable mobility	Integration of transportation concepts in project planning and management, e.g. public transportation links and e-charging stations in the immediate or close vicinity.	Environmental issues
Sustainability certifications and environmental performance	Certifications for standing investments and development projects which include ecological, economic and social aspects in equal measure in the assessment, e.g. BREEAM, LEED.	Environmental issues
Energy consumption and greenhouse gas emissions	Relates to energy consumption and emissions in planning and construction, in the portfolio's operations and the own consumption of IMMOFINANZ's administrative buildings. Other GHG emissions come from employee mobility, for example.	Environmental issues
Building design & life cycle management	Concepts for buildings and facilities taking into account the impacts throughout the life cycle. This includes materials selection and consideration of the resource consumption during operation and at the end of the life cycle (disposal/recycling).	Environmental issues
Water consumption	Quantity of water used for building operation (e.g. drinking water, irrigation, process water).	Environmental issues

In total, 40% of the energy consumption in the European Union and 36% of greenhouse gas emissions are attributable to buildings. This is distributed mainly across the construction, utilisation, renovation and demolition phases. Improving the energy efficiency of buildings is therefore critically important for achieving the ambitious goal set out in the European Green Deal of becoming climate neutral by 2050. The real estate sector consequently has great potential to contribute to climate protection. Consistent reduction of energy consumption, improving energy efficiency in the portfolio and reduction of CO_2 emissions therefore play a key role in the energy transition. The management and development of our portfolio takes this responsibility into account. We focus on pre-emptive measures, usage of environmentally friendly technologies and the continuous, consistent improvement of the environmental efficiency of our company. This reduces operating costs and emissions and contributes to environmental protection and tenant satisfaction. We thereby ensure that we are able to provide attractive real estate solutions for tenants and investors as well as a sustainable business model.

IMMOFINANZ collects and analyses consumption data and resulting CO_2 emissions from its portfolio as described on the following pages. This data forms the starting point for monitoring the portfolio, on the basis of which technical buildings and energy audits are conducted and measures for improving efficiency are taken. The data also serves as the basis for all measures taken to achieve long-term climate neutrality for the portfolio.

Before new activities or projects are commenced, the environmental impacts are evaluated, and the results of this evaluation are taken into account in the decision-making process for ecological construction and renovation. We plan to progressively increase sustainability certifications for development projects and standing investments. The certifications reduce environmental risks and help to increase the degree of more environmentally friendly space utilisation as well as improving efficiency.

GRI 103-1, 103-2, 103-3

Potential risks to the environment and society

The increased incidence of weather anomalies and extreme weather events is, in the view of the vast majority of scientists, due to climate change. The main cause is greenhouse gas (GHG) emissions generated by people. Information is also provided on this topic in the risk report, beginning on page 54. As buildings are a major producer of these emissions, IMMOFINANZ takes measures on an ongoing basis to ensure and improve the energy efficiency of its standing investments, which serve to facilitate better adjustment to climate change. With respect to development projects, we are responding to this challenge by employing resources efficiently and taking potential climatic changes into consideration at an early stage. This is put into effect, for example, through targeted creation of green spaces, usage of insulating construction materials which prevent heat loss and have a cooling effect, architectural features providing shade, etc. In development projects or modernisations, usage of construction materials containing harmful substances may additionally cause environmental damage. In this area, IMMOFINANZ ensures sustainable construction and careful selection of its business partners by means of highly standardised construction and fittings specifications.

GRI 102-15

Impact of the COVID-19 pandemic

In the retail and office sectors, in addition to the overall cost saving measures, demand for energy and water was lower as a result of temporary closures of business premises due to the pandemic and increased remote working. The environmental indicators therefore show a reduction in electricity consumption (-11%), district heating consumption (-3%), gas consumption (-13%) and water consumption (-18%) on a like-for-like basis for the portfolio (percentages have been rounded).

Approach to climate risks and opportunities

Please see the risk report (pages 57 and 61).

Reduction of energy consumption and greenhouse gas emissions

Energy efficiency does not only depend on the building. In the properties managed by IMMOFINANZ, energy consumption is instead strongly driven by tenant behaviour and therefore lies to a large extent within their responsibility. IMMOFINANZ provides support with respect to efficient behaviour, including by means of communications. For the purposes of ongoing energy efficiency optimisation, the standing investment portfolio underwent a Technical Building Audit, the components of which include energy audits and health & safety audits. The aim is to identify any causes of higher energy consumption and derive related measures.

Following the audit of 15 standing investments in the 2019 financial year, 28 standing investments were audited as planned in the 2020 financial year with rentable space of approximately 243,000 sqm in Romania, Croatia, Austria and the Czech Republic. Structural and technical building optimisation measures were subsequently implemented and supported by energy analyses. In the 2021 financial year it is planned to audit at least 20 further standing investments.

Ongoing energy management is undertaken in cooperation with the property and facility managers. Energy management essentially comprises the regular services in the day-to-day operations (e.g. energy controlling), the development of optimisation proposals and the implementation of measures. Energy audits based on ÖNORM EN 16247 are conducted regularly. IMMOFINANZ's goal is to continually reduce resource consumption by means of energy saving measures and efficient energy utilisation while maintaining or improving the quality of building usage. Potential energy saving measures are regularly evaluated and implemented in the process. Examples include the conversion to LED lighting and the replacement of cooling systems.

The expansion of energy data management enabled the coverage rate, in terms of building space covered by the data, to be increased by 29%. Consequently, total energy consumption compared to the prior year was up 12.5%, although this was proportionally lower than the increase in space. Energy consumption for electricity, gas and district heating (like-for-like) was, however, 10% below the level of the prior year due to significant savings in the office sector and the COVID-19 pandemic. Total energy consumption in 2020 comprised 66% electricity, 16% district heating and 19% natural gas (percentage amounts are rounded). Details on energy consumption can also be found in the table on pages 78–79.

Following the installation of a photovoltaic system for the first time on the roof of a STOP SHOP retail park in Austria in the 2019 financial year, another installation at a retail park in Slovakia took place in 2020. In the next step, the most extensive installation of PV systems possible was initiated at the Austrian STOP SHOP property. Further roll-out of this measure to as many locations as possible in the other countries is currently a factor in the development of detailed long-term targets for achieving climate neutrality in the portfolio. IMMOFINANZ furthermore continually evaluates other possibilities for energy reduction and usage of alternative energy sources with a lower CO_2 impact.

We have begun to operate non-potable water usage facilities in the portfolio. As a result, rainwater is being used for irrigation at individual STOP SHOP sites. A further roll-out of these measures is planned. In addition, there are plans to conduct the first test pilot for an urban forest project based on the Miyawaki afforestation method at a STOP SHOP in the 2021 financial year. This is a method for creating a small city forest, which was developed by the Japanese botanist Akira Miyawaki. It involves planting a variety of indigenous plants closely together, so that they only receive sunlight from above and consequently grow upwards more strongly than outwards. In addition to creating small city forests for the population, the main objectives are the preservation of biodiversity as well as improvement of air quality and the water holding capacity of the soil. Based on the experience gained in the pilot project, a further roll-out of this initiative is also planned in the portfolio.

CO_2 footprint and climate neutrality – long-term strategy under development

The real estate sector contributes to the generation of greenhouse gases primarily as a result of the energy consumed in the construction and operation of properties. At the same time, the requirements for equipping and constructing properties are also evolving due to climate change. When constructing buildings today, it must be ensured that they can cope with the impact from global warming while minimising their own CO_2 emissions.

The quantity of CO_2 emissions from the energy consumption of the properties is already offset in Austria in full by means of carbon offset credits and in part in Romania and Slovakia. In total in 2020, around 23% of the energy consumption was offset by credits. We intend to further expand this offsetting. Since the start of 2021, the total energy requirement in the Czech Republic has also been offset by the purchase of carbon credits with the EKO Gold Label. This not only involves proof of origin – additional quality criteria are also met. In addition to offsetting, reducing energy requirements, purchasing physical green electricity and our own production as well as the employment of efficient technologies also form part of our strategy for sustainable reduction of CO_2 emissions.

The CO_2 footprint of the portfolio is shown on pages 80–81. In the portfolio, the tenants' consumption (water, district heating, electricity, etc.) is paid for within their overall rent (individual consumption figures per tenant are not available). This also affects the CO_2e calculation; for this purpose, the energy data is apportioned per sqm and included in this form in the calculation. The emissions are therefore classified as indirect emissions (Scope 3). The increase in the coverage rate for the portfolio and therefore the data collected for 2020 results in an overall increase in the CO_2 footprint compared to the prior year. However, in relation to square meters of rentable space, the CO_2 intensity remained stable. The CO_2e factors for electricity were taken from publicly available sources, including the European data from the Association of Issuing Bodies (AIB) for the Country Production Mix. For the calculation of Scope 2 emissions in accordance with the market-based method, a corresponding data system for collecting reported CO_2e per electricity provider is under development. Publication of this calculation method is scheduled for the next financial year.

Further development of our energy and sustainability management is a strategic goal for the coming years. In 2021, the focus will be on the implementation of measures already underway, building on the further expansion of consumption data monitoring for our portfolio. In addition, a project group is developing a long-term strategy for achieving climate neutrality for the portfolio. This will contain targets and timing that can be precisely quantified, including targets for reaching climate neutrality, the reduction of energy and water consumption, the expansion of our own electricity generation from renewable energy sources (primarily photovoltaic) and the reduction of non-recyclable waste. Furthermore, IMMOFINANZ believes that taking into account the resource consumption in the portfolio and at the end of the life cycle of a building plays an important role in becoming climate neutral. This area is currently being developed. IMMOFINANZ is also a member of IG Lebenszyklus Bau (life-cycle construction).

Water consumption

Reduction of water consumption to the necessary levels required and the elimination of wasteful water usage are an important factor for the improvement of IMMOFINANZ's resource utilisation efficiency. Water consumption within a building is strongly dependent on tenant behaviour and can only be influenced by IMMOFINANZ to a limited extent. However, measures are being developed with property and facility managers to decrease consumption volumes. For example, wash basins have been upgraded by fitting aerators, which reduce the volume of water flow.

In addition, medium- and long-term quantitative targets for reducing water consumption in the portfolio are currently being developed, with implementation scheduled to begin during the course of 2021.

Total water consumption rose by 13.5% in 2020 compared to the prior year due to the improvement in data collection, which is reflected in the 29% increase in the coverage rate. Consumption per square meter of rented space was reduced by 9%. Details are provided on pages 80–81. Water intensity in relation to own consumption was 10% higher. The rise was due to increased cleaning activities to minimise contagion risk as a result of the COVID-19 pandemic.

Mobility

IMMOFINANZ is responding to the steadily rising demand from tenants for sustainable mobility options. Actions taken include installation of charging stations for e-vehicles and weather-proof bicycle storage facilities at all myhive office locations. In addition, there are cooperation arrangements with providers of car-sharing, scooters, e-bikes and e-scooters at the local level. Surveys on mobility specific to the respective location are used as a basis for further optimisation of the mobility offering. A survey was carried out, for example, in 2019 at the myhive am Wienerberg office location in Vienna, which is the workplace of more than 3,000 employees. In 2020 the sustainable mobility offering at our sites was increased once again and all 14 STOP SHOP locations in Hungary were equipped with electric car charging stations. The rollout began in December 2020 at our retail parks in the Czech Republic.

IMMOFINANZ also supports the sustainable mobility of its employees, for example with free-of-charge annual public transport tickets.

Sustainable energy management[1]

EPRA/GRI Code	Unit	Indicator	Scope
Total energy consumption			
GRI 302-2 (2016)	kWh	Energy	Total landlord-obtained energy[3]
	Coverage in %		
Electricity consumption			
Elec-Abs	kWh	Electricity	Total landlord-obtained electricity[3]
	% from renewable sources		
	Coverage		
	Share of projections in %[4]		
Elec-LfL[5]	kWh	Electricity	Total landlord-obtained electricity[3]
	Coverage		
	Share of projections in %[4]		
District heating/cooling consumption			
DH&C-Abs	kWh	District heating	Total landlord-obtained district heating[3]
	% from renewable sources		
	Coverage		
	Share of projections in %[4]		
DH&C-Lfl[5]	kWh	District heating	Total landlord-obtained district heating[3]
	Coverage		
	Share of projections in %[4]		
Fuel consumption			
Fuels-Abs	kWh	Natural gas	Total landlord-obtained natural gas[3]
	% from renewable sources		
	Coverage		
	Share of projections in %[4]		
Fuels-Lfl[5]	kWh	Natural gas	Total landlord-obtained natural gas[3]
	Coverage		
	Share of projections in %[4]		
Energy intensity			
Energy-Int CRE1	kWh/sqm	Energy per square meter of rented space	Total landlord-obtained energy[3]
	Rented space (in sqm)		

[1] Energy consumption data is based on current information from invoices; presentation of exact data for all buildings as of the reporting date is not possible due to different invoicing/accounting periods.
[2] Data quality was improved in 2020 by expanding the volume of recorded data (Elec-Abs, DH&C-Abs, Fuel-Abs, Water-Abs). A comparison between 2019 and 2020 is therefore not possible, with the exception of energy intensity per sqm.
[3] Due to limited data availability, a classification of consumption levels according to common areas and leased space is not included. The consumption levels include common areas and leased space and are reflected in "Total landlord-obtained". It is planned to expand this data in the 2021 financial year.
[4] "Share of projections (in %)" for 2020 is calculated based on consumption instead of months; this methodology has the advantage of facilitating comparison to total consumption.
[5] The presentation of "LfL % from renewable sources" is under development. It is planned to report this for the first time in 2021.

Total portfolio consumption			thereof office			thereof retail		
2020[2]	2019	Change in %	2020[2]	2019	Change in %	2020[2]	2019	Change in %
418,255,456	371,682,239	12.5	247,003,194	291,693,270	-15.3	171,252,261	79,988,969	114.1
96.3	*67.6*		*100.0*	*97.8*		*86.7*	*31.7*	
274,910,425	236,248,060	16.4	140,712,076	173,439,970	-18.9	134,198,349	62,808,090	113.7
6.1	*n. a.*		*10.0*	*n. a.*		*0.2*	*N .a.*	
149/168	*99/170*		*62/63*	*66/68*		*87/105*	*33/102*	
5.3	*14.5*		*8.6*	*14.2*		*1.7*	*15.2*	
214,581,422	241,649,300	-11.2	103,736,962	132,993,143	-22.0	110,844,460	108,656,157	2.0
126/153			*41/46*			*85/99*		
2.2	*11.4*		*2.2*	*15.6*		*2.1*	*15.6*	
65,074,479	66,080,442	-1.5	55,329,145	62,077,504	-10.9	9,745,334	4,002,938	143.5
n. a.			n. a.			n. a.		
52/168	*99/170*		*32/63*	*66/68*		*20/105*	*33/102*	
13.5	*26.1*		*13.5*	*27.8*		*13.7*	*18.8*	
53,629,965	55,243,317	-2.9	45,709,827	46,037,982	-0.7	7,920,138	9,205,335	-14.0
41/145			*23/46*			*18/99*		
12.0	*27.1*		*9.7*	*18.8*		*25.0*	*18.8*	
78,270,552	69,353,737	12.9	50,961,973	56,175,796	-9.3	27,308,578	13,177,941	107.2
n. a.			n. a.			n. a.		
74/168	*99/170*		*31/63*	*66/68*		*43/105*	*33/102*	
1.4	*14.6*		*1.2*	*10.6*		*1.8*	*20.4*	
64,593,805	73,945,928	-12.6	39,219,200	46,037,982	-14.8	25,374,604	27,907,946	-9.1
62/145			*22/46*			*40/99*		
1.7	*11.8*		*1.6*	*20.4*		*2.0*	*20.4*	
232	256	-9.4	246	255	-3.5	214	258	-17.0
1,804,217	*1,452,580*		*1,004,085*	*1,142,957*		*800,194*	*309,623*	

GROUP MANAGEMENT REPORT

CO_2 footprint

EPRA/GRI Code	Unit	Indicator	Scope	
Greenhouse gas emissions[2]				
GHG-Indir-Abs GRI 305-3 (2016)	t CO_2e	Scope 3 emissions	Total landlord-obtained energy[3]	
GHG-Int CRE3	kg CO_2e/sqm	Scope 3 emissions per square meter of rented space	Total landlord-obtained energy[3]	
	Rented space (in sqm)			

Water consumption

EPRA/GRI Code	Unit	Indicator	Scope	
Water consumption				
GRI 303-1 (2016) Water-Abs	Liter	Water from municipal sources	Total landlord-obtained water[3]	
	Coverage			
	Share of projections in %[4]			
Water-Lfl[5]	Liter	Water from municipal sources	Total landlord-obtained water[3]	
	Coverage			
	Share of projections in %[4]			
Water intensity				
CRE2 Water-Int	Liter/sqm	Liter per square meter of rented space	Total landlord-obtained water[3]	
	Rented space in sqm			

[1] Data quality was improved in 2020 by expanding the volume of recorded data (Elec-Abs, DH&C-Abs, Fuel-Abs, Water-Abs), which is reflected in a higher coverage rate for the portfolio. A comparison between 2019 and 2020 is therefore not possible, with the exception of the data per sqm.
[2] The increased rate of data collection also explains the rise in CO2e emissions.
[3] Due to limited data availability, a classification of consumption levels according to common areas and leased space is not included. The consumption levels include common areas and leased space and are reflected in "Total landlord-obtained". It is planned to expand this data in the 2021 financial year.
[4] "Share of projections (in %)" for 2020 is calculated based on consumption instead of months; this methodology has the advantage of facilitating comparison to total consumption.
[5] The presentation of "LfL % from renewable sources" is under development. It is planned to report this for the first time in 2021.

Sustainability certifications

		LEED Gold		LEED Platinum		
EPRA Code		**2020**	**2019**	**2020**	**2019**	
Cert-Tot CRE8	Number of certified buildings	7	8	0	1	
	Certified area in sqm	147,764	135,941	0	7,982	
	Share of certified area in the standing investment portfolio[1] (in %)	7.3	6.6	0.0	0.4	

[1] The above certified area also includes the space in properties held for sale, in contrast to the data provided in the portfolio report.

	Total portfolio consumption			thereof office			thereof retail		
	2020[1]	2019	Change in %	2020[1]	2019	Change in %	2020[1]	2019	Change in %
	137,074	111,033	23.5	70,976	87,437	-18.8	66,099	23,596	180.1
	76	76	0.0	71	77	-8.2	83	76	8.7
	1,804,217	*1,452,580*		*1,004,085*	*1,142,957*		*800,194*	*309,623*	

	Total portfolio consumption			thereof office			thereof retail		
	2020[1]	2019	Change in %	2020[1]	2019	Change in %	2020[1]	2019	Change in %
	793,398,000	699,082,226	13.5	378,845,000	544,549,786	-30.4	414,553,000	154,532,440	168.3
	134/168	*99/170*		*47/63*	*66/68*		*87/105*	*33/102*	
	14.4	*27.5*		*22.9*	*31.9*		*6.6*	*20.1*	
	733,276,000	892,662,717	-17.9	320,262,000	377,114,297	-15.1	413,014,000	515,548,420	-19.9
	114/143			*32/46*			*82/99*		
	14.1	*24.1*		*23.4*	*18.6*		*6.8*	*18.6*	
	440	481	-8.6	377	476	-20.7	518	499	3.8
	1,804,217	*1,452,580*		*1,004,085*	*1,142,957*		*800,194*	*309,623*	

	BREEAM very good		BREEAM excellent		Total certified buildings		
	2020	2019	2020	2019	2020	2019	Change in %
	20	16	3	3	30	28	7.1
	377,097	342,357	108,009	107,919	632,870	594,200	6.5
	18.7	16.7	5.4	5.3	31.5	29.0	2.4

Sustainability certifications

There are plans to obtain certification in accordance with environmental standards for development projects, standing investments in the office sector and shopping centers operating under the VIVO! brand. For office buildings this involves BREEAM and LEED certifications and for shopping centers primarily a BREEAM certification. Furthermore, in the past financial year a STOP SHOP underwent BREEAM certification for the first time (more details are provided below). The further roll-out of sustainability certifications in the STOP SHOP portfolio plays an important role in the currently ongoing development of a long-term strategy to achieve climate neutrality.

BREEAM (BRE Environmental Assessment Method) is the leading and most widespread certification method for buildings. It specifies the highest possible standards for sustainable design and has become the de facto yardstick for defining the environmental impact of a building. Alongside STOP SHOP Lazarevac and the shopping center VIVO! Stalowa Wola, several IMMOFINANZ myhive office properties in Bucharest, Prague and Bratislava received a BREEAM certification in the 2020 financial year. In addition, a certified building was acquired towards the end of the year with a retail park in Horni Mecholupy.

The amount of certified space at the end of 2020 totalled approximately 632,900 sqm or 31.5% of the total area of the standing investment portfolio (compared to 594,200 sqm and 29.0% at the end of December 2019). This corresponds to an increase of 2.5% compared to the prior year. At the end of 2020, an additional six properties with total space of 176,000 sqm were in the process of being certified or undergoing preparations for certification. In the office sector at the end of 2020, almost 67% of the rentable space was certified or undergoing preparations for certification.

STOP SHOP GOES GREEN

The STOP SHOP is located in the city of Lazarevac, around 60 kilometers south of Belgrade. It was developed by IMMOFINANZ and opened in 2017. Visitors have a range of more than 20 shops to choose from in an area of around 10,000 sqm. The STOP SHOP received the BREEAM in-use certification in December 2020 with an overall assessment of "four stars" (corresponds to "very good"). The assessment criteria cover issues such as material (including a condition assessment and maintenance strategy), energy, water and waste, land usage, ecology, health and well-being. The site in Lazarevac thereby became the first retail park in our portfolio with a sustainability certification.

Building safety and environmental due diligence

IMMOFINANZ has defined a comprehensive catalogue of requirements based on a modular system for the assessment of existing buildings and technical installations as well as for acquisitions of land and buildings. The individual modules in this Technical Building Audit each relate to specific focal points, such as personal, building and facility safety, energy efficiency and structural engineering. In all real estate transactions (purchases), it is also important to examine the environmental risks alongside the financial, legal, cultural, commercial and technical aspects. The individual due diligence steps range from obtaining information to on-site inspections (for example with respect to air and noise pollution, methane gas, hazardous substances in the building, unauthorised or improper storage of hazardous materials or waste, and vegetation and terrain morphology studies), detailed analyses and quantification of potential environmental risks.

Compliance with standards in the case of development projects and refurbishments is additionally ensured by the development process directive. This directive applies across the Group and governs all activities related to construction projects.

Responsibility towards tenants and customers

A key area of strategic focus is on tenant loyalty, driven by strong customer satisfaction, and attracting new tenants. IMMOFINANZ's brands serve as a commitment to service and quality in this respect. Other important issues include investing in the quality of the properties, a strong degree of customer orientation with a diverse range of services and cooperation with local communities.

GRI 102-6

Material topics for IMMOFINANZ	Description	Sustainability and Diversity Improvement Act issues
Tenant health & safety	Maintenance, inspection and modernisation of the portfolio to ensure the health and safety of tenants and their customers and employees.	Social issues
Customer-oriented construction and renovation	Projects and renovations undertaken in close coordination with customers to achieve optimal and user-friendly results. Demand-oriented planning and management to increase customer satisfaction and support companies in making economically sustainable investments.	Social issues
Cooperation with & support of tenants	Respectful, long-term partnerships and proposals to support tenants relating to, for example, working together to improve environmental performance or addressing payment difficulties on the part of tenants.	Social issues
Customer satisfaction	Determination and consideration of customer preferences and requirements to optimise services provided to tenants. Open communication with tenants and providing opportunities for feedback and complaints plays a central role in this process.	Social issues
District development/ cooperation with local communities	Real estate projects with involvement of the resident/local community. Project execution with balanced consideration given to the interests of the local community as well as interest groups.	Social issues

The diversity of our portfolio is reflected in the breadth of our tenant mix. Our property solutions range from individual myhive desks for one month to long-term contracts covering areas of over 30,000 sqm. We thereby offer all of our tenants property solutions tailored to their respective needs, irrespective of whether they are individual entrepreneurs or large corporations. Long-term partnerships and a strong customer focus are of central importance to us. They form the basis for satisfied tenants, a resulting high occupancy rate and efficient management of our properties. Innovative developments in our portfolio such as our new flexible myhive products are a result of close and regular contact with our tenants. We are also constantly working on digitalisation initiatives to further improve customer satisfaction and the user experience. An important role is also played by the engagement of our communities, comprising all the people that work and shop at our properties or who live in the vicinity.

GRI 103-1, 103-2, 103-3

Potential risks

The loss of an unsatisfied anchor tenant in the retail sector and difficulties in subsequently re-letting could impact other tenants due to lower visitor numbers and/or result in a reduction in the range of options offered to visitors. IMMOFINANZ addresses this risk through a high degree of customer orientation and proactive letting management. Additionally, IMMOFINANZ bears responsibility for compliance with construction and safety regulations to protect building occupants and the surrounding vicinity.

GRI 102-15

COVID-19

As described on pages 20–21, COVID-19 and the related closures imposed by authorities particularly affected our tenants in the retail sector. We developed individual solutions with them in order to assist them in dealing with the crisis. We granted temporary rent reductions, which resulted in an overall increase in write-offs from asset management to EUR -29.2 million (2019: EUR -2.2 million). Active marketing measures led to a rapid recovery in visitor numbers following reopening of the business premises. In the office sector, individual tenants operating in industries that were particularly affected were likewise given temporary support and in isolated cases there were space reductions. The occupancy rate in the total portfolio remained unchanged at a high level of 96% and there were almost no insolvencies among our tenants. We additionally took extensive hygiene and protective measures and made protective masks and disinfectant widely available.

Our shopping centers and STOP SHOPs are also venues for social contact. This was not possible during the temporary closures, although we worked on numerous initiatives, including offering temporary drive-in cinemas in the car parks of individual properties. Our retail properties, which are predominantly located in smaller and medium-sized cities in Eastern and Southeastern Europe, also provided free WiFi. Physical community offerings for our office tenants were likewise largely not viable due to social distancing rules. Instead we offered our tenants and their employees a wide variety of virtual options, with topics ranging from sports to nutrition, coaching and resilience in times of crisis.

We assisted our communities with numerous measures, such as free-of-charge STOP SHOP delivery services in Austria as well as supporting emergency services personnel and blood donation initiatives (see also pages 86–87).

Product innovation and customer-oriented construction and renovation

IMMOFINANZ's property portfolio is structured according to a clearly defined brand policy: myhive exemplifies the flexible office of the future, STOP SHOP is a brand for retail parks and VIVO! is for comprehensive shopping centers. These brands represent a quality commitment to tenants and generate assurance and confidence. A high degree of standardisation based on comprehensive catalogues of criteria for planning, facilities and design also supports a sustainable procurement policy.

The myhive offices benefit from a welcoming atmosphere in the common areas, numerous services and optimal infrastructure. They offer space for communication and lively interaction between tenants and their employees, for example in attractive communication zones and tenant lounges, and at regular events including after-work events, business breakfasts with specialist presentations and organised sporting activities (see also the detailed description in the brand section). As a result of the COVID-19 pandemic, these activities were replaced with extensive options for online courses (e.g. yoga, foreign languages and expert talks).

Particular emphasis is placed on networking among tenants. Dedicated community managers serve as central contact points for tenants and their employees, support interaction among tenants, identify opportunities for cooperation, arrange the corresponding contact and organise events. Furthermore, a cross-border customised myhive offices app was introduced. This provides information on all new developments in the respective office building and the myhive community, facilitates communication with experts from other companies at the location and supports central services provided by IMMOFINANZ, for example with a direct feedback tool. It also enables event registrations, suggestions, preferences or damage reports to be simply and quickly communicated.

In order to maintain both the occupancy rate and customer satisfaction at a high level in the long term, IMMOFINANZ regularly makes targeted investments in the quality of its properties and in the development of innovative products.

We have set new standards for flexible office solutions with added value in this respect with the further development of the myhive brand and offer our tenants full flexibility in terms of space, contract duration and location. More sustainable and resource-efficient expansion of leased areas is also being facilitated. By means of modular office layouts and standardised fittings (including flooring manufactured in a climate-neutral process), leased space can also be offered for shorter periods and renovations are no longer necessary if there is a change of tenant. For this reason, a dedicated office design was conceived for myhive, with partitioning systems and high-quality functional furniture. All areas are also offered with full services, including infrastructure and IT maintenance as well as cleaning and plant care. The flexible myhive products range from individual desks in a shared office or separate office units through to customised offices with their own entrance. A dedicated myhive app not only serves as an exclusive platform for communication between members – it will also enable users to manage everything over their smartphones in the future: access, booking, networking, events, payments and much more. The flexible myhive products have been offered at a location in Vienna since the fourth quarter of 2020 and will be rolled out to other office properties in all of our core markets over the course of 2021.

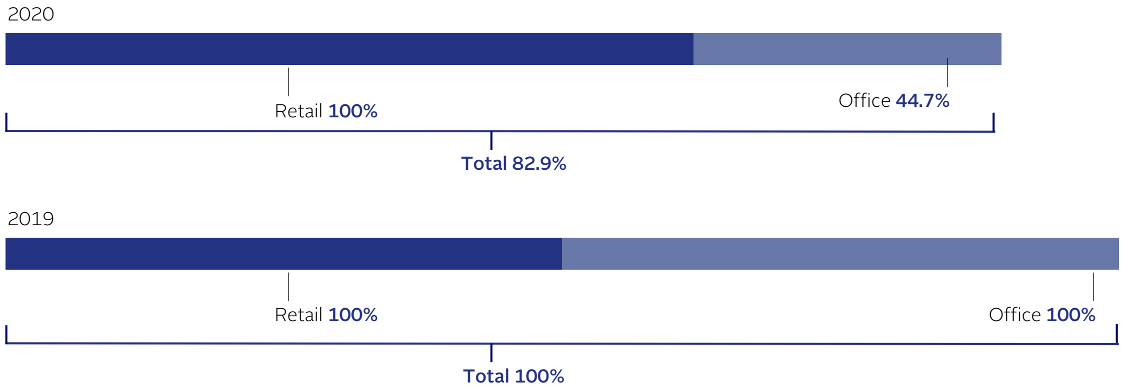
Evaluation of customer satisfaction and customer orientation

Our tenants receive a wide range of information and advice. We support potential tenants in determining respective individual requirements for space and facilities. Existing tenants are supported in the day-to-day business by property managers and facility managers in all property-specific matters.

In order to assess customer satisfaction in the office sector, in addition to individual discussions with tenants, regular tenant surveys have been conducted for a number of years. Optimisation measures specific to the location are derived from the results. Suggestions and preferences from diverse tenant surveys are likewise incorporated into the creation of new product offerings, such as the increased flexibility at myhive. Furthermore, community managers act as a central interface for preferences and suggestions expressed by tenants and their employees. The myhive app also enables the myhive community to give direct feedback or report problems.

In the retail sector, tenant satisfaction is analysed by means of two different types of survey method: qualitative and quantitative. We meet with our main anchor tenants at regular intervals in order to assess the past and future working relationship. Contact was particularly close in the past financial year due to the COVID-19 pandemic. We also consult all tenants in regular surveys. The survey conducted in the fourth quarter of 2020 focused primarily on tenant satisfaction with respect to the measures taken by IMMOFINANZ during the pandemic. In addition, questions were asked about satisfaction with employees' knowledge and customer orientation as well as IMMOFINANZ's image.

Percentage of buildings with tenant surveys relating to community management and the corresponding community offering:



Comty-Eng, GRI 413-1

Health and safety of tenants

In accordance with its responsibility as a property owner, IMMOFINANZ aims to ensure that tenants and other users of its property portfolio have a safe environment, that potential safety hazards are prevented and where necessary promptly identified and removed, pursuant to the applicable legislative framework as well as relevant standards and policies. This relates to, for example, all safety aspects concerning fire precautions, safety and well-being of people and the environment, and organisational safety measures. The properties are constructed and operated in accordance with the applicable legal provisions and where necessary adapted to new legal requirements. Building safety regulations may relate to issues such as fire precautions and emergency exits and are reviewed regularly.

Additionally, health & safety audits form part of our comprehensive Technical Building Audits. In this process, each year a certain number of buildings undergo a multi-stage audit conducted by an external expert. In 2020, 28 of 154 standing investments, equivalent to around 18%, underwent a comprehensive audit.

H&S-Asset, H&S-Comp, GRI 416-1, 416-2

In let buildings, the tenants carry out regular evaluations of compliance with legal requirements with respect to the areas they lease in the course of occupational health and safety inspections. Any deviations are reported as necessary to the property managers, who are responsible for correcting the defects.

Under its myhive office brand, IMMOFINANZ furthermore offers regular activities to the employees of its tenants to promote physical and psychological well-being, including sport courses, nutritional advice and coaching presentations.

GRI 403-2, 403-6

Engagement with society and cooperation with local communities

IMMOFINANZ regularly supports non-profit projects and associations in the countries in which we are active. As part of our 2020 Christmas campaign, we donated to establishments and charitable organisations that support children, such as the St. Anna Children's Hospital and the Children's Hospice Vienna in Austria, the Marie Curie Children's Hospital in Romania, an orphanage in Poland and the SOS Children Village in Croatia. During the year we also supported the Red Cross and the Federal President's Sozialwerk (a charitable undertaking). Donations in 2020 amounted to a total of EUR 103,555.

An important role is played by engagement with our communities, which comprise all the people that work and shop at our properties or live in the vicinity. In our development projects, our development team cooperates with all relevant local stakeholders and thereby with the people who live in proximity to a new project. In most instances this forms part of a formal process involving the local public authorities.

In addition to the events and online event options for our office tenants described above, we regularly organise many initiatives for our communities, including blood donation campaigns, clothing drives for people in need and exhibitions. We also provide support for emergency services personnel, such as during the COVID-19 pandemic. In the first wave of the pandemic in the past year, we also implemented a free-of-charge STOP SHOP delivery service in Austria for people who did not yet want to go shopping in person, for example due to health considerations.

Furthermore, we support biodiversity and have positioned beehives on the roofs of several of our properties in cooperation with local beekeepers. The honey harvested is then made available to the tenants.

GRI 413-1

myhive Park Postępu – Community
Exhibitions for our tenants

Responsibility towards employees

The expertise and commitment of IMMOFINANZ's employees are important prerequisites for the long-term success of the company. The numerous activities in the area of human resources create an environment in which talent can be optimally developed as well as promoting teamwork at all levels.

Material topics for IMMOFINANZ	Description	Sustainability and Diversity Improvement Act issues
Education & training, knowledge transfer	Training and education: training opportunities for employees for professional and personal development and future-oriented training models. Knowledge transfer: passing on of information and sharing expertise across generations within the company.	Employee issues
Employee health/ occupational safety	Employee health: relates to the overall physical and psychological welfare of the employee, for example with respect to prevention of physical and psychological illness. Occupational safety: ensuring that the work environment protects employees from health and safety risks. This also relates to workspaces in terms of ergonomic and lighting conditions.	Employee issues
Work-life balance/flexible working practices	Measures for balancing career, leisure time and family as well as flexible working hours and locations (e.g. remote working).	Employee issues
Diversity and equal opportunities	Equal opportunities for professional development and recruitment, openness towards diversity and harnessing diversity within the company. Relates above all to origin, age, gender, religion/culture, sexual orientation and people with disabilities.	Employee issues
Employee satisfaction	Satisfied employees drive the success of a company; a high level of employee satisfaction can increase overall well-being, the loyalty towards a company, motivation and commitment. Respectful treatment of employees and open communication to identify employee needs play an important role.	Employee issues

The expertise and commitment of our employees are important prerequisites for the long-term success of the company. With numerous activities in the area of human resources, we create an environment in which talent can be optimally developed and teamwork at all levels is promoted. Employer attractiveness as well as employee retention and further development are key priorities. This enables us to ensure that our employees are motivated and contribute to the success of the company on a long-term basis. The measures outlined below address and minimise risks relating to qualifications and expertise.

GRI 103-1, 103-2, 103-3

COVID-19

The main impact of the pandemic on our employees resulted from temporary changes to working conditions (remote working, health and safety concepts). At the start of the pandemic, we immediately responded based on Group-wide guidelines for employee health and safety as well as for continuously ensuring the operation of important Group functions. Extensive safety and hygiene measures were also implemented. During the first wave of the pandemic, we furthermore worked on contingency plans for subsequent waves.

The pandemic led to an elevated risk level for our employees with respect to the effects of COVID-19. We addressed the health risk, in the past financial year and at the beginning of 2021, with a comprehensive approach to avoid contagion and illness. This includes the temporary switch to remote working, 50:50 attendance rules, social distancing measures, transparent time and place logging for contact tracing and an advanced hygiene concept. Regular free-of-charge COVID-19 tests are also available.

Prior to the pandemic, virtually all employees were already technically in a position to be able to work remotely. The switch to remote working was supported by guidelines and tutorials. On-boarding of new employees was mainly conducted with e-learning videos. IMMOFINANZ has not made use of short-work schemes to date in relation to the COVID-19 pandemic. Conversely, there was a small increase in the workforce (see employee structure below).

Potential risks

IMMOFINANZ counteracts the risk of negative health effects, or poor motivation or willingness to undertake training on the part of employees with targeted measures in the areas of employee development and health management. These improve the well-being and health of employees on a long-term basis.

GRI 102-15

Employee structure

As of 31 December 2020, IMMOFINANZ had 325 employees (31 December 2019: 311). The average number of employees during the year* was 317 (2019: 306). Overall, employees from 16 countries work at IMMOFINANZ. The average age was 37.4 years (2019: 37.3 years). The proportion of women improved slightly compared to the prior year and stood at 60% as of 31 December 2020 (31 December 2019: 59%).

GRI 102-7

Total number of employees by employment type	2020	2019	Change in %
Full-time	**290**	**277**	**4.7**
thereof female	165	154	7.1
thereof male	125	123	1.6
Part-time	**35**	**34**	**2.9**
thereof female	29	28	3.6
thereof male	6	6	0.0

IMMOFINANZ was locally represented by employees in nine countries in 2020. Around half of the employees were based in Austria and the remainder were based in Central and Eastern Europe. The majority (2020: 89%) of our employees are employed on a full-time basis. IMMOFINANZ aims to offer its employees stability as well as the ability to plan with security – almost all employment contracts are therefore for an unlimited duration. In the 2020 financial year, the proportion of temporary employees was less than 1% of total headcount.

	2020		2019		
Employees by region	Total number	Share in %	Total number	Share in %	Change in total in %
Austria	158.0	48.6	158.0	50.8	0.0
Romania	41.0	12.6	41.0	13.2	0.0
Poland	43.0	13.2	38.0	12.2	13.2
Hungary	21.0	6.5	21.0	6.8	0.0
Czech Republic	19.0	5.8	18.0	5.8	5.6
Germany	13.0	4.0	13.0	4.2	0.0
Slovakia	17.0	5.2	13.0	4.2	30.8
Serbia	12.0	3.7	8.0	2.6	50.0
Croatia	1.0	0.3	1.0	0.3	0.0

GRI 102-8

* Excluding employees on parental leave and the Executive Board; calculation based on absolute number of employees at the end of the month/number of months.

Social dialogue

The employment contracts in Austria are 100% governed by the collective agreement for salaried employees in property management companies. For employees not covered by the tariff, salary schemes customary within the country and industry apply. The company has also entered into a number of agreements with the Works Council, which are based on social partnership and aim to provide additional improvements for employees. In its Code of Conduct, the company undertakes to respect employees' rights to freedom of association. A long-term, constructive dialogue is pursued and maintained with the employee representatives.

GRI Code		2020	2019
GRI 102-41	Percentage of total employees covered by collective bargaining agreements in %	48.6	50.8

At IMMOFINANZ it is important to treat employees according to consistent standards. The Executive Board and the Works Council discuss current company developments at least once every quarter and if required discussions on important issues are arranged at short notice.

Continuous employee development

In the area of employee development, training is focused on professional as well as social and methodological expertise. The annual performance review discussions between employees and their managers play an important role in human resources management. In these discussions, clear objectives are agreed upon and individual training activities are defined. As in past financial years, in 2020 performance reviews were conducted with 100% of employees. In the reviews, feedback from employees is also collected on various questions relating to personal well-being, further development and teamwork as well as suggestions for improvement. Additionally, a survey covering all employees was carried out during the 2020 materiality analysis.

Emp-Dev, GRI 404-3

Training

As in past years, IMMOFINANZ provided numerous education and training opportunities for its employees in the 2020 financial year. The human resources department is responsible for coordination of ongoing employee development and draws up succession plans for key positions in core areas. In the 2020 financial year, around 7,566 hours of training were completed across the Group, equivalent to 23.3 hours per employee (HC). The largest proportion of training hours – around 41% – was spent on language courses (2019: 39%), followed by external training courses and seminars.

		2020		2019		
EPRA-/ GRI Code	Training hours	Total hours	Hours per employee	Total hours	Hours per employee	Change in hours/HC in %
Emp-Training		7,566	23	9,453	30	-23.4
GRI 404-1	**By gender**					
	Female	5,277	27	6,776	37	-26.9
	Male	2,289	17	2,677	21	-15.8
	By age group					
	< 30 years	1857	30	2,073	34	-10.4
	30–50 years	5,503	22	7,142	30	-27.0
	> 50 years	206	13	238	16	-18.9
	By employee category					
	Management	795	14	1,479	32	-56.5
	Non-management	6,771	25	7,974	30	-15.9

IMMOFINANZ Academy

The IMMOFINANZ Academy serves as a Group-wide education and training facility. Personalised training plans in the form of individual and group training play an important role in this respect. Internal training sessions in which experts from IMMOFINANZ hold talks and presentations are also conducted. Examples include workshops on brand strategy and the IMMOFINANZ Real Estate Training series. Due to the pandemic, training primarily took place in virtual form.

Training programmes

With the apprenticeship programme launched in 2016, IMMOFINANZ provides ambitious young people with opportunities to receive training within the Group. The focus is on apprenticeships as real estate agents and financial and accounting assistants. The Young Professional talent promotion programme was also established, which is geared towards students and graduates. This is designed as a rotation programme, with a focus on knowledge transfer in the operational business area and the finance department, respectively. In the 2020 financial year the programme was suspended due to the pandemic, primarily because rotation in various countries in which IMMOFINANZ is present was not possible. We plan to resume the programme as soon as containment of the pandemic permits.

The Leadership Curriculum is the Group-wide series of training courses for managers. In a number of different modules, employees are provided with information on a range of topics relating to diverse management issues. The transfer and sharing of knowledge within the company also provides support for employees with management responsibilities. In this way, IMMOFINANZ offers optimal development opportunities for managers.

Transition support programmes

There are plans to enter into collective agreements in the event that a reorganisation with increased headcount reduction becomes necessary. Until recently there was a collective agreement in place in Austria covering the period from November 2017 until the end of 2020 to support employees leaving the workforce. Its provisions included voluntary severance payments from the employer, depending on various social factors, training activities and support during the search for new employment.

GRI 404-2

Employee health, occupational safety and work-life balance

As a real estate manager and developer, IMMOFINANZ's business is largely office-based and consequently the risk of occupational accidents is relatively low. Healthcare management therefore focuses on preventive healthcare and the promotion of sporting activities.

Employees are offered flexible and partially flexible working hours, as well as part-time working arrangements. These include flexible work time regulations. The period for flexible working hours is between 6:00 and 20:00; general core working hours are not stipulated and employees may decide when their working day begins and ends. These regulations enable employees to achieve a good balance between personal needs and full-time employment, thereby improving satisfaction and performance as well as the attractiveness of IMMOFINANZ as an employer.

IMMOFINANZ supports it employees by offering a wide range of propositions away from the daily work routine, with team building and promotion of work-life balance constituting key focus areas. These include a sixth week of vacation time after three years of employment with the company, sports options such as participation in the Vienna City Marathon or the Business Run (during the pandemic on a virtual route), coaching vouchers and various voluntary employee benefits.

Employees' healthcare needs are supported by a company physician who is regularly on the premises and cooperation arrangements with medical facilities. The physician's responsibilities include, besides meeting legal requirements, carrying out vaccination programmes, medical check-ups, eye tests and providing advice on preventive healthcare. In this way, the typical illnesses that sometimes affect offices can be prevented in good time. In the 2020 financial year, the absence rate due to sickness declined to 1.74%, which may have been due to the increased safety measures (distancing rules, etc.) taken due to COVID-19.

Health and safety inspections are conducted at IMMOFINANZ's own office locations once a year by the safety officer, the company physician and the Works Council. Occupational safety risks and compliance with statutory workplace and safety regulations are assessed in this process. The inspection results are evaluated in a meeting together with HR management and the Executive Board, at which decisions are taken on measures for improvement. In addition to the annual meeting, IMMOFINANZ has specially trained employees who serve as safety officers and can address any issues as they arise. Employees are also trained in first aid and as evacuation/fire protection officers.

EPRA Code	Occupational health and safety employees[1]	2020	2019
H&S-Emp	Number of work-related injuries	0	1
	Injury rate (in %)[2]	0.00	<0.01
	Total lost days[3]	0	3
	Lost day rate (in %)[4]	0.00	0.01
	Absences in days[5]	593	795
	Absentee rate (in %)[6]	1.7	2.3
	Work-related fatalities	0	0

[1] Based on employees in Austria (51% of the total workforce). Plans include the collection of occupational safety data for all employees beginning in 2021.
[2] Number of occupational accidents/total hours worked
[3] Number of days lost due to occupational accidents
[4] Number of days lost due to occupational accidents/total hours worked
[5] Number of absence days (work-related accidents and illness)
[6] Number of absence days due to illness/total days worked

Attractive employer

The initiatives in the area of human resources have met with approval. On kununu, the largest employer evaluation platform in Europe with around 4.5 million evaluations of over 967,000 companies (as of February 2021), IMMOFINANZ receives an above-average rating and this has been steadily rising in recent years.

As of: February 2021

kununu scores in comparison	Ranking	Points	Gradings
IMMOFINANZ	✪✪✪✪	**4.2**	**216**
Branch average (Properties/Facility Management)	✪✪✪	3.4	3,421

More information can be found at www.kununu.com/at/immofinanz

IMMOFINANZ ranked among the top 5 most family friendly companies in the Austrian real estate sector in 2020. The Freundin media enterprise and the kununu employer evaluation platform gave recognition to around 400 companies in Germany and Austria that are particularly family friendly, including in terms of the compatibility of professional and family demands, a good work-life balance, factors related to well-being and equal career opportunities. Overall, more than 2 million evaluations of 200,000 companies in Germany and Austria were included in the research, which was used as a basis to compile the ranking.

EPRA-/ GRI Code	New employees[1] New employees hired	2020 Total number	2020 Rate of new hires in %	2019 Total number	2019 Rate of new hires in %	Change in total in %
Emp-Turnover		49	15.1	60	19.3	-18.3
GRI 401-1	**By gender**					
(2016)	Female	33	17.0	33	18.1	0.0
	Male	16	12.2	27	20.9	-40.7
	By age group					
	< 30 years	19	31.1	23	37.7	-17.4
	30–50 years	28	11.3	37	15.7	-24.3
	> 50 years	2	12.5	0	0.0	
	By region					
	Austria	20	12.7	30	19.0	-33.3
	Germany	4	30.8	5	38.5	-20.0
	Czech Republic	3	15.8	4	22.2	-25.0
	Hungary	2	9.5	2	9.5	0.0
	Poland	9	20.9	3	7.9	200.0
	Romania	3	7.3	13	31.7	-76.9
	Serbia	5	41.7	2	25.0	150.0
	Croatia	0	0.0	1	100.0	-100.0
	Slovakia	3	17.6	0	0.0	

[1] Excluding employees returning from parental leave, interns, young professionals; the calculation is based on the number of employees in the respective category at the end of the year.

In 2020 there was a significant reduction in the number of employees leaving the company, resulting in a decline of four percentage points in the employee turnover rate compared to the prior year.

EPRA-/ GRI Code	Employee turnover Employee departures[1]	2020 Total number	2020 Turnover rate in %	2019 Total number	2019 Turnover rate in %	Change in total in %
Emp-Turnover		**45**	**12.6**	**64**	**17.0**	**-29.7**
GRI 401-1	**By gender**					
(2016)	Female	32	15.0	36	16.0	-11.1
	Male	13	9.0	28	18.0	-53.6
	By age group					
	< 30 years	10	13.2	21	22.0	-52.4
	30–50 years	35	13.2	43	16.0	-18.6
	> 50 years	0	0.0	0	0.0	0.0
	By region					
	Austria	15	9.0	35	18.0	-57.1
	Germany	4	25.0	7	35.0	-42.9
	Czech Republic	5	22.0	6	23.0	-16.7
	Hungary	3	13.0	3	13.0	0.0
	Poland	5	10.0	4	10.0	25.0
	Romania	9	20.0	6	13.0	50.0
	Serbia	3	20.0	0	0.0	0.0
	Croatia	0	0.0	0	0.0	0.0
	Slovakia	1	6.0	3	18.0	-66.7

[1] Departures excl. parental leave; turnover as per Schlüter formula: Departures/(Number as of 1 January + additions)

Diversity and equal opportunities

At IMMOFINANZ equal opportunities and equal treatment of employees are a matter of course, with no distinction based on factors such as gender, age, nationality or ethnic origin. In our Code of Conduct, we commit to creation of a work environment based on openness and mutual respect throughout the Group. Diversity considerations are very important to us, particularly in relation to age, gender, national and ethnic origin, religion, sexual orientation, disability, and educational and professional background. These factors are accordingly given particular recognition and consideration in recruitment decisions or proposals alongside criteria such as expertise, specific need, experience and availability.

In the event of questions or potential conflicts, the Group Compliance Officer serves as an independent and confidential point of contact. There were no known cases of discrimination in 2020.

GRI 406-1

		2020		2019		
EPRA-/ GRI Code	Employee diversity	Total number of employees	Total number in %	Total number of employees	Total number in %	Change in total number of employees in %
Diversity-Emp	**Employees in governance bodies[1]**					
GRI 405-1	**By gender**					
	Female	0	0.0	0	0.0	
	Male	3	100.0	3	100.0	0.0
	By age group					
	< 30 years	0	0.0	0	0.0	
	30–50 years	1	33.3	2	66.7	-50.0
	> 50 years	2	66.7	1	33.3	100.0
	Employees with management responsibilty[2]					
	By gender					
	Female	13	27.7	16	34.0	-18.8
	Male	34	72.3	31	66.0	9.7
	By age group					
	< 30 years	1	2.1	0	0.0	
	30–50 years	43	91.5	44	93.6	-2.3
	> 50 years	3	6.4	3	6.4	0.0
	Non-management employees[3]					
	By gender					
	Female	181	65.1	166	62.9	9.0
	Male	97	34.9	98	37.1	-1.0
	By age group					
	< 30 years	60	21.6	61	23.1	-1.6
	30–50 years	205	73.7	191	72.3	7.3
	> 50 years	13	4.7	12	4.5	8.3

[1] Executive Board
[2] All managers, e.g. team leaders, head ofs, country boards; excl. Executive Board
[3] Employees without management responsibility

		2020	
EPRA Code	Gender payment gap	Share of women in %	Pay ratio
Diversity-Pay	**Employees by categories**		
	Employees in governance bodies[1]	0.0	
	Employees with management responsibilty[2]	27.7	1.36
	Non-management employees[3]	65.1	1.33

[1] Executive Board
[2] All managers, e.g. team leaders, head ofs, country boards; excl. Executive Board
[3] Employees without management responsibility

The gender pay ratio is reported by employee category Group-wide for the first time in 2020. It is planned to report this ratio annually going forwards. The indicator represents the ratio of the average total remuneration of male employees (per category of employee) to the average total remuneration of female employees (per category of employee). The gender pay disparity is due primarily to differences in areas of authority and responsibility. It is analysed regularly and work is being undertaken on measures to support alignment.

Responsible business practices

IMMOFINANZ is committed to business practices based on integrity, honesty, fairness, transparency and responsibility. They form the foundation of all activities in the areas of sustainable value creation, integration of sustainability in governance processes, compliance, combating corruption, tax integrity, sustainable procurement policies and human rights.

GRI 102-16

Material topics for IMMOFINANZ	Description	Sustainability and Diversity Improvement Act issues
Business compliance & ethics	Standards and processes to promote integrity, anti-corruption, fair competition (competition law), anti-discrimination and prevention of harassment in the workplace. These also apply to dealings with business partners. Ethics: approach and team culture within the company, comprising shared values, standards and attitudes which influence the actions and conduct of all company employees. Set out in writing in the Code of Conduct, management principles and compliance regulations.	Social issues Respect for human rights Fight against corruption and bribery
Data protection	Protection of the personal data of employees, customers and business partners with respect to unauthorised collection, storage, analysis and transfer of data. This also covers protection of employees' privacy.	Social issues Fight against corruption and bribery
Sustainable value creation	Value creation in the sense of sustainable corporate performance taking into account economic, ecological and social factors. The Group's core strategic objectives are a high degree of customer orientation as well as growth, long-term value creation and sustainable management of the portfolio, which will create value across generations.	Social issues
Sustainable supply chain and procurement	Consideration of environmental and social factors in awarding contracts, such as adherence to environmental standards and legislation, to employment law and technical safety standards and respect for human rights (particularly no forced or child labour, freedom of assembly and right to collective bargaining).	Social issues Fight against corruption and bribery
Engagement with society	Support of non-profit projects / associations (typically in local proximity to the business location) by providing funds, resources (buildings / materials), or through provision of working hours and employee contributions.	Social issues
Integration of sustainability in governance processes	Taking sustainability into account in IMMOFINANZ's strategic focus, awareness of corporate social responsibility, and the inclusion of sustainability criteria in company performance measurement.	Social issues Fight against corruption and bribery
Innovation in development projects, renovations & services	Promotion of innovation in project development, renovation and management e.g. with respect to working practices, technology and encouraging creativity.	Social issues
Tax integrity	Transparent disclosure of tax strategy, compliance with taxation law requirements and cooperative working relationship with tax authorities.	

Various Group directives relating to these areas have been put into effect by the Executive Board. They apply to all employees of the company and Group companies and are brought to their attention.

The **Code of Conduct** serves as the basis for all business activities and decisions taken within the company and contains, in particular, stipulations on respect for fundamental rights, integrity and fairness, a non-discrimination rule and regulations on relationships with competitors, customers and associations.

The **anti-corruption directive** is based on the UN Convention against Corruption and summarises the principles of conduct and ethical requirements for dealing with corruption.

The **compliance directive** covers the legal prohibition of the usage of insider information for insider trading and the unlawful sharing of insider information. In addition to regular training, the Compliance Officer is available to employees at any time to answer questions. Further details are provided in the Consolidated Corporate Governance Report (beginning on page 6).

The **data protection directive** contains mandatory regulations on processing personal data in accordance with data protection requirements and the related obligations of all IMMOFINANZ Group employees. The **IT directive** serves as the basis for data security and the responsible use of information technology facilities. The directive forms an integral part of employment contracts.

GRI 103-1, 103-2, 103-3

Potential risks

The acceptance of gifts, corruption, bribery, discrimination and conflicts of interest constitute a reputational risk and a risk of transactions which are disadvantageous to the IMMOFINANZ Group. These directives mitigate these risks. There are no indications of systematic corruption risks at the present time. Awareness is also raised among employees through ongoing training measures.

As IMMOFINANZ maintains a large number of business relationships, there is a resulting risk of relationships with companies that apply lower ethical standards. IMMOFINANZ mitigates this risk through diligent and responsible selection of its business partners. The risk of violations of human rights is classified as low, as our suppliers are almost exclusively (>99%) based in Europe.

GRI 102-15

COVID-19

The pandemic had no material impact in the area of our responsible business practices.

Sustainable value growth

IMMOFINANZ's business model is oriented towards long-term, sustainable value creation aligned with environmental, economic and social considerations. A specific calculation for sustainable value growth is under development. For this year's report, we refer to the income statement, personnel expenses and the indicators for employees, economy and society as a reflection of IMMOFINANZ's current performance in relation to sustainable value growth.

Business compliance and ethics

Compliance training

IMMOFINANZ employees are familiarised with the principles of the compliance directives in regularly held training sessions. In the past financial year, an interactive e-learning course on the treatment of insider information took place for employees of the headquarters. All employees are likewise given training on compliance basics using an e-learning tool. This also addresses the recognition of and response to possible money laundering activity. In addition, in 2020 a Group-wide anti-corruption course was conducted by means of an e-learning tool, with the goal of providing training on principles of conduct and ethical requirements using practical examples and of raising awareness among employees for the event of potential conflicts of interest. The main focal points were the definition of the term corruption, dealing with officials and the private sector, gifts and benefits as well as consultants and intermediaries. As was the case in 2019, in the 2020 financial year 100% of the employees as well as the Executive Board received training on compliance issues. Anti-corruption training is mandatory for all employees and is conducted annually.

GRI 205-2

Fight against corruption and bribery

IMMOFINANZ's anti-corruption directive is based on the UN Convention against Corruption and summarises the principles of conduct and ethical requirements for dealing with corruption. The aims of the directive are to ensure conduct in compliance with legal requirements on the part of employees, business partners and customers, to prevent conflicts of interest arising and raise awareness among employees for the event of potential conflicts of interest, protect employees against criminal activity and prevent damage to IMMOFINANZ's reputation due to inappropriate practices with respect to benefits. The directive includes regulations on the acceptance and granting of benefits, donations and sponsoring, use of intermediaries and money laundering prevention.

IMMOFINANZ does not make political donations. In the 2020 financial year there were no known cases of corruption.

GRI 205-3, 415-1

Data security and cybersecurity

IMMOFINANZ took steps at an early stage to address the increased requirements for the protection of personal data resulting from the General Data Protection Regulation (GDPR), which became effective in May 2018. It not only led to a broad expansion of the obligations of the data controller and the rights of the data subject but also to a very substantial increase in the penalties for data protection violations. Compliance with applicable data protection regulations is therefore an essential requirement and a legal obligation for the IMMOFINANZ Group.

The necessary measures and investments for implementing the GDPR were defined and put into effect by Corporate Legal Affairs, Compliance, Legal and IT, together with all business areas.

The IT directive forms the basis for data security as well as responsible and cost-conscious use of the information technology facilities. It also governs areas including access to IT systems, usage of IT resources and smartphones, privacy, treatment of sensitive information and the procedure in the event of IT security incidents.

The data protection directive sets out mandatory requirements for the processing of personal data in accordance with data protection standards and the related obligations of all IMMOFINANZ Group employees. Records must furthermore be kept of all processing activities. This directive is designed to ensure that corporate conduct adheres to data protection law, that the rights in particular of data subjects are protected, processes for the treatment of these data subject rights are defined, data protection violations are prevented and financial penalties are thereby avoided.

Mandatory training of employees by the data protection coordinator forms part of the range of organisational measures for data protection and compliance with data protection law. Interactive online training on data protection took place once again in the past financial year. In addition, various recommendations from the ISO-27002 standard relating to diverse control mechanisms were implemented along with operational measures for monitoring and responding to data protection violations and cyberattacks. In the event that there are extensive changes to existing systems or new applications are introduced, internal and external reviews are conducted. For the 2020 financial year, there were no substantiated complaints known to the company from third parties or regulatory authorities in relation to violations of customer data protection.

A wide-ranging initiative has been launched for the purpose of data classification and corresponding risk assessments in order to identify critical company data and the controllers. It also involves a detailed system analysis. Customised training courses for the data controllers and the relevant end-users are being defined and implemented based on the results. Additionally, measures designed to protect internal systems against potential future cyberattacks are being defined and implemented.

GRI 418-1

Tax integrity

The management approach to tax compliance at IMMOFINANZ is based on a commercially oriented tax strategy with the primary aim of meeting the applicable tax regulations in all of our countries in a transparent manner.

In order to achieve this aim, the internal tax department at IMMOFINANZ is integrated in all business-related processes. The tax department is staffed with experienced tax experts at headquarters as well as at the local subsidiaries in our core countries. It reports directly to the CFO and in relevant business decisions the involvement of the tax department in the approval process is standard practice.

Tax risk reports are collected on a quarterly basis in the entire Group and each individual company is critically analysed with respect to its level of taxation risk, including ongoing reporting of all tax audits and litigation. This tax risk management process is also incorporated in the Group-wide risk management function.

The success of this low-risk approach has been evident in tax audits over the last decade, where the experience has been very positive in that no material findings were identified for IMMOFINANZ Group companies.

Besides the local taxation regulations, IMMOFINANZ also diligently complies with international reporting requirements. For example, a new customised reporting process was recently implemented in order to meet the requirements of the DAC 6 EU Directive in accordance with the Mandatory Disclosure Regime. Although country-specific reporting does not apply to IMMOFINANZ (as the main criteria of a Group-wide revenue threshold of EUR 750 million as well as EUR 50 million per company are not exceeded), there is a Group-wide transfer price documentation scheme based on OECD standards.

The list of Group companies includes several IMMOFINANZ subsidiaries in Cyprus and the Netherlands. These companies were acquired along with the underlying structures in the course of historical portfolio purchases – predominantly prior to 2008 – and were not for the purpose of tax advantages. Until the point of liquidation, they are being held solely for corporate legal purposes and have no income. The total number of consolidated companies has already been significantly reduced as part of a programme to streamline the structure that has been ongoing since 2015. There are plans to close all of these holding companies in Cyprus and the Netherlands. All income in the IMMOFINANZ Group – in particular rental income, gains on disposals and internal financial income – is generated and taxed exclusively in Austria and at the local operating companies in the individual countries.

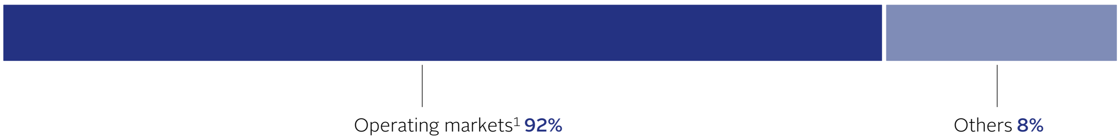
GRI 207-1, 207-2

Sustainable procurement policy

In relationships with suppliers and business partners, the focus in terms of sustainability and continuity is on the development of long-term business alliances. In the 2020 financial year, IMMOFINANZ, as an international Group, worked with suppliers from 28 countries. In order to ensure that procurement practices are sustainable and to maintain long-term, partnership-based relationships with our suppliers, 92% of all providers originate directly from the markets in which IMMOFINANZ operates. Supporting local suppliers and contributing to value creation in our core operating markets are therefore central considerations.

IMMOFINANZ's suppliers

Origin



[1] The operating markets Austria, Germany, the Czech Republic, Slovakia, Romania, Hungary, Poland and Serbia are defined as Significant Locations of Operations.

The suppliers commissioned by IMMOFINANZ are broadly diversified and range from construction companies and property managers to advisory services providers and insurers. In 2020 IMMOFINANZ obtained services and products from a total of 4,146 suppliers with a total order volume of over EUR 229 million, of which 92% was accounted for by suppliers in the operating markets. There were no significant changes in the composition of the supply chain in 2020.

GRI 102-9, 102-10, 204-1

Sustainable supply chain and procurement

The process of selecting business partners is based on an internal Group **procurement directive** which defines the procedures and specifications for IMMOFINANZ's procurement activities. It places emphasis on diligent and responsible supplier selection based on the Code of Conduct. The minimisation of supplier risks resulting from child, forced or compulsory labour as well as risks arising from inadequate social assessment of the supplier form a central consideration.

Alongside responsible supplier selection, work is being continually undertaken to increase communication between IMMOFINANZ and its business partners. The implementation of the supplier relationship management tool (SRM) will contribute significantly to improving management of our supplier network. This is currently in the design phase and is scheduled to be implemented in stages, beginning in 2022 at the latest.

Respect for human rights

IMMOFINANZ attaches great importance to the respect and observance of human rights. The dignity of individuals is of utmost priority. In addition to compliance with the provisions of national (constitutional) law, adherence to the Conventions of the International Labour Organisation (ILO) on freedom of association, the elimination of forced and child labour and the elimination of discrimination is also important to IMMOFINANZ. Violations of human rights and in particular forced and child labour, are fundamental breaches of the ethical standards expected from IMMOFINANZ's business partners. The issues of diversity and discrimination are addressed on pages 93–94.

The danger of risks to employees with respect to human rights violations is classified as low due to the prevailing legal environment in the countries in which IMMOFINANZ operates. We mitigate the risk of human rights violations in the supply chain with the internal Group procurement directive, which defines procedures and regulations for IMMOFINANZ's procurement practices.

EPRA index

This sustainability report was prepared in accordance with the principles and criteria of the sustainability reporting framework set out in the EPRA Sustainability Best Practices Recommendations Guidelines – Third Version September 2017 issued by the European Public Real Estate Association (EPRA). A description of the overall recommendations can be found in the section "About this report" on page 67.

EPRA Code		Reference	Comment
Responsibility towards the environment			
Elec-Abs	Total electricity consumption	78–79, 106	
Elec-LfL	Like-for-like total electricity consumption	78–79	
DH&C-Abs	Total district heating & cooling consumption	78–79, 106	
DH&C LfL	Like-for-like total district heating & cooling consumption	78–79	
Fuels-Abs	Total fuel consumption	78–79	
Fuels LfL	Like-for-like total fuel consumption	78–79	
Energy-Int	Building energy intensity	78–79, 106	
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	107	Portfolio: Scope 3 (there are no individual consumption meters per tenant)
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	80–81, 107	Portfolio: Scope 3 (there are no individual consumption meters per tenant)
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	80–81, 107	
Water-Abs	Total water consumption	80–81, 106	Water is drawn exclusively from municipal utility companies.
Water-LfL	Like-for-like total water consumption	80–81	
Water-Int	Building water intensity	80–81, 106	
Cert-Tot	Type and number of sustainably certified assets	80–81	
Responsibility towards tenants and customers			
Comty-Eng	Community engagement, impact assessments and development programmes	85–86	
H&S-Asset	Asset health and safety assessments	86	There is no standardised recording of assessments at the present time; the reporting is under development. A description is provided on page 86.
H&S-Comp	Asset health and safety compliance	86	There is no standardised recording of non-compliance incidents at the present time; the reporting is under development. A description is provided on page 86.
Responsibility towards employees			
Diversity-Emp	Employee gender diversity	93–94	
Diversity-Pay	Gender pay ratio	94	
Emp-Training	Training and development	90	
Emp-Dev	Employee performance appraisals	90	
Emp-Turnover	Employee turnover and retention	93	
H&S-Emp	Employee health and safety	92	
Responsible business practices			
Gov-Board	Composition of the highest governance body	6–9, 11–12	
Gov-Select	Nominating and selecting the highest governance body	10–11, 14	
Gov-CoI	Process for managing conflicts of interest	13	

GRI index

This sustainability report was prepared in accordance with the principles and criteria of the GRI Standards issued by the Global Reporting Initiative, which form an internationally recognised framework for sustainability reporting. The GRI reporting option "GRI-referenced" is used and therefore the GRI Standards are applied selectively for specific disclosures. This document refers to the selected GRI Standards disclosures listed in the following index:

GRI Standard		Disclosure	Reference	Comment/Omission
GRI 101				
Foundation 2016				
GRI 102				
General Disclosures 2016				
Organisational profile				
	GRI 102-1	Name of organisation	65	
	GRI 102-2	Activities, brands, products and services	65, 69–70	
	GRI 102-3	Location of headquarters	118	
	GRI 102-4	Location of operations	64	
	GRI 102-5	Ownership and legal form	62–64	
	GRI 102-6	Markets served	65, 67, 83	
	GRI 102-7	Scale of the organisation	65, 67, 89	
	GRI 102-8	Information on employees and other staff	89	
	GRI 102-9	Supply chain	99	
	GRI 102-10	Significant changes to the organisation and its supply chain	99	
	GRI 102-11	Precautionary approach or principle	54–61	
	GRI 102-12	External initiatives	70, 73	
	GRI 102-13	Membership of associations	70	
Strategy				
	GRI 102-15	Key impacts, risks and opportunities	75, 84, 89, 96	
Ethics and integrity				
	GRI 102-16	Values, principles, standards and norms of behaviour	95	
Governance				
	GRI 102-18	Governance structure	6–14	
	GRI 102-20	Executive-level responsibility for economic, environmental and social topics	69	

GRI Standard		Disclosure	Reference	Comment/Omission
GRI 101				
Foundation 2016				
GRI 102				
General Disclosures 2016				
Stakeholder engagement				
	GRI 102-40	List of stakeholder groups	70	
	GRI 102-41	Collective bargaining agreements	90	
	GRI 102-42	Identifying and selecting stakeholders	69–70	
	GRI 102-43	Approach to stakeholder engagement	71	
	GRI 102-44	Key topics and concerns raised	71	
Reporting practice				
	GRI 102-45	Entities included in the consolidated financial statements	67	
	GRI 102-46	Defining report content and topic boundaries	71	
	GRI 102-47	List of material topics	71	
	GRI 102-48	Restatements of information		n. a.
	GRI 102-49	Changes in reporting	71	
	GRI 102-50	Reporting period		01 01 2020 – 31 12 2020
	GRI 102-51	Date of most recent report		08 04 2020
	GRI 102-52	Reporting cycle		Annual
	GRI 102-53	Contact point for questions regarding the report		Bettina Schragl, investor@immofinanz.com
	GRI 102-54	Claims of reporting in accordance with the GRI standards	67	
	GRI 102-55	GRI content index		
	GRI 102-56	External audit	68	Not applicable: this report did not undergo an external audit.

GRI Standard	Disclosure	Reference	Comment/Omission
Responsibility towards the environment			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	74–75	
	103-2 The management approach and its components	74–75	
	103-3 Evaluation of the management approach	74–75	
GRI 201: Economic performance 2016	**201-2** Financial implications and other risks and opportunities due to climate change		
GRI 302: Energy 2016	**302-1** Energy consumption within the organisation	106	
	302-2 Energy consumption outside of the organisation	78–79	
	302-3 Energy intensity	78–79	
G4 Sector disclosures: construction and real estate	**CRE1** Building energy intensity	78–79	
GRI 305: Emissions 2016	**305-1** Direct GHG emissions (Scope 1)	107	
	305-2 Energy indirect GHG emissions (Scope 2)	107	
	305-3 Other indirect GHG emissions (Scope 3)	80	
	305-4 GHG emissions intensity	107	
G4 Sector disclosures: construction and real estate	**CRE3** Greenhouse gas emissions intensity from buildings	80–81, 107	
GRI 303: Water 2018	**303-3** Water withdrawal	80–81, 106	Water is drawn exclusively from municipal utility companies.
G4 Sector disclosures: construction and real estate	**CRE2** Building water intensity	80–81, 106	
	CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	80–81	

GRI Standard	Disclosure	Reference	Comment/Omission
Responsibility towards tenants and customers			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	83	
	103-2 The management approach and its components	83	
	103-3 Evaluation of the management approach	83	
GRI 102: General disclosures 2016	**102-43** Approach to stakeholder engagement	71	
GRI 413: Local communities 2016	**413-1** Operations with local community engagement, impact assessments, and development programmes	86–87	This indicator was reported in 2020 for the first time and is under development.
GRI 416: Customer health and safety 2016	**416-1** Assessment of the health and safety impacts of product and service categories	86	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	86	The data is not available at the present time; the reporting is under development. A description is provided on page 86.

GRI Standard	Disclosure	Reference	Comment/Omission
Responsibility towards employees			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	88	
	103-2 The management approach and its components	88	
	103-3 Evaluation of the management approach	88	
GRI 401: Employment 2016	**401-1** New employee hires and employee turnover	93	
GRI 403: Occupational health and safety 2018	**403-2** Hazard identification, risk assessment, and incident investigation	86	
	403-6 Promotion of worker health	86	
GRI 404: Training and education 2016	**404-1** Average hours of training per year and employee	90	
	404-2 Programs for upgrading employee skills and transition assistance programs	91	
	404-3 Percentage of employees receiving regular performance and career development reviews	90	
GRI 405: Diversity and equal opportunity 2016	**405-1** Diversity of governance bodies and employees	94	
	405-2 Ratio of basic salary and remuneration of women to men	94	
GRI 406: Non-discrimination 2016	**406-1** Incidents of discrimination and corrective actions taken	94	

GRI Standard	Disclosure	Reference	Comment/Omission
Responsible business practices			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	95–96	
	103-2 The management approach and its components	95–96	
	103-3 Evaluation of the management approach	95–96	
GRI 102: General disclosures 2016	**102-9** Supply chain	99	
	102-10 Significant changes to the organisation and its supply chain	99	
	102-12 External initiatives	70, 73	
	102-13 Membership of associations	70	
	102-20 Executive-level responsibility for economic, environmental, and social topics	69	
	102-22 Composition of the highest governance body and its committees	8–9, 11–12	
	102-24 Nominating and selecting the highest governance body	10–11, 13–14	
	102-25 Conflicts of interest	13	
GRI 201: Economic performance 2016	**201-1** Direct economic value generated and distributed		
GRI 204: Procurement practices 2016	**204-1** Proportion of spending on local suppliers	99	
GRI 205: Anti-corruption 2016	**205-2** Communication and training about anti-corruption policies and procedures	96	
	205-3 Confirmed incidents of corruption and actions taken	97	
GRI 206: Anti-competitive behaviour 2016	**206-1** Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		There were no legal proceedings in 2020 based on anti-competitive behaviour, cartel- or monopoly building.
GRI 207: Tax 2019	**207-1** Taxes	98	This indicator was reported in 2020 for the first time and is under development.
	207-2 Tax governance, control, and risk management	98	
GRI 415: Public policy 2016	**415-1** Political contributions	97	
GRI 418: Customer privacy 2016	**418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data	97	

Environmental indicators for IMMOFINANZ locations

IMMOFINANZ's own consumption of water and energy and the environmental impact resulting from the operation of its own office locations constitute only a small proportion of the total portfolio. For the purposes of monitoring and managing the direct impact, the data for the indicators is collected and reported separately.

Energy			Own office locations		
EPRA/GRI Code	Unit	Indicator	2020[1]	2019	Change in %
Total energy consumption					
GRI 302-1 (2016)	kWh	Total energy consumption[2]	2,672,449	2,745,749	-2.7
Fuel consumption					
GRI 302-1 (2016)	kWh	Natural gas	356,749	354,466	0.6
% from renewable sources			n. a.		
		Petrol	67,774	80,366	-15.7
		Diesel	476,763	487,737	-2.2
Electricity					
GRI 302-1 (2016)	kWh	Electricity	1,237,343	1,275,341	-3.0
District heating/cooling consumption					
% from renewable sources			n. a.		
GRI 302-1 (2016)	kWh	District heating	533,820	547,840	-2.6
% from renewable sources			n. a.		
Energy intensity					
Energy-Int GRI 302-5	kWh/sqm	Energy/sqm	317	339	-6.5
Coverage			*09/11*	*08/11*	
Share of projections in %[3]			*100.0*	*100.0*	

Water				Own office locations		
EPRA/GRI Code	Unit	Indicator	Scope[2]	2020[1]	2019	Change in %
Water consumption						
GRI 303-1 (2016) Water-Abs	Liter	Water from municipal sources/ total space	Total space	5,078,357	4,423,953	14.8
Water-Int	Liter/ sqm	Water from municipal sources/ total space	Total space	602	547	10.1
Coverage				*09/11*	*08/11*	
Share of projections in %[3]				*100.0*	*100.0*	

[1] Data quality was improved in 2020 by expanding the volume of recorded data (Elec-Abs, DH&C-Abs, Fuel-Abs, Water-Abs). A comparison between 2019 and 2020 is therefore not possible, with the exception of energy intensity per sqm.
[2] Due to limited data availability, a classification of consumption levels according to common areas and leased space is not included. The consumption levels include common areas and leased space and are reflected in "Total landlord-obtained". It is planned to expand this data in the 2021 financial year.
[3] "Share of projections in %" for 2020 is calculated based on consumption instead of months; this methodology has the advantage of facilitating comparison to total consumption.

Emissions				Own office locations		
EPRA/GRI Code	Unit	Indicator	Scope[2]	2020[1]	2019	Change in %
Total energy consumption[4]						
GHG-Dir-Abs GRI 305-1 (2016)	tCO_2e	Scope 1	Total space	248	253	-2.0
GHG-Indir-Abs GRI 305-2 (2016)	tCO_2e	Scope 2	Total space	344	380	-9.5
	tCO_2e	Scope 1+2	Total space	592	633	-6.5
GHG-Int CRE3	$kgCO_2e$/ sqm	Scope 1+2/total space	Total space	70	78	-10.3
		Coverage		*09/11*	*08/11*	

[1] Data quality was improved in 2020 by expanding the volume of recorded data (Elec-Abs, DH&C-Abs, Fuel-Abs, Water-Abs). A comparison between 2019 and 2020 is therefore not possible, with the exception of energy intensity per sqm.
[2] Due to limited data availability, a classification of consumption levels according to common areas and leased space is not included. The consumption levels include common areas and leased space and are reflected in "Total landlord-obtained". It is planned to expand this data in the 2021 financial year.
[3] The increased rate of data collection also explains the rise in CO_2e emissions

Research & Development

Technological and social change have an influence on the real estate sector. In order to be optimally positioned to also offer efficient and profitably manageable property solutions in the future, IMMOFINANZ routinely monitors the changes in work processes and tenants' demands on space and building concepts. This approach was reflected in the conclusion of a research and development contract between IMMOFINANZ and the Vienna University of Technology (TU Wien). The project "Establishing the Nexus of Human Comfort and Sustainability in Work Environments" addresses the impact of climate change and the motivation of office users towards the more sustainable use of resources. The Vienna University of Technology is also working on this assignment together with the Mechanical Design department of Stanford University.

Outlook

IMMOFINANZ successfully held the results of asset management stable during the past year despite a crisis-related, significant increase in receivables write-offs. The occupancy rate in our portfolios remained unchanged at a high level of 96.0% at year-end 2020, and FFO 1 from the standing asset business (before tax and including the S IMMO dividend) even improved slightly to EUR 126.1 million.

The worldwide COVID-19 vaccination campaign is making steady progress, but the rate and spread of infections is expected to remain dynamic for the time being. From the current point of view, the end of the second quarter or second half of 2021 could bring a potential improvement in the pandemic – for the moment, uncertainty remains high. Temporary restrictions, for example, as a result of government-imposed curfews, business shutdowns etc., can therefore continue to affect IMMOFINANZ, its tenants, customers and suppliers. It is impossible to conclusively assess the effects of these restrictions, and a forecast for the development of FFO 1 in 2021 will therefore not be issued at the present time. IMMOFINANZ has already implemented a wide range of measures to minimise the potential negative effects of the pandemic on the Group.

Expected market environment

The COVID-19 pandemic still had Europe firmly in its grip during the first quarter of 2021. A renewed increase in infections and new, more contagious virus variants have forced many member states of the European Union to re-introduce or strengthen containment measures. The EU-wide vaccination campaign, in contrast, provides grounds for cautious optimism and the potential loosening of restrictions. Experts anticipate a return to growth as soon as the restrictions are eased. According to the EU Commission (winter forecast 2021), the eurozone economy is expected to increase by 3.8% each in 2021 and 2022.

Property portfolio

IMMOFINANZ's standing investment portfolio totalled approximately EUR 4.4 billion as of 31 December 2020: roughly EUR 2.7 billion, or 62%, of office properties and EUR 1.7 billion, or 38%, of retail properties.

In its portfolio strategy, IMMOFINANZ continues to focus on innovative property solutions: myhive for high-quality, flexible offices with a friendly atmosphere and lively community as well as the cost-efficient STOP SHOP and VIVO! retail brands. These real estate products give us an excellent position in both the current crisis environment and the post-pandemic period. The current crisis has accelerated existing trends: In the office business, a digitalisation drive has begun, and tenants' demands for greater flexibility have increased. Our flexible myhive office products are the right answer for these times: tenants only pay for the space they need and can make short-term adjustments to their requirements – and all this in a high-quality office environment with top service, infrastructure and feel-good ambience.

Our plans for the office business include further growth with the myhive brand in the capital cities of our core countries. As an example: in the first quarter of 2021, we acquired an office building at a prime inner city location in Bucharest close to the historical old city. The refurbishment and conversion into a high-quality, modern and sustainable office property is expected to begin in the second half of 2022 after completion of the planning and approval phase. The refurbishment of existing office properties is also currently in progress.

In the retail business, the government-ordered restrictions to contain COVID-19 lasted into the first months of 2021 and had a negative influence on IMMOFINANZ's retail locations in the involved countries. Temporary shutdowns covered nearly 58% of the space in the Group's retail properties at the beginning of April 2021. IMMOFINANZ continues to maintain an active dialogue with its tenants – as was the case during earlier lockdown phases – to jointly master the challenges and takes its responsibility towards the retailers, their employees and their customers very seriously. In the IMMOFINANZ's cost-efficient retail concepts tenants generally benefit from low rents and operating costs, and this creates a clear competitive advantage. In addition, discounters are benefitting from the rising price-consciousness among shoppers, and that is also reflected in our portfolio.

The strategy for the STOP SHOP retail parks includes an increase to roughly 140 locations over the coming years (31 December 2020: 93 STOP SHOP standing investments, or 101 properties including development projects), whereby a focus will be placed on the attractive Adriatic region.

We are also working to increase the sustainability of the buildings in our portfolio and improve our resource efficiency. By summer 2021, we plan to present the details of our strategy to make our portfolio climate-neutral over the long-term.

Financing and the capital market

IMMOFINANZ has a conservative capital and financing structure and is well positioned to react quickly and flexibly to future challenges. Cash and cash equivalents, including cash and cash equivalents held for sale, totalled EUR 1,051.4 million as of 31 December 2020. Furthermore the Group has an unsecured, revolving corporate credit line of EUR 100.0 million at its disposal.

The climate for new financing and the refinancing of individual properties is still considered attractive. The refinancing arranged during the 2020 financial year will secure the current interest rate level over the long-term and further improve the maturity profile. IMMOFINANZ meets regularly with its financing banks to discuss the premature extension of expiring financing, especially for the 2022 financial year, in order to further optimise this maturity profile.

IMMOFINANZ is also in regular contact with its financing banks to react to the special situation caused by the COVID-19 pandemic. Agreements have been proactively reached with the financing banks to waive compliance with the debt service coverage ratio in selected situations during the COVID-19 pandemic. As of 31 December 2020, these waivers covered a credit volume of EUR 274.9 million for office properties in Hungary and retail properties in Slovakia and the Czech Republic.

S&P Global Ratings confirmed IMMOFINANZ's investment grade rating (BBB-, stable outlook) during its annual review in February 2021. After IMMOFINANZ announced its intention in March 2021 to launch a takeover offer for S IMMO shares, S&P revised its outlook from stable to negative and again confirmed the long-term issuer rating. S&P sees a combination of the two companies' portfolios as positive regarding size and geographical diversification – also with a view towards Germany and Austria. The transaction could, however, impair the key indicators on which the rating is based. Based on these developments, IMMOFINANZ has confirmed its financing strategy, which is designed to ensure sufficient liquidity at all times and to maintain a balanced capital structure and maturity profile and thereby guarantee the Group's position as an issuer in the investment grade range over the long-term.

In order to preserve the company's capital strength against the backdrop of the COVID-19 pandemic, the Executive Board and Supervisory Board made a recommendation to the annual general meeting in October 2020 to waive the dividend for the 2019 financial year. The proposal was subsequently approved. This step was not intended to represent a reversal of IMMOFINANZ's principal commitment to a continuous dividend policy. Therefore, and in view of the Group's solid capital base, the Executive Board will make a recommendation to the 28th annual general meeting on 18 June 2021 to distribute a dividend of EUR 0.55 per share. The annual general meeting will again be held as a "virtual annual general meeting" without the physical presence of shareholders for safety reasons.

Takeover offer for S IMMO shares

IMMOFINANZ has held 19.5 million shares of S IMMO since September 2018. Following a capital increase by S IMMO in January 2020, this represents an amount of 26.5%. On 14 March 2021, the IMMOFINANZ Executive Board and Supervisory Board approved the launch of a voluntary public takeover offer to acquire a controlling interest pursuant to § 25a of the Austrian Takeover Act for the purchase of all outstanding zero par value bearer shares of S IMMO AG. The offer price per share of S IMMO AG was set at EUR 18.04 on a cum-dividend basis and raised to EUR 22.25 per share cum-dividend by way of a resolution on 25 March 2021. That means the offer price per S IMMO share will be reduced by the amount of any dividend per share of S IMMO declared between this announcement and the settlement of an offer, if the settlement of an offer takes place after the relevant dividend record date.

The completion of the offer will be subject to the condition precedent that the annual general meeting of S IMMO AG approves an amendment to the articles of association to cancel the section on the maximum voting right and that this amendment to the articles of association is filed with the commercial register. The completion of the offer is also subject to merger control clearance, above all in Austria, Germany, Romania, Slovakia and Hungary, as well as standard market requirements. IMMOFINANZ AG reserves the right to undertake parallel transactions to obtain a controlling interest in S IMMO AG (conversion into a mandatory offer bid). In this case, the voluntary public takeover offer to acquire a controlling interest will be converted ex lege into a mandatory takeover offer, whereby in particular the statutory minimum acceptance threshold for the offer will no longer apply.

IMMOFINANZ seeks to combine the two companies. A combination would create a stronger position in the core markets of both companies and strengthen the position on the capital market through the realisation of synergies.

This outlook reflects the Executive Board's assessments as of 12 April 2021 and includes statements and forecasts concerning the future development of IMMOFINANZ. The forecasts represent estimates that are based on the information available at the present time. If the underlying assumptions do not occur or risks – as indicated in the risk report – materialise, actual results could differ from the statements made here. This annual report does not represent a recommendation to buy or sell IMMOFINANZ AG securities.

Significant events occurring after the end of the reporting year are discussed in section 7.6 of the consolidated financial statements.

Vienna, 12 April 2021

The Executive Board

Ronny Pecik
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Consolidated Financial Statements

Consolidated Balance Sheet

All amounts in TEUR	Notes	31 12 2020	31 12 2019
Investment property	4.1	4,680,351	4,985,257
Property under construction	4.2	358,640	199,439
Other tangible assets		5,313	3,628
Intangible assets	4.4.1	24,460	24,619
Equity-accounted investments	4.5	367,932	478,191
Trade and other receivables	4.6	56,917	65,396
Income tax receivables		514	759
Other financial assets	4.7	12,524	10,449
Deferred tax assets	4.8	9,016	2,992
Non-current assets		**5,515,667**	**5,770,730**
Trade and other receivables	4.6	87,722	104,430
Income tax receivables		11,938	13,324
Assets held for sale	4.9	168,382	154,622
Real estate inventories	4.10	619	868
Cash and cash equivalents	4.11	1,047,085	341,161
Current assets		**1,315,746**	**614,405**
Assets		**6,831,413**	**6,385,135**
Share capital	4.12	123,294	112,085
Capital reserves	4.12	4,702,527	4,465,194
Treasury shares	4.12	-156,328	-250,378
Accumulated other equity		-194,682	-166,611
Retained earnings		-1,367,228	-1,200,196
Equity attributable to owners of IMMOFINANZ AG		**3,107,583**	**2,960,094**
Non-controlling interests		-23,876	-22,949
Equity		**3,083,707**	**2,937,145**
Liabilities from convertible bonds	4.13	281,806	281,344
Financial liabilities	4.14	2,818,552	2,307,684
Trade and other payables	4.15	59,032	50,475
Income tax liabilities		2	2
Provisions	4.16	17,196	18,135
Deferred tax liabilities	4.8	262,271	275,286
Non-current liabilities		**3,438,859**	**2,932,926**
Liabilities from convertible bonds	4.13	9,250	4,463
Financial liabilities	4.14	97,499	272,697
Trade and other payables	4.15	129,926	147,192
Income tax liabilities	4.8	7,482	5,795
Provisions	4.16	19,827	36,262
Liabilities held for sale	4.9	44,863	48,655
Current liabilities		**308,847**	**515,064**
Equity and liabilities		**6,831,413**	**6,385,135**

Consolidated Income Statement

All amounts in TEUR	Notes	2020	2019
Rental income	**5.1.1**	**288,623**	**279,879**
Operating costs charged to tenants	5.1.2	85,329	85,470
Other revenues		3,749	1,311
Revenues		**377,701**	**366,660**
Expenses from investment property	5.1.3	-71,849	-57,441
Operating expenses	5.1.2	-99,414	-101,880
Results of asset management	**5.1**	**206,438**	**207,339**
Results of property sales	**5.2**	**7,934**	**-5,079**
Results of property development	**5.3**	**-24,173**	**-12,377**
Other operating income	5.4	2,659	6,156
Other operating expenses	5.5	-48,909	-46,144
Results of operations		**143,949**	**149,895**
Revaluation result from standing investments and goodwill	**5.7**	**-156,599**	**195,683**
Operating profit (EBIT)		**-12,650**	**345,578**
Financing costs	5.9	-63,990	-64,558
Financing income	5.9	2,209	1,179
Foreign exchange differences		-1,937	-1,510
Other financial results	5.9	-14,560	-9,018
Net profit or loss from equity-accounted investments	5.8	-69,496	78,380
Financial results	**5.9**	**-147,774**	**4,473**
Earnings before tax (EBT)		**-160,424**	**350,051**
Current income tax	5.10	-11,862	-8,552
Deferred tax	5.10	6,403	6,018
Net profit or loss from continuing operations		**-165,883**	**347,517**
Net profit or loss from discontinued operations	2.4	0	4,602
Net profit or loss		**-165,883**	**352,119**
thereof attributable to owners of IMMOFINANZ AG		**-167,014**	**358,888**
thereof attributable to non-controlling interests		**1,131**	**-6,769**
Basic earnings per share in EUR	**5.11**	**-1.50**	**3.37**
Diluted earnings per share in EUR	**5.11**	**-1.50**	**3.03**

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	2020	2019
Net profit or loss		**-165,883**	**352,119**
Other comprehensive income (reclassifiable)			
Currency translation adjustment		-5,354	-2,620
thereof changes during the financial year		-5,687	-1,845
thereof reclassification to profit or loss	2.3 / 2.4	333	-775
Other comprehensive income from equity-accounted investments	4.5	535	-3,100
thereof changes during the financial year		494	-2,567
thereof reclassification to profit or loss		0	-1,060
thereof income taxes		41	527
Total other comprehensive income (reclassifiable)		**-4,819**	**-5,720**
Other comprehensive income (not reclassifiable)			
Financial instruments at fair value through other comprehensive income	7.1.2	-505	0
thereof changes during the financial year		-674	0
thereof income taxes		169	0
Other comprehensive income from equity-accounted investments	4.5	-24,787	21,633
thereof changes during the financial year		-33,049	29,954
thereof income taxes		8,262	-8,321
Total other comprehensive income (not reclassifiable)		**-25,292**	**21,633**
Total other comprehensive income after tax		**-30,111**	**15,913**
Total comprehensive income		**-195,994**	**368,032**
thereof attributable to owners of IMMOFINANZ AG		**-195,085**	**375,601**
thereof attributable to non-controlling interests		**-909**	**-7,569**

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	2020	2019
Earnings before tax (EBT)		-160,424	350,051
Earnings before tax (EBT) from discontinued operations	2.4	0	4,602
Revaluations of investment properties	5.7	166,464	-193,348
Goodwill impairment and subsequent price adjustments		-45	225
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.3	227	1,206
Write-downs and write-ups on receivables and other assets		29,387	2,493
Net profit or loss from equity-accounted investments	5.8	69,496	-78,379
Foreign exchange differences and fair value measurement of financial instruments		15,173	9,860
Net interest income/expense		62,206	61,876
Results from deconsolidation	2.3 / 2.4	-243	-1,736
Other non-cash income/expense/reclassifications		-562	-33
Gross cash flow before tax		**181,679**	**156,817**
Income taxes paid		-4,644	-15,983
Gross cash flow after tax		**177,035**	**140,834**
Change in real estate inventories		2,712	65,180
Change in trade and other receivables		-13,218	5,992
Change in trade payables and other liabilities		-4,759	-5,867
Change in provisions		-13,892	-551
Cash flow from operating activities		**147,878**	**205,588**
Acquisition of investment property and property under construction		-127,510	-248,489
Business combinations and other acquisitions, net of cash and cash equivalents (EUR 1.5 mill.; 2019: EUR 10.3 mill.)		-29,444	-267,388
Consideration transferred/paid from disposal of discontinued operations, net of cash and cash equivalents	6.	-812	-5,151
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents (EUR 0.6 mill.; 2019: EUR 0.0 mill.)	6.	17,830	14,651
Acquisition of other non-current assets		-7,731	-2,718
Disposal of investment property and property under construction		70,954	94,021
Disposal of other non-current assets		922	175
Disposal of equity-accounted investments and cash flows from other net investment positions		0	3,757
Dividends received from equity-accounted investments	4.5	16,778	16,219
Interest or dividends received from financial instruments		1,089	891
Cash flow from investing activities		**-57,924**	**-394,032**
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		766,344	1,025,874
Proceeds from issue of mandatory convertible bonds, less transaction costs	4.13	118,563	0
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-436,695	-837,306
Proceeds from capital increase, less transaction costs	4.13	233,959	0
Derivatives		-11,321	-15,138
Interest paid		-48,259	-39,200
Distributions	4.12	0	-88,113
Transactions with non-controlling interest owners		-36	152
Share buyback	4.12	0	-144,029
Cash flow from financing activities		**622,555**	**-97,760**
Net foreign exchange differences		-6,232	-661
Change in cash and cash equivalents		**706,277**	**-286,865**
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		341,161	631,754
Plus cash and cash equivalents in disposal groups		3,980	252
Cash and cash equivalents at the beginning of the period	6.	345,141	632,006
Cash and cash equivalents at the end of the period	6.	1,051,418	345,141
Less cash and cash equivalents in disposal groups	4.9	4,333	3,980
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		**1,047,085**	**341,161**

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 31 December 2019		**112,085**	**4,465,194**	**-250,378**
Other comprehensive income	**4.12**			
Net profit or loss				
Total comprehensive income				
Issue of shares	4.12	11,209	158,290	
Sale of treasury shares	4.12		-29,590	94,050
Issue of mandatory convertible bond and partial repurchase of convertible bond 2017-2024	4.13		108,633	
Transactions with non-controlling interest owners				
Balance on 31 December 2020		**123,294**	**4,702,527**	**-156,328**
Balance on 31 December 2018		**112,085**	**4,465,259**	**-106,414**
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Share buyback			-65	-143,964
Distributions				
Transactions with non-controlling interest owners				
Disposal of non-controlling interests				
Balance on 31 December 2019		**112,085**	**4,465,194**	**-250,378**

	Accumulated other equity							
	Revaluation reserve (former AFS reserve)	IAS 19 reserve	Hedge accounting reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	12,767	-405	-3,398	-175,575	-1,200,196	2,960,094	-22,949	2,937,145
	-25,289	-3	-445	-2,334		-28,071	-2,040	-30,111
					-167,014	-167,014	1,131	-165,883
	-25,289	-3	-445	-2,334	-167,014	-195,085	-909	-195,994
						169,499		169,499
						64,460		64,460
						108,633		108,633
					-18	-18	-18	-36
	-12,522	-408	-3,843	-177,909	-1,367,228	3,107,583	-23,876	3,083,707
	-8,886	-385	-925	-173,128	-1,470,672	2,816,934	-16,593	2,800,341
	21,653	-20	-2,473	-2,447		16,713	-800	15,913
					358,888	358,888	-6,769	352,119
	21,653	-20	-2,473	-2,447	358,888	375,601	-7,569	368,032
						-144,029		-144,029
					-88,113	-88,113		-88,113
					-299	-299	451	152
						0	762	762
	12,767	-405	-3,398	-175,575	-1,200,196	2,960,094	-22,949	2,937,145

Notes to the Consolidated Financial Statements

1. General Principles

1.1 Reporting company

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

1.2 Basis of reporting

These consolidated financial statements cover the financial year from 1 January to 31 December 2020. They were prepared in accordance with §245a (1) of the Austrian Commercial Code and in agreement with International Financial Reporting Standards (IFRS), as adopted by the EU.

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

Uniform accounting policies are used to measure the assets and liabilities of all Group companies, whereby these items are basically measured individually. Disposal groups represent an exception to this practice and are reported under "assets held for sale" and "liabilities held for sale" (see section 4.9). In addition, impairment losses are calculated in part on the basis of cash-generating units if the recoverable amount of specific assets (goodwill) cannot be determined separately (see section 4.4.2).

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

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

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

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

1.3 Judgements and estimation uncertainty

1.3.1 Judgements

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

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

1.3.2 Assumptions and estimates

The preparation of consolidated financial statements requires the Executive Board to make assumptions and estimates related to the application of accounting methods and the amounts reported for assets, liabilities, income and expenses. Actual results can vary from these estimates. The estimates and underlying assumptions are reviewed regularly, and any changes to these estimates are recognised prospectively. The following notes provide information on assumptions and estimation uncertainty which can lead to a significant risk that a material adjustment will be required during the financial year ending on 31 December 2020:

- Valuation assumptions and existing uncertainty (see section 4.1.3): determination of the fair value of investment property and property under construction
- Rights of use and lease liabilities (see sections 4.1.1 and 4.14): determination of the remaining term of a lease together with any extension or cancellation options
- Goodwill (see section 4.4.2): determination of the recoverable amount within the scope of impairment tests
- Equity-accounted investments (see section 4.5): determination of the recoverable amount within the scope of impairment tests for investments in associates
- Conditional purchase price receivables (see section 2.4): determination of the fair value of conditional purchase price receivables
- Trade and other receivables (see section 4.6): determination of the amount of the valuation allowances to receivables resulting from COVID-19

- Contingent receivables (see section 2.4): contingent receivables may only be recognised when their realisation as income is highly probable
- Deferred taxes (see section 4.8): assessment of the usability of deferred tax assets (above all from loss carryforwards)
- Real estate inventories (see section 4.10): determination of the net realisable value of inventories
- Provisions (see section 4.1.6): determination of the expected settlement amount and the related present value
- Financial instruments (see section 7.1.3): determination of the fair value of primary and derivative financial instruments
- Contingent liabilities and guarantees (see section 7.3.1): assessment of the expected claims from obligations not reported on the balance sheet

1.4 First-time application of standards and interpretations

The following new or revised standards and interpretations were applied for the first time in 2020:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Effects on IMMOFINANZ
Changes to standards and interpretations				
IAS 1, IAS 8	Definition of materiality	31 October 2018 (29 November 2019)	1 January 2020	No
Conceptual Framework	Amended references to the revised conceptual framework	29 March 2018 (29 November 2019)	1 January 2020	No
IFRS 16	COVID-19-related rental concessions	28 May 2020 (9 October 2020)	1 June 2020	No

IFRS 16: Leasing

The European Union adopted the IASB announcement on "COVID-19-related rental concessions" (change to IFRS 16) for application in Europe through a regulation on 9 October 2020. This change creates a simplified option for lessees to recognise concessions, e.g. the deferral of rental payments or rental reductions which are related to the outbreak of the corona pandemic. IMMOFINANZ did not carry, receive or request any rental deferrals or other concessions related to the corona pandemic in 2020. Therefore, the option permitting a simplified accounting treatment of rental concessions was not applied.

1.5 Standards and interpretations applicable in the future

1.5.1 Standards and interpretations adopted by the EU, but not yet applied

The following changes to standards and interpretations had been adopted by the EU as of the balance sheet date, but did not require mandatory application in the 2020 financial year and were not applied prematurely:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Expected effects on IMMOFINANZ
Changes to standards and interpretations				
IFRS 9, IAS 39 and IFRS 7	Reform of reference interest rates and effects on financial reporting - Phase 2	27 August 2020 (13 January 2021)	1 January 2021	Yes
IFRS 4	Extension of the exemption from applying IFRS 9	25 June 2020 (15 December 2020)	1 January 2023	No

The supplement to IFRS 9, IAS 39 and IFRS 7 includes additional provisions which describe the possible effects of the reference interest rate reform. In order to evaluate the possible effects of this reform on financial reporting, the IASB included the project in its standard setting programme in two phases:

> Phase 1: Issues involving financial reporting during the period prior to the replacement of an existing reference rate by an alternative rate
> Phase 2: Issues involving financial reporting during the period when an existing reference rate is replaced by an alternative rate

The changes to these standards represent the results of the first phase and are related to the effects of certain hedge accounting requirements in IFRS 9 and IAS 39 concerning recognition and measurement as well as the accompanying disclosures under IFRS 7.

The IBOR reform could have an effect on IMMOFINANZ, above all, in connection with the accounting treatment of changes in the determination of contractual cash flows. If the IBOR reform leads to a change in the reference interest rate and, in turn, to a change in the contractual cash flows, the carrying amount of the affected financial instrument is not adjusted or derecognised; in this case, the effective interest rate must be updated.

1.5.2 Standards and interpretations announced, but not yet adopted by the EU

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

Standard	Content	Published by the IASB	Expected mandatory application for IMMOFINANZ	Expected effects on IMMOFINANZ
New standards and interpretations				
IFRS 14	Rate-regulated activities	30 January 2014	Not adopted by the EU	No
IFRS 17	Insurance contracts	18 May 2017	Not adopted by the EU	No
Changes to standards and interpretations				
IAS 37	Onerous contracts - costs for fulfilling a contract	14 May 2020	1 January 2022	No
IFRS 3	Change to IFRS 3 - reference to the conceptual framework	14 May 2020	1 January 2022	No
Various	Annual improvements to IFRS Cycle 2018-2020	14 May 2020	1 January 2022	Yes
IAS 1	Classification of liabilities as current or non-current	23 January 2020	1 January 2023	Yes
IAS 1	Disclosure of accounting and measurement policies	12 February 2021	1 January 2023	Yes
IAS 8	Definition of accounting policies and accounting estimates	12 February 2021	1 January 2023	Yes

IMMOFINANZ is evaluating the expected, relevant changes to these standards and will apply them, where necessary, as of the mandatory application date. The new and revised standards not yet applied are not expected to have a material effect on the consolidated financial statements of IMMOFINANZ.

2. Scope of Consolidation

2.1 Development of the scope of consolidation

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 31 December 2019	**228**	**2**	**7**	**237**
Companies initially included				
Other acquisitions	5	0	0	5
Companies no longer included				
Sales	-17	0	0	-17
Mergers	-13	0	0	-13
Liquidations	-9	0	0	-9
Balance on 31 December 2020	**194**	**2**	**7**	**203**
thereof foreign companies	135	2	0	137
thereof in liquidation	11	0	0	11
thereof intragroup merger resolution adopted	2	0	0	2

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

For seven of the nine companies liquidated in 2020, the tax authority assessment and the deletion from the company register were still incomplete at year-end. These companies are, however, presented as deconsolidated as of 31 December 2020 for reasons of immateriality.

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

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

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

No business combinations as defined in IFRS 3 were carried out in 2020.

2.2 Consolidation methods

2.2.1 Basis for consolidation

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

2.2.2 Full consolidation

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

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

The acquisition of a subsidiary requires a decision as to whether the entity represents a business in the sense of IFRS 3. Assessing whether acquired property assets represent a business in the sense of IFRS 3 involves discretionary judgement and, frequently, a detailed analysis of the acquired processes and structures, above all with respect to asset and property management. A concentration test is also performed on acquisitions to determine whether the entire fair value of the acquired gross assets is concentrated primarily in a single identifiable asset or in a group of comparable assets. When a business is acquired, the transaction is accounted for as a business combination under the acquisition method defined by IFRS 3. The related transaction costs are treated as an expense, and deferred taxes on temporary differences between the fair value of the acquired property assets and their respective tax bases are recognised in full. At IMMOFINANZ, goodwill (see section 4.4.2) regularly results as a technical figure because of the obligation to record deferred taxes on the difference between the fair value and the tax base of the acquired real estate assets. The acquisition method is not applied if the acquired entity does not represent a business. The acquisition of shell companies and pure land-owning companies does not normally involve a business. In these cases the acquisition costs, including transaction costs, are allocated to the acquired assets and assumed liabilities based on their fair value; deferred taxes are not recognised (initial recognition exemption); and goodwill does not arise.

2.2.3 Equity method

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

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

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

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

2.3 Sale of subsidiaries

An overview of the subsidiaries deconsolidated in 2020 is provided in section 8.

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

All amounts in TEUR	2020
Investment property (see 4.1)	43,270
Receivables and other assets	515
Deferred tax assets	477
Cash and cash equivalents	644
Financial liabilities	-24,276
Trade payables	-139
Other liabilities	-855
Provisions	-2
Deferred tax liabilities	-4,653
Net assets sold	**14,981**
Consideration received in cash and cash equivalents	15,557
Less net assets sold	-14,981
Reclassification of foreign exchange differences to profit or loss	-333
Results from deconsolidation	**243**
Consideration received in cash and cash equivalents	15,557
Less cash and cash equivalents sold	-644
Net inflow of cash and cash equivalents	**14,913**

2.4 Discontinued operations

The closing for the sale of the shopping centers 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 and reported as a separate line on the consolidated income statement since 19 December 2016 based on a resolution passed by the Executive Board and Supervisory Board on that date. As regards the contingent receivable of the retail portfolio as of 6 December 2017 recognised for pending proceedings with an uncertain outcome over the refund of withholding taxes and land taxes, the last outstanding proceedings were terminated in 2020. It was not possible to assert any claims in these proceedings.

2.5 Foreign currency translation

2.5.1 Functional currency

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

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

2.5.2 Translation of financial statements from foreign subsidiaries, joint ventures and associates

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

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

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

Currency	Closing rate on 31 12 2020	Closing rate on 31 12 2019	Average rate 2020	Average rate 2019
BGN	1.95580	1.95583	1.95580	1.95583
HRK	7.53690	7.44258	7.52745	7.41703
RON	4.86940	4.77930	4.83702	4.74241
RSD	117.58020	117.59280	117.57452	117.90992
TRY	9.11310	6.68430	8.04456	6.36618

3. Information on Operating Segments

3.1 Internal reporting

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

3.2 Transition from operating segments to Group results

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

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

3.3 Information on reportable operating segments

Segment assets consist primarily of investment properties, property under construction, goodwill, properties held for sale and real estate inventories. Segment investments include additions to investment property and property under construction as well as rights of use as defined in IFRS 16. Liabilities are not allocated to the individual segments for internal reporting purposes.

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

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

3.4 Regions as operating segments

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

- Austria: The business segment Austria is a major focal point for the office standing investments. These properties include, among others, the myhive am Wienerberg commercial and office center, the City Tower Vienna and the myhive location in Vienna's Ungargasse which re-opened in the fourth quarter of 2020. This portfolio also includes retail properties under the STOP SHOP brand, which was expanded in 2020 to include the STOP SHOP Voitsberg, and properties in the Other asset class.
- Germany: This portfolio includes the TRIVAGO office complex and the FLOAT office complex (completed in 2019) in Düsseldorf as well as the Campus Aachen. The fourth major property in Germany is the myhive Medienhafen which is currently under development.
- Poland: This country represents a further focal point for the office standing investments. The portfolio in Poland was strengthened, above all, by the acquisition of the Warsaw Spire in 2019. Other key office locations include the myhive Park Postępu, myhive IO-1 building and myhive Nimbus Office in Warsaw. The opening of the STOP SHOP in Siedlce during the first quarter increased the number of retail parks in this country to ten. This operating segment also contains VIVO! shopping centers in Lublin, Stalowa Wola, Piła and Krosno as well as various properties in the Other asset class.
- Czech Republic: The portfolio mix in the Czech Republic includes the Na Příkopě and BB Centrum Gamma as well as the myhive Pankrác House and myhive Palmovka office properties in Prague. Other important properties are the VIVO! Hostivař shopping center and the STOP SHOP retail park portfolio, which was expanded in 2020 to include the STOP SHOP Praha and STOP SHOP Litvinov.
- Slovakia: The core business in Slovakia lies primarily in the retail asset class with the VIVO! Bratislava and the 16 STOP SHOP retail parks. This portfolio also includes office properties like the myhive Vajnorská.
- Hungary: This portfolio covers a mix of office properties like the myhive Átrium Park and myhive Haller Gardens as well as several retail parks under the STOP SHOP brand.
- Romania: The business segment Romania consists primarily of office properties like the myhive S-Park and IRIDE Business Park as well as retail properties like the VIVO! Cluj-Napoca shopping center and VIVO! Constanta shopping center.
- Other countries: This business segment consists primarily of STOP SHOP retail parks in Slovenia, Serbia and Croatia, which were expanded during 2020 by an acquisition in Croatia. It also includes an office property in Zagreb, Croatia, and properties (land) in Turkey which are assigned to the other asset class.

3.5 Information on key customers

IMMOFINANZ had no individual customers who accounted for 10% or more of revenues in the 2020 or 2019 financial year.

3.6 Segment reporting

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

	Austria		Germany	
All amounts in TEUR	**2020**	**2019**	**2020**	**2019**
Office	22,121	25,580	20,278	19,151
Retail	11,378	11,614	0	0
Other	3,912	4,912	2,354	2,160
Rental income	**37,411**	**42,106**	**22,632**	**21,311**
Operating costs charged to tenants	9,198	9,823	5,348	3,964
Other revenues	369	220	0	0
Revenues	**46,978**	**52,149**	**27,980**	**25,275**
Expenses from investment property	-14,139	-13,277	-5,382	-2,189
Operating expenses	-11,565	-12,735	-6,128	-4,839
Results of asset management	**21,274**	**26,137**	**16,470**	**18,247**
Results of property sales	**-723**	**-1,768**	**10,442**	**-156**
Proceeds from the sale of real estate inventories	0	0	566	50,424
Cost of real estate inventories sold	0	0	0	-55,738
Expenses from real estate inventories	279	0	1,157	-3,144
Expenses from property development	-3,433	-247	-797	-3,476
Revaluation of properties under construction adjusted for foreign exchange effects	-8,624	8,825	-7,827	2,491
Results of property development before foreign exchange effects	**-11,778**	**8,578**	**-6,901**	**-9,443**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-11,778**	**8,578**	**-6,901**	**-9,443**
Other operating income	389	1,065	62	528
Other operating expenses	236	-2,634	-3,133	-2,185
Results of operations	**9,398**	**31,378**	**16,940**	**6,991**
Revaluation result from standing investments and goodwill	**-16,128**	**47,349**	**2,012**	**75,386**
Operating profit (EBIT)	**-6,730**	**78,727**	**18,952**	**82,377**
	31 12 2020	**31 12 2019**	**31 12 2020**	**31 12 2019**
Investment property	763,325	796,143	542,954	586,258
Property under construction	150,510	93,610	94,756	67,560
Goodwill	0	0	0	0
Investment properties held for sale	0	5,476	0	0
Real estate inventories	0	0	559	520
Segment assets	**913,835**	**895,229**	**638,269**	**654,338**
	2020	**2019**	**2020**	**2019**
Segment investments	**43,377**	**55,970**	**35,859**	**61,001**

	Poland		Czech Republic	
All amounts in TEUR	**2020**	**2019**	**2020**	**2019**
Office	39,553	32,514	14,320	12,204
Retail	22,612	22,279	12,339	12,913
Other	7,171	6,023	1,679	1,951
Rental income	**69,336**	**60,816**	**28,338**	**27,068**
Operating costs charged to tenants	21,427	19,281	8,193	8,125
Other revenues	1,821	238	186	113
Revenues	**92,584**	**80,335**	**36,717**	**35,306**
Expenses from investment property	-13,604	-8,765	-4,356	-3,035
Operating expenses	-25,186	-24,353	-8,513	-8,230
Results of asset management	**53,794**	**47,217**	**23,848**	**24,041**
Results of property sales	**-1,115**	**-3,898**	**-232**	**-455**
Proceeds from the sale of real estate inventories	0	0	0	0
Cost of real estate inventories sold	-38	0	0	0
Expenses from real estate inventories	-9	-67	0	0
Expenses from property development	-315	-1,334	-19	-70
Revaluation of properties under construction adjusted for foreign exchange effects	2	-1,003	0	-37
Results of property development before foreign exchange effects	**-360**	**-2,404**	**-19**	**-107**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-360**	**-2,404**	**-19**	**-107**
Other operating income	847	288	73	141
Other operating expenses	-3,164	-2,911	-1,663	-1,648
Results of operations	**50,002**	**38,292**	**22,007**	**21,972**
Revaluation result from standing investments and goodwill	**-67,179**	**12,371**	**-1,166**	**16,396**
Operating profit (EBIT)	**-17,177**	**50,663**	**20,841**	**38,368**
	31 12 2020	**31 12 2019**	**31 12 2020**	**31 12 2019**
Investment property	1,001,664	1,096,219	569,883	543,333
Property under construction	610	10,549	0	0
Goodwill	32	32	7,056	7,056
Investment properties held for sale	136,485	138,448	0	0
Real estate inventories	0	0	0	0
Segment assets	**1,138,791**	**1,245,248**	**576,939**	**550,389**
	2020	**2019**	**2020**	**2019**
Segment investments	**7,678**	**472,812**	**28,168**	**194,783**

All amounts in TEUR	Slovakia 2020	Slovakia 2019	Hungary 2020	Hungary 2019
Office	3,017	2,936	13,671	13,915
Retail	19,042	18,599	16,180	16,820
Other	625	750	2,266	2,363
Rental income	**22,684**	**22,285**	**32,117**	**33,098**
Operating costs charged to tenants	8,360	9,055	10,235	11,885
Other revenues	89	82	67	385
Revenues	**31,133**	**31,422**	**42,419**	**45,368**
Expenses from investment property	-8,122	-8,243	-5,209	-7,124
Operating expenses	-8,015	-8,633	-12,210	-14,159
Results of asset management	**14,996**	**14,546**	**25,000**	**24,085**
Results of property sales	**69**	**499**	**389**	**1,181**
Proceeds from the sale of real estate inventories	0	0	0	0
Cost of real estate inventories sold	0	0	0	0
Expenses from real estate inventories	0	0	0	0
Expenses from property development	-171	-154	148	-79
Revaluation of properties under construction adjusted for foreign exchange effects	0	0	-3,308	-319
Results of property development before foreign exchange effects	**-171**	**-154**	**-3,160**	**-398**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	**-171**	**-154**	**-3,160**	**-398**
Other operating income	102	149	31	119
Other operating expenses	-1,285	-1,410	-1,455	-1,725
Results of operations	**13,711**	**13,630**	**20,805**	**23,262**
Revaluation result from standing investments and goodwill	**-8,680**	**6,197**	**-13,192**	**11,887**
Operating profit (EBIT)	**5,031**	**19,827**	**7,613**	**35,149**
	31 12 2020	**31 12 2019**	**31 12 2020**	**31 12 2019**
Investment property	324,874	330,347	414,240	515,881
Property under construction	0	0	67,730	2,530
Goodwill	184	184	2,385	2,385
Investment properties held for sale	0	0	20,030	245
Real estate inventories	0	0	0	0
Segment assets	**325,058**	**330,531**	**504,385**	**521,041**
	2020	**2019**	**2020**	**2019**
Segment investments	**3,148**	**19,604**	**2,065**	**1,345**

	Romania		Other Countries	
All amounts in TEUR	**2020**	**2019**	**2020**	**2019**
Office	16,481	16,175	1,345	1,349
Retail	27,948	28,621	23,790	19,365
Other	5,878	7,175	663	510
Rental income	**50,307**	**51,971**	**25,798**	**21,224**
Operating costs charged to tenants	17,117	19,031	5,451	4,306
Other revenues	437	239	780	34
Revenues	**67,861**	**71,241**	**32,029**	**25,564**
Expenses from investment property	-15,452	-12,406	-5,585	-2,402
Operating expenses	-21,864	-24,223	-5,933	-4,708
Results of asset management	**30,545**	**34,612**	**20,511**	**18,454**
Results of property sales	**-570**	**549**	**-326**	**-1,031**
Proceeds from the sale of real estate inventories	95	698	0	0
Cost of real estate inventories sold	-62	-303	0	0
Expenses from real estate inventories	-227	0	0	0
Expenses from property development	-107	-288	-43	-61
Revaluation of properties under construction adjusted for foreign exchange effects	-1,449	-8,447	10	-31
Results of property development before foreign exchange effects	**-1,750**	**-8,340**	**-33**	**-92**
Revaluation of properties under construction resulting from foreign exchange effects	0	0	-1	-17
Results of property development	**-1,750**	**-8,340**	**-34**	**-109**
Other operating income	657	3,221	451	86
Other operating expenses	-5,455	-3,938	-1,886	-710
Results of operations	**23,427**	**26,104**	**18,716**	**16,690**
Revaluation result from standing investments and goodwill	**-47,048**	**20,990**	**-5,218**	**5,107**
Operating profit (EBIT)	**-23,621**	**47,094**	**13,498**	**21,797**
	31 12 2020	**31 12 2019**	**31 12 2020**	**31 12 2019**
Investment property	710,830	771,595	352,581	345,481
Property under construction	38,540	24,230	6,494	960
Goodwill	13,529	13,529	998	998
Investment properties held for sale	6,870	5,762	0	0
Real estate inventories	60	348	0	0
Segment assets	**769,829**	**815,464**	**360,073**	**347,439**
	2020	**2019**	**2020**	**2019**
Segment investments	**16,380**	**19,301**	**25,425**	**80,488**

All amounts in TEUR	Total reportable segments 2020	Total reportable segments 2019	Reconciliation to consolidated financial statements 2020	Reconciliation to consolidated financial statements 2019	IMMOFINANZ 2020	IMMOFINANZ 2019
Office	130,786	123,824	0	0	130,786	123,824
Retail	133,289	130,211	0	0	133,289	130,211
Other	24,548	25,844	0	0	24,548	25,844
Rental income	**288,623**	**279,879**	**0**	**0**	**288,623**	**279,879**
Operating costs charged to tenants	85,329	85,470	0	0	85,329	85,470
Other revenues	3,749	1,311	0	0	3,749	1,311
Revenues	**377,701**	**366,660**	**0**	**0**	**377,701**	**366,660**
Expenses from investment property	-71,849	-57,441	0	0	-71,849	-57,441
Operating expenses	-99,414	-101,880	0	0	-99,414	-101,880
Results of asset management	**206,438**	**207,339**	**0**	**0**	**206,438**	**207,339**
Results of property sales	**7,934**	**-5,079**	**0**	**0**	**7,934**	**-5,079**
Proceeds from the sale of real estate inventories	661	51,122	0	0	661	51,122
Cost of real estate inventories sold	-100	-56,041	0	0	-100	-56,041
Expenses from real estate inventories	1,200	-3,211	0	0	1,200	-3,211
Expenses from property development	-4,737	-5,709	0	0	-4,737	-5,709
Revaluation of properties under construction adjusted for foreign exchange effects	-21,196	1,479	0	0	-21,196	1,479
Results of property development before foreign exchange effects	**-24,172**	**-12,360**	**0**	**0**	**-24,172**	**-12,360**
Revaluation of properties under construction resulting from foreign exchange effects	-1	-17	0	0	-1	-17
Results of property development	**-24,173**	**-12,377**	**0**	**0**	**-24,173**	**-12,377**
Other operating income	2,612	5,597	47	559	2,659	6,156
Other operating expenses	-17,805	-17,161	-31,104	-28,983	-48,909	-46,144
Results of operations	**175,006**	**178,319**	**-31,057**	**-28,424**	**143,949**	**149,895**
Revaluation result from standing investments and goodwill	**-156,599**	**195,683**	**0**	**0**	**-156,599**	**195,683**
Operating profit (EBIT)	**18,407**	**374,002**	**-31,057**	**-28,424**	**-12,650**	**345,578**
	31 12 2020	**31 12 2019**	**31 12 2020**	**31 12 2019**	**31 12 2020**	**31 12 2019**
Investment property	4,680,351	4,985,257	0	0	4,680,351	4,985,257
Property under construction	358,640	199,439	0	0	358,640	199,439
Goodwill	24,184	24,184	0	0	24,184	24,184
Investment properties held for sale	163,385	149,931	0	0	163,385	149,931
Real estate inventories	619	868	0	0	619	868
Segment assets	**5,227,179**	**5,359,679**	**0**	**0**	**5,227,179**	**5,359,679**
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Segment investments	**162,100**	**905,304**	**0**	**0**	**162,100**	**905,304**

4. Notes to the Consolidated Balance Sheet

4.1 Investment property

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

IMMOFINANZ filed applications for investment subsidies for investment property and property under construction (see section 4.2) in the Austrian companies during 2020 in accordance with the Austrian subsidy guideline "COVID-19 investment bonuses for companies". None of the applicable investments had been carried out by 31 December 2020. Investment subsidies are principally accounted for through a deduction to the acquisition cost when the asset is initially recognised (net method as per IAS 20.24).

4.1.1 Development of investment property

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

The development of investment property is as follows:

All amounts in TEUR	2020	2019
Beginning balance	**4,985,257**	**3,893,568**
Deconsolidations (see 2.3)	-43,270	-13,460
Change in scope of consolidation	0	117,569
Currency translation adjustments	-7,517	-2,363
Additions	72,030	684,636
Disposals	-60,366	-60,148
Revaluation	-145,611	190,982
Reclassifications	-98,580	252,473
Reclassification from assets held for sale	5,308	0
Reclassification to assets held for sale	-26,900	-78,000
Ending balance	**4,680,351**	**4,985,257**

The additions are related primarily to the acquisition of retail parks in Austria, Czech Republic and Croatia which are assigned to the STOP SHOP brand as well as investments in office properties in Vienna and the purchase of land reserves in Croatia. The disposals in 2020 consisted chiefly of standing investments in the core countries of Germany – here through the sale of the Panta Rhei office building – and in Romania. The disposal through the sale of subsidiaries was related, above all, to a company with an office property in Poland.

The reclassifications consisted mainly of transfers of EUR -108.1 million (2019: EUR -33.1 million) from investment property to property under construction and EUR 18.2 million (2019: EUR 269.3 million) from property under construction to investment property.

The reclassifications to assets held for sale involved, above all, office properties in Hungary and Romania. The reclassifications from assets held for sale covered one property in Austria and one property in Hungary.

IFRS 16
IMMOFINANZ leases rights of use for building rights in Poland, Austria and Germany and, to a lesser extent, for buildings, land and other assets (autos and other items of business and operating equipment). The IFRS 16 rights of use resulting from these building rights are allocated to investment property. Information on the IFRS 16 rights of use included under other tangible assets can be found in section 4.3. For short-term leases (under 12 months) and low-value leases (under EUR 5,000), IMMOFINANZ applies the practical expedients defined by IFRS 16 and records the expenses for these contracts under other operating expenses (see section 5.5). The option to waive the separation of lease and non-lease components was not applied.

The rights of use for investment property and property under construction are subsequently measured at fair value in accordance with IAS 40 (see section 5.7 for the valuation effect) and represent the respective lease liabilities as of the measurement date (see section 4.14). Lease liabilities are subsequently measured at amortised cost with the application of the effective interest method and include any foreign exchange increases or decreases (see section 5.9). Lease payments on the rights of use for building rights are normally indexed and, consequently, regularly represent the current market price. The leases for rights of use for building rights generally do not include any purchase options.

The rights of use included under investment property totalled EUR 60.7 million as of 31 December 2020 (2019: EUR 63.5 million). Rights of use were reclassified to assets held for sale in 2020 (see section 4.9).

Details on the effects of the initial application of the change to IFRS 16 (COVID-19-related rental concessions) are provided in section 1.4. Information on the lessor's accounting treatment is provided in section 5.1.1.

4.1.2 Accounting policies
The fair value of the standing investments as of 31 December 2020 and in the previous year was generally determined with the so-called hardcore and top-slice method.

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

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

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

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

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

The IMMOFINANZ properties were appraised by CBRE as of 31 December 2020. Internal valuations were used in a very limited number of cases.

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

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

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

4.1.3 Valuation assumptions and existing valuation uncertainty

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

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

This aggregation results in the following classes:

- **Office** – in each of the country groups West, CEE, Other Countries
- **Retail** – in each of the country groups West, CEE, Other Countries
- **Other** – in each of the country groups West, CEE, Other Countries

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

The input parameters presented in the following tables for 2020 and 2019 are to be understood as follows:

- Lettable space in sqm: the total gross space available for rental by tenants (excluding parking areas)
- Market rent per sqm and month in EUR: the appraiser's estimate of the monthly rent for which a property could be rented by knowledgeable and willing parties under appropriate conditions and without compulsion in an arm's length transaction
- Actual rent per sqm and month in EUR: the monthly rent in square meters based on expected rents for the first year
- Capitalisation rate in %: yield based on the expected income from the property
- Vacancy rate in %: the actual vacancy rate as of the balance sheet date

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

The following tables also include the investment property classified held for sale (see section 4.9) in cases where current appraisals were available as of the balance sheet date.

Office 2020		Lettable space in sqm	Market rent per sqm, month and property in EUR	Actual rent per sqm, month and property in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,194	6.53	6.22	2.80	0.00
	max	66,381	24.65	23.42	5.45	23.47
	weighted average	19,119	14.67	13.97	4.14	4.95
	median	9,946	14.18	13.99	4.30	0.31
CEE	min	6,621	7.85	7.05	4.25	0.00
	max	71,606	23.10	22.76	10.25	34.82
	weighted average	20,477	13.86	11.39	7.48	7.60
	median	17,271	13.77	11.43	7.75	5.48
Other Countries	min	15,995	11.91	10.21	7.75	0.96
	max	15,995	11.91	10.21	7.75	0.96
	weighted average	15,995	11.91	10.21	7.75	0.96
	median	15,995	11.91	10.21	7.75	0.96

Retail 2020		Lettable space in sqm	Market rent per sqm, month and property in EUR	Actual rent per sqm, month and property in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,174	6.05	5.55	5.00	0.00
	max	9,480	13.90	14.46	6.10	7.58
	weighted average	4,836	10.82	10.81	5.62	0.85
	median	4,389	11.43	12.15	5.60	0.00
CEE	min	2,636	5.05	1.35	6.25	0.00
	max	62,571	19.74	19.43	9.75	22.02
	weighted average	11,504	9.89	9.68	7.61	2.01
	median	7,853	9.30	9.30	7.40	0.00
Other Countries	min	1,657	7.45	8.16	7.75	0.00
	max	13,125	12.27	22.38	8.75	8.19
	weighted average	7,741	9.98	13.83	8.26	0.77
	median	7,626	10.04	13.23	8.00	0.00

Office

2019		Lettable space in sqm	Market rent per sqm, month and property in EUR	Actual rent per sqm, month and property in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,194	6.53	6.32	2.90	0.00
	max	66,394	24.65	22.97	5.45	11.11
	weighted average	19,278	14.51	14.87	4.17	2.59
	median	13,857	13.87	14.72	4.28	0.06
CEE	min	5,914	8.85	6.86	4.10	0.00
	max	71,606	23.26	24.44	10.00	31.20
	weighted average	19,736	13.89	11.06	7.36	4.74
	median	17,067	13.76	10.44	7.50	2.85
Other Countries	min	15,995	11.93	9.35	7.75	0.99
	max	15,995	11.93	9.35	7.75	0.99
	weighted average	15,995	11.93	9.35	7.75	0.99
	median	15,995	11.93	9.35	7.75	0.99

Retail

2019		Lettable space in sqm	Market rent per sqm, month and property in EUR	Actual rent per sqm, month and property in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,174	6.05	5.77	5.00	0.00
	max	9,480	13.90	14.10	6.10	37.48
	weighted average	4,635	11.24	11.96	5.63	2.88
	median	4,368	11.44	12.58	5.70	0.00
CEE	min	2,636	5.12	6.17	6.15	0.00
	max	62,603	20.28	19.54	9.25	15.58
	weighted average	11,557	10.07	10.86	7.53	1.78
	median	7,587	9.57	10.26	7.50	0.00
Other Countries	min	1,657	7.27	4.86	7.50	0.00
	max	13,112	12.10	18.38	8.50	9.38
	weighted average	7,746	9.88	10.00	8.01	0.70
	median	7,626	9.94	10.10	7.75	0.00

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

The following tables show the input factors for properties valued with the sales comparison approach (undeveloped land and vacant buildings):

Office 2020		Land in sqm	Price per sqm in EUR
West	min	1,478	980.17
	max	19,439	1,136.67
	weighted average	9,880	1,034.50
	median	8,723	986.68
CEE	min	2,162	95.97
	max	110,134	4,661.29
	weighted average	34,081	1,458.65
	median	12,014	538.66

Retail 2020		Land in sqm	Price per sqm in EUR
CEE	min	18,568	44.89
	max	126,500	154.57
	weighted average	78,626	98.63
	median	84,718	97.53
Other Countries	min	30,000	36.00
	max	39,471	84.11
	weighted average	34,736	60.06
	median	34,736	60.06

Other 2020		Land in sqm	Price per sqm in EUR
CEE	min	1,790	130.05
	max	210,319	428.15
	weighted average	69,404	275.31
	median	32,753	271.51
Other Countries	min	7,951	1,672.75
	max	7,951	1,672.75
	weighted average	7,951	1,672.75
	median	7,951	1,672.75

Office 2019		Land in sqm	Price per sqm in EUR
West	min	1,478	980.17
	max	8,723	1,136.67
	weighted average	5,101	1,058.42
	median	5,101	1,058.42
CEE	min	1,790	98.97
	max	110,134	550.03
	weighted average	33,599	394.63
	median	11,235	464.76

Retail 2019		Land in sqm	Price per sqm in EUR
CEE	min	18,568	44.98
	max	126,500	186.88
	weighted average	78,626	107.66
	median	84,718	99.38
Other Countries	min	30,000	39.00
	max	39,471	84.11
	weighted average	34,736	61.56
	median	34,736	61.56

Other 2019		Land in sqm	Price per sqm in EUR
CEE	min	2,686	130.05
	max	210,319	431.87
	weighted average	76,655	220.65
	median	46,808	160.34

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

All countries in which IMMOFINANZ is active were influenced by the COVID-19 pandemic as of the valuation date on 31 December 2020 and thereafter. In spite of the related economic uncertainties, the appraisers found and confirmed functioning real estate markets in nearly all areas. The shopping center sector was the only area with uncertainty that exceeded the normal real estate market fluctuations and was therefore reported as being subject to valuation uncertainty as defined by VPS 3 and VPGA 10 of the RICS Red Book Global Standards. In this connection, the appraiser confirms the determined values, but notes that there is greater uncertainty in this property class and emphasises the relevance of the valuation date for the current appraisal. This reservation under VPS 3 and VPGA 10 does not apply to the other properties, offices or retail parks. The carrying amount of the shopping centers affected by this uncertainty amounts to EUR 663.1 million.

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

Office

All amounts in TEUR	West	CEE	Other Countries	Total
Balance on 1 January 2019	**894,430**	**1,358,120**	**32,409**	**2,284,959**
Change in scope of consolidation	0	106,480	0	106,480
Foreign exchange differences	0	0	-95	-95
Additions	26,390	508,813	0	535,203
Disposals	-29,169	-24,958	0	-54,127
Revaluation of properties in the portfolio as of the balance sheet date	112,412	37,790	-142	150,060
Revaluation of properties no longer in the portfolio as of the balance sheet date	-1,857	949	0	-908
Reclassifications	177,552	-1,175	-162	176,215
Reclassification to assets held for sale	0	-77,755	0	-77,755
Balance on 31 December 2019	**1,179,758**	**1,908,264**	**32,010**	**3,120,032**
Balance on 1 January 2020	**1,179,758**	**1,908,264**	**32,010**	**3,120,032**
Deconsolidations	0	-43,270	0	-43,270
Foreign exchange differences	0	0	-366	-366
Additions	8,122	2,383	0	10,505
Disposals	-55,642	-13	0	-55,655
Revaluation of properties in the portfolio as of the balance sheet date	-14,273	-72,618	-1,608	-88,499
Revaluation of properties no longer in the portfolio as of the balance sheet date	10,735	-86	0	10,649
Reclassifications	3,791	-73,237	144	-69,302
Reclassification to assets held for sale	0	-20,030	0	-20,030
Balance on 31 December 2020	**1,132,491**	**1,701,393**	**30,180**	**2,864,064**

Retail

All amounts in TEUR	West	CEE	Other Countries	Total
Balance on 1 January 2019	**115,110**	**1,196,901**	**198,089**	**1,510,100**
Deconsolidations	0	-9,480	0	-9,480
Change in scope of consolidation	0	11,089	0	11,089
Foreign exchange differences	0	0	548	548
Additions	21,979	48,488	74,280	144,747
Disposals	0	-3,534	0	-3,534
Revaluation of properties in the portfolio as of the balance sheet date	10,990	26,352	5,258	42,600
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	473	0	473
Reclassifications	394	23,337	8,026	31,757
Reclassification to assets held for sale	0	-245	0	-245
Balance on 31 December 2019	**148,473**	**1,293,381**	**286,201**	**1,728,055**
Balance on 1 January 2020	**148,473**	**1,293,381**	**286,201**	**1,728,055**
Foreign exchange differences	0	0	-193	-193
Additions	10,641	31,539	5,087	47,267
Disposals	0	-2,614	0	-2,614
Revaluation of properties in the portfolio as of the balance sheet date	-353	-63,799	-6,884	-71,036
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	581	0	581
Reclassifications	-119	14,749	1,240	15,870
Reclassification from assets held for sale	5,063	245	0	5,308
Balance on 31 December 2020	**163,705**	**1,274,082**	**285,451**	**1,723,238**

Other

All amounts in TEUR	West	CEE	Other Countries	Total
Balance on 1 January 2019	**7,340**	**61,075**	**30,094**	**98,509**
Deconsolidations	0	-3,980	0	-3,980
Foreign exchange differences	0	0	-2,816	-2,816
Additions	3,010	1,676	0	4,686
Disposals	0	-2,487	0	-2,487
Revaluation of properties in the portfolio as of the balance sheet date	-681	-537	-8	-1,226
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	-17	0	-17
Reclassifications	44,501	0	0	44,501
Balance on 31 December 2019	**54,170**	**55,730**	**27,270**	**137,170**
Balance on 1 January 2020	**54,170**	**55,730**	**27,270**	**137,170**
Foreign exchange differences	0	0	-6,958	-6,958
Additions	552	342	13,364	14,258
Disposals	0	-2,097	0	-2,097
Revaluation of properties in the portfolio as of the balance sheet date	509	-849	3,274	2,934
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	-240	0	-240
Reclassifications	-45,148	0	0	-45,148
Reclassification to assets held for sale	0	-6,870	0	-6,870
Balance on 31 December 2020	**10,083**	**46,016**	**36,950**	**93,049**

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

All amounts in TEUR	31 12 2020	31 12 2019
Office	1,132,491	1,179,758
Retail	163,705	148,473
Other	10,083	54,170
Total West	**1,306,279**	**1,382,401**
Office	1,701,393	1,908,264
Retail	1,274,082	1,293,381
Other	46,016	55,730
Total CEE	**3,021,491**	**3,257,375**
Office	30,180	32,010
Retail	285,451	286,201
Other	36,950	27,270
Total Other Countries	**352,581**	**345,481**
Total (as per consolidated balance sheet)	**4,680,351**	**4,985,257**

Sensitivity analysis of revaluation results

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

The following two tables show the per cent change in the fair value of investment property as of 31 December 2020 that would have resulted from changes in rental income and interest rates, respectively from changes in the vacancy rate:

Sensitivity of fair value as of 31 December 2020					Rental income
Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	5.6%	8.7%	11.8%	14.9%	17.9%
Δ -25 basis points	-0.3%	2.6%	5.5%	8.5%	11.4%
Δ 0 basis points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +25 basis points	-10.2%	-7.6%	-4.9%	-2.3%	0.3%
Δ +50 basis points	-14.5%	-11.9%	-9.4%	-6.9%	-4.4%

[1] Capitalisation rate

For example: if the interest rate fell by 25 basis points and rental income rose by 2.5%, the fair value of investment property would increase by 8.5%.

Sensitivity of fair value as of 31 December 2020					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-2.7%	0.1%	3.0%	5.8%	8.6%
Δ -2.5% points	-3.8%	-0.9%	1.9%	4.7%	7.5%
Δ 0.0% points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +2.5% points	-8.2%	-5.5%	-2.8%	-0.1%	2.6%
Δ +5.0% points	-10.8%	-8.2%	-5.6%	-2.9%	-0.3%

For example: if the vacancy rate fell by 2.5% points and rental income rose by 2.5%, the fair value would increase by 4.7%.

The following two tables show the per cent change in the fair value of investment property as of 31 December 2019 that would result from changes in rental income and interest rates, respectively from changes in the vacancy rate:

Sensitivity of fair value as of 31 December 2019 | **Rental income**

Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	5.7%	8.8%	11.9%	15.0%	18.1%
Δ -25 basis points	-0.3%	2.7%	5.6%	8.5%	11.5%
Δ 0 basis points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +25 basis points	-10.3%	-7.7%	-5.0%	-2.4%	0.3%
Δ +50 basis points	-14.6%	-12.1%	-9.5%	-7.0%	-4.5%

[1] Capitalisation rate

Sensitivity of fair value as of 31 December 2019 | **Rental income**

Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-3.4%	-0.6%	2.3%	5.1%	8.0%
Δ -2.5% points	-4.4%	-1.6%	1.2%	4.0%	6.8%
Δ 0.0% points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +2.5% points	-8.2%	-5.5%	-2.8%	-0.1%	2.6%
Δ +5.0% points	-10.9%	-8.2%	-5.6%	-2.9%	-0.3%

The above data are based on the top 30 properties in the standing investment portfolio, which are defined as the 30 properties with the highest carrying amount. Properties classified as held for sale are excluded in accordance with IFRS 5. As of 31 December 2020, the investment property had a carrying amount of EUR 4,680.4 million (31 December 2019: EUR 4,985.3 million), and the carrying amount of the top 30 properties totalled EUR 2,868.8 million (31 December 2019: EUR 3,048.9 million) or 61.3% (31 December 2019: 61.2%) of the standing investment portfolio.

For the top 30 properties in the standing investment portfolio, the capitalisation rate used by the appraisers for valuation as of 31 December 2020 ranged from 2.95% to 8.75% (31 December 2019: 3.1% to 8.5%). The interest rates were highest in Romania during 2020 with a range of 7.6% to 8.75% and lowest in Austria with a range of 2.95% to 4.7%. During the previous financial year, the interest rates were highest in Romania with a range of 7.5% to 8.5% and lowest in Austria with a range of 3.1% to 4.8%.

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

4.1.4 Concentration risk

Concentration risk is understood to mean the accumulation of similar risks that contradict the principle of risk diversification. IMMOFINANZ consciously reduces these risks through the sector and regional diversification of its property portfolio. In addition to this sector and regional diversification, IMMOFINANZ also works to achieve a diversified tenant structure so the loss of a tenant will not have a significant influence on the company. IMMOFINANZ has a well-balanced and diversified tenant mix. No single tenant is responsible for more than 2.5% of total rental income (also see section 3.5).

4.2 Property under construction

Property under construction covers properties under development as well as standing investments which were reclassified over time from standing investments to property under construction due to refurbishment and re-development. IMMOFINANZ views refurbishment and renovation as the structural-technical restoration or modernisation of one or more floors, the communal areas or an entire property to eliminate damages and/or improve the overall standard. Above all, it involves maintaining the value of the building substance and/or modernising the property to improve its potential. This involves the facade as well as the building core (floors, rental areas, communal areas, plant rooms etc.). Renovation extends beyond normal maintenance and repairs and beyond a maintenance backlog. An important criterion for classification as renovation is the investment volume and a reduced occupancy level. A renovation case is considered to exist when the investment volume equals or exceeds 10% of the property's current fair value and the occupancy rate has fallen below 50%.

Property under construction is reclassified to investment property when the development measures are finalised and the project is completed. This completion includes the transfer of general contractor activities, transfer to the asset management process and the approval of the Executive Board.

Borrowing costs directly attributable to the acquisition, construction or production of assets whose purchase or development requires a substantial period of time are generally capitalised as part of the acquisition or production cost. In accordance with IAS 23, the application of this accounting procedure is not mandatory if the acquired or developed assets are measured at fair value. IMMOFINANZ has elected to use the fair value model for the subsequent measurement of investment property (see section 1.2), and borrowing costs are therefore not capitalised on property accounted for according to IAS 40.

The development of property under construction is shown in the following table:

All amounts in TEUR	2020	2019
Beginning balance	**199,439**	**397,540**
Currency translation adjustments	1	16
Additions	90,070	103,099
Disposals	0	-6,166
Revaluation	-21,197	2,706
Reclassifications	90,327	-236,271
Reclassification to assets held for sale	0	-61,485
Ending balance	**358,640**	**199,439**

The additions are related primarily to the development projects currently in progress in Düsseldorf as well as investments in the myhive am Wienerberg and myhive Ungargasse in Austria and the myhive Iride in Bucharest. The development project in Düsseldorf had a negative effect of EUR -8.1 million on revaluation results following the identification of subsequent acquisition costs for land in the second quarter of 2020; these costs will become cash-effective in 2021.

The reclassifications involve, above all, transfers of EUR 108.1 million (2019: EUR 33.1 million) from investment property to property under construction and transfers of EUR -18.2 million (2019: EUR -269.3 million) from property under construction to investment property.

The residual value method is generally used to value property under construction. Standing investments that were transferred to property under construction due to upcoming refurbishment or upgrading are valued with hardcore and top-slice method until detailed redevelopment plans are available. As soon as these plans are available, valuation is based on the residual value method. Residual value is understood to represent the amount remaining after the deduction of all project development costs and the imputed project development profit (developer profit) from the property's estimated selling price after completion. The unrealised imputed project development profit declines with the progress on the project. The most important input factors for this valuation method are the future rental income from the project, the discount rate (these two parameters generally determine the estimated fair value on completion) and the outstanding project development costs. The capitalisation rates for IMMOFINANZ's development projects range from 3.25% to 8.25% (2019: 3.3% to 7.8%), while the project development profit ranges from 0.0% to 17.2% (2019: 10.0% to 20.3%). The estimated fair values of the projects on completion range from EUR 11.0 million to EUR 162.8 million (2019: EUR 15.1 million to EUR 160.3 million) and the estimated outstanding construction costs by property range from EUR 4.6 million to EUR 40.8 million (2019: EUR 7.9 million to EUR 60.9 million).

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

As of 31 December 2020, property under construction included no rights of use (2019: EUR 0.0 million). The rights of use included in assets held for sale totalled EUR 12.4 million as of 31 December 2020 (2019: EUR 13.7 million) (see section 4.9).

4.3 Other tangible assets

As of 31 December 2020, other tangible assets included IFRS 16 rights of use totalling EUR 1.4 million (31 December 2019: EUR 1.9 million).

4.4 Intangible assets

4.4.1 Composition of intangible assets

The development of goodwill and other tangible assets is shown in the following table:

All amounts in TEUR	31 12 2020	31 12 2019
Goodwill	24,184	24,184
Other intangible assets	276	435
Total	**24,460**	**24,619**

4.4.2 Goodwill

The development of goodwill is shown in the following table:

All amounts in TEUR	2020	2019
Acquisition cost - beginning balance	**1,020,097**	**1,053,062**
Deconsolidations	-4,645	-32,957
Currency translation adjustments	-31	-8
Acquisition cost - ending balance	**1,015,421**	**1,020,097**
Accumulated depreciation - beginning balance	**-995,913**	**-1,028,555**
Deconsolidations	4,645	32,957
Currency translation adjustments	31	8
Impairment losses to continuing operations	0	-323
Accumulated depreciation - ending balance	**-991,237**	**-995,913**
Carrying amount as of the balance sheet date	**24,184**	**24,184**

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

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

The recoverable amount of the cash-generating units is based on the fair value of the included property (properties) as determined by an expert opinion and includes the deferred taxes that are not transferrable to a hypothetical buyer as well as costs to sell. If the hypothetical transaction underlying the determination of the recoverable amount is assumed to be structured in a way that does not change the tax base of the asset(s) – which is regularly the case with share deals – this factor would be implicitly included in the recoverable amount at zero. The experience from recent transactions has shown that the determination of the selling price through negotiations generally leads to an equal allocation of the deferred tax liabilities between the seller and the buyer.

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

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

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

Segment		Lettable space in sqm	Market rent per sqm and month in EUR	Actual rent per sqm and month in EUR	Capitalisation rate in %	Vacancy rate in %
Poland	min	21,264	16.02	12.73	7.00	3.88
	max	21,264	16.02	12.73	7.00	3.88
	weighted average	21,264	16.02	12.73	7.00	3.88
	median	21,264	16.02	12.73	7.00	3.88
Czech Republic	min	4,247	8.16	7.82	5.75	0.00
	max	31,154	14.85	11.71	7.25	6.68
	weighted average	9,718	10.09	9.71	6.74	1.44
	median	5,863	9.19	9.34	6.90	0.00
Slovakia	min	4,451	8.57	8.92	7.40	0.00
	max	6,809	9.44	10.47	9.75	13.61
	weighted average	5,875	9.07	9.94	8.18	6.26
	median	6,366	9.20	10.41	7.40	5.18
Hungary	min	7,210	9.93	10.31	7.25	0.00
	max	38,669	14.77	11.58	8.00	15.41
	weighted average	18,646	11.72	11.09	7.67	6.96
	median	10,060	10.47	11.38	7.75	5.48
Romania	min	16,684	7.85	7.36	7.60	0.69
	max	62,571	19.47	15.66	8.85	8.93
	weighted average	30,923	14.55	12.49	8.21	4.14
	median	21,127	15.30	13.49	8.00	3.26
Other Countries	min	5,110	7.45	8.16	7.75	0.00
	max	15,995	11.91	11.57	8.00	0.96
	weighted average	11,145	9.32	9.98	7.83	0.32
	median	12,332	8.59	10.21	7.75	0.00

Impairment testing of the cash-generating units in IMMOFINANZ's continuing operations which carry goodwill resulted in the recognition of impairment losses totalling EUR 0.0 million as of 31 December 2020 (31 December 2019: EUR -0.3 million).

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

4.5 Equity-accounted investments

4.5.1 Investments in joint ventures

With regard to the investments in joint ventures, joint arrangements normally include limitations on the sale of the investment in the form of pre-emptive or purchase rights and tag-along sale rights or obligations.

The following table provides aggregated financial information on the joint ventures, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements.

The other adjustments included in the transition from the proportional share of equity to the carrying amount reported by IMMOFINANZ are related primarily to coverage for negative carrying amounts. This coverage was achieved through the reduction of receivables which are considered net investments in the joint ventures according to IAS 28 because of their economic content. The other adjustments included in the transition from the proportional share of profit or loss for the period to the share of profit or loss reported by IMMOFINANZ involve impairment losses or the reversal of such losses to the net investment in the joint ventures.

All amounts in TEUR	**Total 31 12 2020**
Non-current assets	2,161
thereof investment property	1,690
Current assets	20
thereof cash and cash equivalents	2
Non-current liabilities	6,777
Current liabilities	1,644
Equity	**-6,240**
Equity interest of IMMOFINANZ in the investment	-4,680
Other adjustments	4,680
Carrying amount as of 31 December 2020	**0**
Cumulative losses not recognised as of 31 December 2020	0
	2020
Net profit or loss for the period	**-463**
thereof interest expense	-288
thereof income taxes	-6
thereof attributable to shareholders of the investment	-463
Share of net profit or loss attributable to IMMOFINANZ	-80
Other adjustments	-267
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**-347**
Other comprehensive income	**107**
thereof attributable to shareholders of the investment	107
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	**80**
Total comprehensive income	**-356**
thereof attributable to shareholders of the investment	-356
Share of IMMOFINANZ in total comprehensive income for the period	**-267**
Other adjustments	267
Dividends received	**0**

All amounts in TEUR	Total 31 12 2019
Non-current assets	2,175
thereof investment property	1,690
Current assets	65
thereof cash and cash equivalents	14
Non-current liabilities	6,524
Current liabilities	1,600
Equity	**-5,884**
Equity interest of IMMOFINANZ in the investment	-4,412
Other adjustments	4,412
Losses not recognised during the financial year	8

	2019
Net profit or loss for the period	**-322**
thereof interest expense	-291
thereof income taxes	-9
thereof attributable to shareholders of the investment	-322
Share of net profit or loss attributable to IMMOFINANZ	-102
Other adjustments	18
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**-84**
Other comprehensive income	**-63**
thereof attributable to shareholders of the investment	-63
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	**2**
Other adjustments	100
Total comprehensive income	**-385**
thereof attributable to shareholders of the investment	-385
Share of IMMOFINANZ in total comprehensive income for the period	**-244**
Other adjustments	244
Dividends received	**0**

4.5.2 Investments in associates

S IMMO AG (in short: S IMMO) was IMMOFINANZ's most important associate as of 31 December 2020. The shares of S IMMO are listed on the Vienna Stock Exchange, and the share price equalled EUR 16.96 at year-end 2020. IMMOFINANZ holds an investment of 26.49% in the capital of S IMMO, which represents 15% of the voting rights based on the issuer's current articles of association. This share package gives IMMOFINANZ significant influence over S IMMO, and the investment is consequently accounted for at equity.

IAS 28.40 requires a company that applies the equity method, including the recognition of the associate's losses, to determine whether there are any objective indications of significant or lasting impairment to its net investment in the associate. The steady decline in the price of the S IMMO share during 2020 represented an objective indication of impairment to this investment as of 31 December 2020, and an impairment test was subsequently carried out. The test involved comparing the recoverable value of the share package based on the applicable fair value less selling costs.

The absence of Level 1 fair values for the share package (unit of account), which represents a comparable capital interest, required a discretionary decision concerning the valuation procedure. IFRS do not provide any explicit rules for determining the fair value of such valuation objects in accordance with IFRS 13. IMMOFINANZ's management decided to carry out these valuations as "close to market" as possible. The price on the Vienna Stock Exchange as of the respective balance sheet date, plus a package premium, therefore forms the basis for valuation. IFRS 13 permits the inclusion of premiums under the following conditions: when the premium reflects the economic characteristics of the valuation object; when hypothetical buyers would include the premium in determining a purchase price; and when the inclusion of a premium does not contradict the unit of account (in this case, the equity-accounted investment in S IMMO). In view of these circumstances, the determination of fair value (including the existing voting restriction) included an appropriate premium of 11.9% (EUR 2.02 per share, or EUR 39.4 million) over the share price for the size of the capital investment. The premium was derived from comparable transactions (the purchase of capital investments in European companies from 2011 to 2020) based on capital market data. Since the fair value was ultimately derived from observable and non-observable data, it is classified under Level 3 in accordance with IFRS 13.

The recoverable amount determined by this method – which represents a fair value of EUR 370.1 million (EUR 18.98 per share) less selling costs of 1.75% – amounted to EUR 363.6 million as of 31 December 2020. Results for the 2020 financial year therefore include an impairment loss of EUR -88.6 million.

The following table provides aggregated financial information on the associates, including a reconciliation to the carrying amounts and shares of profit or loss reported in IMMOFINANZ's consolidated financial statements. As regards the S IMMO investment, the other adjustments represent impairment losses and the carry forward of fair value adjustments identified in connection with the acquisition of the shares during the purchase price allocation. The other adjustments to the net profit of S IMMO include the carry forward of fair value adjustments totalling EUR 0.6 million (2019: EUR 0.6 million) that were identified during the acquisition of the investment as well as the impairment loss. In the segment report, these fair value adjustments are included in the Austria segment.

All amounts in TEUR	S IMMO 31 12 2020	Other 31 12 2020	Total 31 12 2020
Non-current assets	3,007,020	939	3,007,959
thereof investment property	2,472,539	0	2,472,539
Current assets	115,590	9,957	125,547
Non-current liabilities	1,569,209	32	1,569,241
Current liabilities	169,573	3,462	173,035
Equity	**1,383,828**	**7,402**	**1,391,230**
thereof attributable to non-controlling interests	3,277	282	3,559
thereof attributable to shareholders of the investment	1,380,551	7,120	1,387,671
Equity interest of IMMOFINANZ in the investment	365,708	3,489	369,197
Other adjustments	-2,119	854	-1,265
Carrying amount as of 31 December 2020	**363,589**	**4,343**	**367,932**
Cumulative losses not recognised as of 31 December 2020	0	0	0
	2020	**2020**	**2020**
Rental income	123,255	0	123,255
Expenses charged on and other revenue	50,660	31,190	81,850
Revenues	**173,915**	**31,190**	**205,105**
Net profit or loss for the period	**56,912**	**8,022**	**64,934**
thereof attributable to non-controlling interests	375	0	375
thereof attributable to shareholders of the investment	56,537	8,022	64,559
Share of net profit or loss attributable to IMMOFINANZ	14,977	3,931	18,908
Other adjustments	-88,057	0	-88,057
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**-73,080**	**3,931**	**-69,149**
Other comprehensive income	**-91,853**	**0**	**-91,853**
thereof attributable to shareholders of the investment	-91,853	0	-91,853
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	-24,332	0	-24,332
Total comprehensive income	**-34,941**	**8,022**	**-26,919**
thereof attributable to non-controlling interests	375	0	375
thereof attributable to shareholders of the investment	-35,316	8,022	-27,294
Share of IMMOFINANZ in total comprehensive income for the period	**-97,412**	**3,931**	**-93,481**
Dividends received	**13,650**	**3,128**	**16,778**

All amounts in TEUR	S IMMO 31 12 2019	Other 31 12 2019	Total 31 12 2019
Non-current assets	2,937,229	1,052	2,938,281
thereof investment property	2,334,540	0	2,334,540
Current assets	200,459	7,953	208,412
Non-current liabilities	1,603,971	18	1,603,989
Current liabilities	188,632	3,357	191,989
Equity	**1,345,085**	**5,630**	**1,350,715**
thereof attributable to shareholders of the investment	1,342,175	5,149	1,347,324
Equity interest of IMMOFINANZ in the investment	391,110	2,523	393,633
Other adjustments	83,540	1,018	84,558
Carrying amount as of 31 December 2019	**474,650**	**3,541**	**478,191**
Losses not recognised during the financial year	0	2,350	2,350
	2019	**2019**	**2019**
Rental income	119,373	-120	119,253
Expenses charged on and other revenue	91,055	25,652	116,707
Revenues	**210,427**	**25,534**	**235,961**
Net profit or loss for the period	**213,307**	**2,660**	**215,967**
thereof attributable to non-controlling interests	533	0	533
thereof attributable to shareholders of the investment	212,774	2,660	215,434
Share of net profit or loss attributable to IMMOFINANZ	62,002	1,894	63,896
Other adjustments	14,905	1,158	16,063
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**76,907**	**3,052**	**79,959**
Other comprehensive income	**66,888**	**0**	**66,888**
thereof attributable to shareholders of the investment	66,888	0	66,888
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	19,491	0	19,491
Total comprehensive income	**280,195**	**2,661**	**282,856**
thereof attributable to non-controlling interests	533	0	533
thereof attributable to shareholders of the investment	279,662	2,661	282,323
Share of IMMOFINANZ in total comprehensive income for the period	**96,398**	**3,052**	**99,450**
Dividends received	**13,650**	**2,569**	**16,219**

4.6 Trade and other receivables

IMMOFINANZ carries trade receivables and other financial receivables at amortised cost. Recognisable individual risks are reflected in appropriate valuation adjustments. Non-financial receivables, e.g. claims against administrative authorities for the reimbursement of input VAT, are also carried at amortised cost after the deduction of any necessary write-downs.

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

All amounts in TEUR	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2019	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Rents receivable	25,420	25,420	0	0	24,284	24,284	0	0
Miscellaneous	27,559	27,559	0	0	31,943	31,943	0	0
Total trade accounts receivable	**52,979**	**52,979**	**0**	**0**	**56,227**	**56,227**	**0**	**0**
Receivables due from associates	5	5	0	0	0	0	0	0
Receivables due from joint ventures	1,752	1,004	733	15	1,757	747	1,001	9
Receivables due from equity-accounted investments	**1,757**	**1,009**	**733**	**15**	**1,757**	**747**	**1,001**	**9**
Restricted funds	40,883	7,595	32,115	1,173	42,863	2,583	37,784	2,496
Financing	7,758	85	139	7,534	8,746	91	202	8,453
Property management	1,499	1,176	299	24	2,863	2,557	277	29
Outstanding purchase price receivables - sale of properties	70	70	0	0	2,951	2,951	0	0
Outstanding purchase price receivables - sale of shares in other companies	12,960	0	12,960	0	14,597	2,914	11,683	0
Miscellaneous	9,384	7,459	1,826	99	9,816	6,354	3,189	273
Total other financial receivables	**72,554**	**16,385**	**47,339**	**8,830**	**81,836**	**17,450**	**53,135**	**11,251**
Tax authorities	16,586	16,586	0	0	29,005	29,005	0	0
Other contractual assets	763	763	0	0	1,001	1,001	0	0
Total other non-financial receivables	**17,349**	**17,349**	**0**	**0**	**30,006**	**30,006**	**0**	**0**
Total	**144,639**	**87,722**	**48,072**	**8,845**	**169,826**	**104,430**	**54,136**	**11,260**

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

The outstanding purchase price receivables from the sale of shares consists primarily of the purchase price receivable from the sale of the retail portfolio Moscow which was deferred to 2022 (see section 2.4) and was carried at a present value of EUR 13.0 million as of 31 December 2020.

The other contractual assets of EUR 0.8 million resulted from the initial application of IFRS 15 as of 1 January 2018.

The default risk associated with receivables due from tenants is generally low because credit standings are monitored on a regular basis and the tenant is generally required to provide a deposit of one to five months' rent or an appropriate bank guarantee when the contract is signed. Individual valuation adjustments are recognised for receivables that carry an increased risk of default. Consequently, all uncollectible receivables had been written off and all doubtful receivables had been impaired as of the balance sheet date. These valuation adjustments are included in the results of asset management and are not reported on a separate line on the income statement, as required by IAS 1.82, because the related amounts are not considered material. Receivables write-offs in connection with COVID-19 involve material positions in 2020, but are not reported on a separate line of the income statement due to their non-recurring nature and consistency.

As in the previous financial year, valuation adjustments were recognised to trade accounts receivable in 2020. Valuation adjustments (and revaluations) were also recorded to financing receivables, receivables from joint ventures and other receivables. Therefore, the expected recoverability of these receivables is reflected on the balance sheet.

The valuation adjustments to trade and other receivables totalled EUR -29.4 million in 2020 (2019: EUR -2.4 million). This increase is attributable, above all, to the COVID-19-related write-off of receivables (see section 5.1.3). Detailed information on the change in impairment and default risk is provided in section 7.2.2.

4.7 Other financial assets

Other non-current financial instruments comprise shares in real estate funds, derivatives and miscellaneous securities as shown below:

All amounts in TEUR	31 12 2020	31 12 2019
Other securities	10,613	6,552
Real estate fund shares	1,911	3,811
Derivative financial instruments	0	86
Total	**12,524**	**10,449**

The other securities include investments in companies which are accounted for as follows: EUR 6.6 million (31 December 2019: EUR 6.6 million) are carried at fair value through profit or loss and EUR 4.0 million (31 December 2019: EUR 0.0 million) at fair value through other comprehensive income.

The real estate fund shares are also carried at fair value through profit or loss.

Derivatives are accounted for as stand-alone financial instruments and are used to reduce the risks associated with interest rate fluctuations. Derivative transactions are only concluded with financial institutions that have first-rate credit standings. Derivatives are carried at fair value through profit or loss as of the balance sheet date. Hedge accounting in the sense of IFRS 9 is not applied by the full consolidated companies in the IMMOFINANZ Group.

Information on the development of the other financial assets is provided in section 7.

4.8 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities as of 31 December 2020 resulted from the following temporary accounting and valuation differences between the carrying amounts according to IFRS in IMMOFINANZ's consolidated financial statements and the respective tax bases:

	31 12 2020		31 12 2019	
All amounts in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Investment property	2,880	321,863	711	327,986
Other financial assets and miscellaneous assets	16,680	22,577	15,356	24,654
Total	**19,560**	**344,440**	**16,067**	**352,640**
Other liabilities and provisions	23,056	9,887	7,342	7,121
Financial liabilities	1,074	6,898	1,137	8,678
Total	**24,130**	**16,785**	**8,479**	**15,799**
Tax loss carryforwards	239,126	0	244,091	0
Real differences from the elimination of intra-group liabilities	0	174,846	0	172,492
Deferred tax assets and deferred tax liabilities	**282,816**	**536,071**	**268,637**	**540,931**
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	-273,800	-273,800	-265,645	-265,645
Net deferred tax assets and deferred tax liabilities	**9,016**	**262,271**	**2,992**	**275,286**

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

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

Deferred tax liabilities are not recognised for temporary differences resulting from shares in subsidiaries, joint ventures or associates (outside-basis differences) in cases where their reversal can be controlled by IMMOFINANZ and is not probable in the foreseeable future. For this reason, deferred tax liabilities were not recognised for temporary differences of EUR 1,130.1 million (31 December 2019: EUR 1,255.7 million).

Deferred tax assets are recognised on tax loss carryforwards when it is probable that sufficient taxable income will be available to utilise these tax loss carryforwards in the future. Deferred tax assets are also recorded in cases where sufficient deferred tax liabilities relating to the same tax subject and taxation authority were recognised and are assumed to reverse at the same time as the deferred tax assets on the unused loss carryforwards.

The recognition of deferred tax assets, in general, and deferred taxes on unused tax loss carryforwards and deductible temporary partial depreciation charges on investments ("Siebentelabschreibung"), in particular, is based on expectations by IMMOFINANZ's management concerning the availability of sufficient taxable profits in the future. These expectations reflect the previous history of tax losses, limits on the utilisation of tax losses, membership in a tax group and the possible expiration of tax loss carryforwards in some countries. Accounting decisions over the recognition or recoverability of deferred taxes are based, on the one hand, on the latest data from tax planning over a five-year forecast period and, on the other hand, on assumptions for the timing of the reversal of deferred tax liabilities and the availability of tax planning opportunities to utilise previously unused tax losses in Austria and other countries. Based on a judgement issued by the Austrian High Administrative Court in 2019 concerning the tax consequences of liquidations, deferred tax liabilities and the related deferred tax assets arising from differences in the consolidation of liabilities between certain Austrian Group members may no longer be recognised.

The recoverability of deferred tax assets by Group companies that recorded losses in 2020 or 2019 (2020: EUR 5.5 million; 2019: EUR 1.1 million) is dependent on the generation of future taxable profits that are higher than the earnings effect from the reversal of the existing taxable temporary differences.

Deferred tax assets were not recognised for loss carryforwards of EUR 2,495.3 million (31 December 2019: EUR 3,351.3 million). The tax loss carryforwards are in part unlimited, while others will expire within the next five to ten years. Any limits on the use of loss carryforwards were also taken into account. Deferred tax assets were not recognised for deductible temporary partial depreciation charges on investments ("Siebentelabschreibung") of EUR 278.3 million (31 December 2019: EUR 342.4 million).

The calculation of deferred taxes is based on the tax rate that is expected to apply when the temporary differences are presumed to reverse. The applicable tax rate for IMMOFINANZ AG and all Austrian Group companies is 25%. The applicable local tax rate is used for foreign Group companies.

The tax rates used to value deferred taxes in the core countries of IMMOFINANZ remained unchanged from the previous year and are as follows:

Country	Applicable tax rate 31 12 2020	Applicable tax rate 31 12 2019
Germany[1]	15.83%-32.45%	15.83%-32.45%
Austria	25.00%	25.00%
Poland[2]	9.00%/19.00%	9.00%/19.00%
Romania	16.00%	16.00%
Slovakia	21.00%	21.00%
Czech Republic	19.00%	19.00%
Hungary	9.00%	9.00%
Other Countries	10.00%-25.00%	10.00%-24.94%

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

4.9 Assets and liabilities held for sale

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

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

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

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

All amounts in TEUR	Carrying amount as of 31 12 2020	Carrying amount as of 31 12 2019
Investment property	104,417	88,446
Property under construction	58,968	61,485
Deferred tax assets	147	27
Trade and other receivables	517	684
Cash and cash equivalents	4,333	3,980
Assets held for sale	**168,382**	**154,622**
Reclassifiable reserves	**-904**	**-904**
Financial liabilities	40,901	45,365
Trade and other payables	1,837	2,185
Provisions	315	335
Deferred tax liabilities	1,810	770
Liabilities held for sale	**44,863**	**48,655**

The investment property classified as held for sale as of 31 December 2020 included rights of use (IFRS 16) totalling EUR 2.6 million (31 December 2019: EUR 4.3 million), while the comparable amount for property under construction was EUR 12.4 million (31 December 2019: EUR 13.7 million). The financial liabilities held for sale included lease liabilities of EUR 15.0 million (31 December 2019: EUR 17.9 million).

Of the assets and liabilities classified as held for sale as of 31 December 2019, two retail properties and one office property were sold during 2020. One retail property in Austria was reclassified to investment property in 2020 because of differences over the settlement of the sale process, including the transfer of land rights to a third party.

The held-for-sale category still includes several office properties in the EMPARK Mokotów Business Park in Poland, due to the lengthy settlement process, as well as four Polish companies which hold office properties. The following properties were reclassified as held for sale during 2020: two office properties in Hungary which are to be sold through an asset deal and two land sites in Romania. With regard to the sales not yet realised, management stands by its intention to sell these properties.

All of the above sales, respectively divestment resolutions by the Executive Board and Supervisory Board are intended to align the portfolio with IMMOFINANZ's strategic focus.

4.10 Real estate inventories

The properties held for sale by IMMOFINANZ during the course of ordinary business operations do not fall under the scope of application of IAS 40, but are treated as inventories in accordance with IAS 2. As a rule, these inventories represent residential properties.

Inventories of residential properties are valued according to the moving average price method. Disposals are calculated on the basis of square meters and, after the recognition of additions, measured at the average price applicable to the respective quarter. A provision is recognised for any outstanding construction work required after the transfer of a property, which increases the production costs of the sold inventories as well as the book value disposals. The net selling prices used for valuation as of the balance sheet date are normally based on current list prices less outstanding project development costs and flat-rate marketing costs; to a lesser extent, they are measured at the appraised fair value as of the balance sheet date for simplification purposes. Estimation uncertainty in the determination of the net selling price, e.g. concerning the outstanding project development costs, could lead to negative margins on the sale of the inventories (in spite of previous loss-free measurement) if construction cost overruns occur at a later date.

All amounts in TEUR	31 12 2020	31 12 2019
Inventories carried at net realisable value less costs to sell	559	520
Inventories carried at acquisition or production cost	60	348
Total	**619**	**868**

Net write-downs and write-ups of EUR -0.2 million were recognised to real estate inventories in 2020 (2019: EUR -1.2 million).

Borrowing costs directly attributable to the acquisition, construction or production of assets whose purchase or development requires a longer period of time are capitalised as part of acquisition or production cost. No borrowing costs for real estate inventories under development were capitalised in 2020 (2019: EUR 0.4 million).

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, funds in transit and deposits with financial institutions with a term up to three months and, to a lesser extent, with a longer term that includes a one-month cancellation option. These items are carried at the value applicable on the balance sheet date.

The balance sheet shows cash and cash equivalents of EUR 1,047.0 million as of 31 December 2020 (31 December 2019: EUR 341.1 million). In addition, other financial receivables include various bank deposits whose use is restricted (restricted funds, see section 4.6).

4.12 Equity

Share capital totalled EUR 123.3 million as of 31 December 2020 (31 December 2019: EUR 112.1 million). It is divided into 123,293,795 (31 December 2019: 112,085,269) zero par value shares, each of which represents a stake of EUR 1.00 in share capital. All shares are fully paid in.

The number of shares developed as follows:

Number of shares	2020	2019
Balance at the beginning of the financial year	**112,085,269**	**112,085,269**
Issue of shares	11,208,526	0
Balance at the end of the financial year	**123,293,795**	**112,085,269**

On 9 July 2020, IMMOFINANZ placed 15,418,824 shares – which represented roughly 13.76% of share capital at that time – with institutional investors through an accelerated bookbuilding process under the exclusion of subscription rights. This share placement generated gross proceeds of EUR 236.1 million.

The placement included the issue of new shares as well as the sale of treasury shares. A total of 11,208,526 new shares were issued from authorised capital in exchange for cash contributions and increased the company's share capital by EUR 11,208,526.00 from EUR 112,085,269.00 to EUR 123,293,795.00 – which represented approximately 10% of share capital at that time. The number of treasury shares sold as part of this placement equalled 4,210,298. IMMOFINANZ held 6,998,228 treasury shares after this sale, which represented roughly 5.68% of share capital after the cash capital increase. The subscription price (sale price) equalled EUR 15.31 per share.

In addition, IMMOFINANZ placed a subordinated mandatory convertible bond with a total nominal value of EUR 120 million with institutional investors on 23 July 2020 through an accelerated bookbuilding process under the exclusion of subscription rights.

The mandatory convertible bond has a denomination of EUR 100,000.00 and is currently convertible into 6,998,228 IMMOFINANZ shares at the current conversion price of EUR 17.1472; that represents roughly 5.68% of share capital after the above-mentioned cash capital increase. The mandatory convertible bond was issued at the nominal value and carries a coupon of 4.0% per year, payable semi-annually in arrears. It must be converted on the maturity date (23 July 2023) into new or existing IMMOFINANZ shares unless it is converted earlier at the request of the bondholders or the company or if a condition occurs as defined in the terms of the mandatory convertible bond.

The mandatory convertible bond represents a hybrid financial instrument which must be separated into equity and debt components on initial recognition. The regular interest payments are classified as a financial liability, while the mandatory conversion is considered an equity component. A liability equalling the present value of future interest payments is reported under liabilities from convertible bonds and equalled EUR 13.9 million as of 31 December 2020. A total of EUR 108.6 million was recorded to the capital reserve after the deduction of EUR 1.3 million in transaction costs and EUR 3.7 million in deferred taxes.

The 27th annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital for 30 months. The shares may be purchased over the stock exchange or over the counter. The Executive Board was also authorised, with the consent of the Supervisory Board, to exclude the proportional subscription rights of shareholders. This authorisation replaces the previous authorisation of the 26th annual general meeting on 22 May 2019.

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

The authorisations for the purchase and sale of treasury shares have not been used to date and are therefore available in full.

The 27th annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to § 169 of the Austrian Stock Corporation Act to increase the company's share capital by up to EUR 61,646,897.00 through the issue of up to 61,646,897 new shares in exchange for cash or contributions in kind. The authorisation is valid up to 29 October 2025. This authorised capital may be used up to EUR 12,329,379.00 (i.e. 10% of share capital), also under the exclusion of subscription rights, e.g. in connection with a capital increase in exchange for cash contributions or contributions in kind, the fulfilment of greenshoe options or the settlement of peak amounts. The 10% limit also includes any shares to be delivered in connection with the exchange and/or subscription rights of a convertible bond that was issued during the term of the authorised capital under the exclusion of subscription rights. This authorisation replaces the previous authorisation of the 26th annual general meeting on 22 May 2019.

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

A resolution by the 27th annual general meeting on 1 October 2020 revoked the unused remainder of the authorisation by the 24th annual general meeting on 11 May 2018 that allowed the Executive Board to issue convertible bonds. Furthermore, the Executive Board was authorised to issue convertible bonds in one or more tranches, with the consent of the Supervisory Board, during a period of five years beginning on the resolution date for a total nominal amount of up to EUR 560,000,000.00 with exchange and/or subscription rights for up to 12,329,379 bearer shares of the company with a proportional share of up to EUR 12,329,379.00 in share capital. The Executive Board is also empowered to determine all other conditions for the issue and conversion of the convertible bonds. The convertible bonds can be issued in exchange for cash or other contributions in kind. The subscription rights of shareholders are hereby excluded. This authorisation to issue convertible bonds can also be used multiple times. However, the total of (i) the shares delivered to the convertible bond holders pursuant to this authorisation and (ii) the shares which can be exercised for conversion and/or subscription rights to previously issued convertible bonds and convertible bonds to be issued through the repeated use of this authorisation may not exceed the maximum number defined by this resolution.

The Executive Board is not aware of any agreements between shareholders of IMMOFINANZ AG that restrict voting rights or the transfer of shares. All shares are bearer shares and entitle the holders to participate in the annual general meeting and to exercise their voting rights. Each bearer share is entitled to one vote.

The 27th annual general meeting on 1 October 2020 authorised the waiver of a dividend for the 2019 financial year due to the exceptional situation caused by the COVID-19 pandemic.

Of the total other comprehensive income, EUR -28.1 million (2019: EUR 16.7 million) is attributable to IMMOFINANZ shareholders and EUR -2.0 million (2019: EUR -0.8 million) to non-controlling interests. The other comprehensive income attributable to IMMOFINANZ shareholders resulted primarily from the change of EUR -25.3 million (2019: EUR 21.7 million) in the valuation reserve recorded under equity, which originated almost entirely from the equity-accounted investment in S IMMO. The other comprehensive income attributable to non-controlling interests resulted from currency translation differences.

4.13 Liabilities from convertible bonds

IMMOFINANZ had convertible bonds with a total nominal value of EUR 294.5 million outstanding as of 31 December 2020 (31 December 2019: 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	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2019	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Convertible bond 2017-2024	277,205	4,437	272,768	0	285,807	4,463	281,344	0
Mandatory convertible bond 2020-2023	13,851	4,813	9,038	0	0	0	0	0
Total	**291,056**	**9,250**	**281,806**	**0**	**285,807**	**4,463**	**281,344**	**0**

Convertible bond 2017–2024
IMMOFINANZ issued a convertible bond on 24 January 2017 through an accelerated bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million, an initial interest rate of 2.0% and a term ending on 24 January 2024. Following the receipt of an investment grade rating of BBB- from S&P Global Rating in the first quarter of 2019, the coupon was reduced by 50 basis points to 1.5% in accordance with the issue terms beginning with the interest rate period as of 24 January 2019. S&P Global Ratings confirmed this rating as part of its annual review process in February 2020 and again after the successful share placement and issue of the mandatory convertible bond in July 2020. The rating and outlook was also confirmed by S&P Global Ratings as part of its annual review process in February 2021. S&P revised the outlook from stable to negative following IMMOFINANZ's announcement in March 2021, i.e. after the end of the reporting year, of its intention to make a voluntary takeover offer to the shareholders of S IMMO AG.

The convertible bond 2017–2024 also includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022. This date was used to determine the instrument's maturity up to the third quarter of 2020. The maturity date was extended to 24 January 2024 as of 31 December 2020 following a change in the estimate of the probability that the put option would be exercised.

The conversion price for the convertible bond 2017–2024 equals EUR 21.3772 per share. The conversion right can be exercised up to 10 January 2024.

Mandatory convertible bond 2020–2023
IMMOFINANZ issued a subordinated mandatory convertible bond with a total nominal value of EUR 120.0 million on 23 July 2020. The mandatory convertible bond represents a hybrid financial instrument which must be separated into equity and debt components on initial recognition. The regular interest payments are classified as a financial liability, while the mandatory conversion is considered an equity component. A liability equalling the present value of future interest payments is reported under liabilities from convertible bonds (details on the mandatory convertible bond are provided in section 4.12).

4.14 Financial liabilities

The following table shows the composition and classification of financial liabilities by remaining term as of 31 December 2020:

All amounts in TEUR	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2019	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Amounts due to financial institutions	1,875,952	77,946	1,302,351	495,655	2,008,731	255,970	1,170,116	582,645
thereof secured by collateral	1,875,829	77,823	1,302,351	495,655	2,008,618	255,857	1,170,116	582,645
thereof not secured by collateral	123	123	0	0	113	113	0	0
Liabilities arising from the issue of bonds	978,051	16,156	477,492	484,403	506,161	13,086	493,075	0
Other financial liabilities	62,048	3,397	10,100	48,551	65,489	3,641	11,022	50,826
Total	**2,916,051**	**97,499**	**1,789,943**	**1,028,609**	**2,580,381**	**272,697**	**1,674,213**	**633,471**

The liabilities from the issue of bonds include two fixed-interest, unsecured, non-subordinated bonds with a nominal value of EUR 500.0 million each. One bond was issued on 21 January 2019; it has a four-year term and an interest rate of 2.625%. The other bond was issued on 8 October 2020; it has a seven-year term and an interest rate of 2.50%.

The other financial liabilities consist almost entirely of lease liabilities. As of 31 December 2020, lease liabilities of EUR 15.0 million were reclassified to held for sale liabilities. The cash outflows for leases totalled EUR 5.1 million in 2020.

The conditions of the major financial liabilities are as follows:

31 12 2020		Interest rate		Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable	Weighted average interest rate	Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	2.13%	85,664	85,664	
	EUR	variable	1.21%	1,797,952	1,797,952	
Total amounts due to financial institutions					**1,883,616**	**1,875,952**
Liabilities from the issue of bonds	**EUR**	**fixed**	**2.56%**	**982,800**	**982,800**	**978,051**
Other financial liabilities						**62,048**
Total						**2,916,051**

31 12 2019		Interest rate		Nominal value of remaining liability		Carrying amount
	Currency	fixed/variable	Weighted average interest rate	Issue currency in 1,000	TEUR	TEUR
Amounts due to financial institutions	EUR	fixed	2.13%	88,648	88,648	
	EUR	variable	1.29%	1,932,614	1,932,614	
Total amounts due to financial institutions					**2,021,262**	**2,008,731**
Liabilities arising from the issue of bonds	**EUR**	**fixed**	**2.63%**	**500,000**	**500,000**	**506,161**
Other financial liabilities						**65,489**
Total						**2,580,381**

The bank liabilities represent secured loans which, in each case, were concluded by the respective property company as the borrower. Consequently, all rights and obligations from these loans are attributable to the borrower. These property loans include standard market obligations for compliance with specific financial covenants by the property company, which generally involve:

– Debt service coverage ratios
– The ratio of the remaining debt to the market value of the property (loan-to-value)

The COVID-19 pandemic and the related curfews and legal restrictions led, in part, to the shutdown of properties, above all in the retail sector beginning in March 2020. Government assistance packages were also introduced to support the economy. Among others, the government measures gave tenants the right to defer rental payments.

Rent reductions can result in the failure to meet individual financial covenants. This, in turn, can entitle the financing banks to call the outstanding loan prematurely if the borrower also fails to comply with contractually defined, accepted measures to remedy the situation. As a precautionary measure, IMMOFINANZ has therefore partly concluded agreements with the financing banks to suspend compliance with the debt service coverage ratio during the COVID-19 pandemic. The suspensions covered a total loan volume of EUR 274.9 million as of 31 December 2020 for office properties in Hungary and retail properties in Slovakia and the Czech Republic. IMMOFINANZ is in regular contact and communication with its financing banks and is continuously evaluating the current situation.

4.15 Trade payables and other liabilities

All amounts in TEUR	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2019	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Trade payables	**65,714**	**63,840**	**1,874**	**0**	**85,280**	**82,597**	**2,660**	**23**
Derivative financial instruments (liabilities)	29,178	19	15,971	13,188	18,007	607	15,183	2,217
Property management	6,763	6,763	0	0	6,378	6,378	0	0
Amounts due to non-controlling interests	4,594	0	4,594	0	4,449	0	4,449	0
Amounts due to associated companies	107	107	0	0	191	191	0	0
Amounts due to joint ventures	320	6	20	294	326	6	20	300
Deposits and guarantees received	25,644	7,398	15,019	3,227	25,689	5,034	16,788	3,867
Prepayments received on property sales	810	810	0	0	1,124	1,124	0	0
Construction and refurbishment	2,297	2,087	210	0	6,496	6,496	0	0
Outstanding purchase prices (acquisition of properties)	0	0	0	0	111	111	0	0
Miscellaneous	18,469	14,941	3,521	7	14,212	10,345	3,859	8
Total other financial liabilities	**88,182**	**32,131**	**39,335**	**16,716**	**76,983**	**30,292**	**40,299**	**6,392**
Tax authorities	9,514	9,514	0	0	7,051	7,049	0	2
Rental and lease prepayments received	25,548	24,441	175	932	28,353	27,254	251	848
Total non-financial liabilities	**35,062**	**33,955**	**175**	**932**	**35,404**	**34,303**	**251**	**850**
Total	**188,958**	**129,926**	**41,384**	**17,648**	**197,667**	**147,192**	**43,210**	**7,265**

4.16 Provisions

Provisions are recognised at the present value of the expected settlement amount. The provision is based on the best estimate at the time the consolidated financial statements are prepared. The best estimate of the amount required to meet the present obligation is the amount the company would rationally pay to settle the obligation at the balance sheet date or to transfer the obligation to a third party at that time. The risks and uncertainties that inevitably surround many events and circumstances must be taken into account in determining the best estimate. Valuation is therefore based in part on expert opinions and, above all, on past experience, probabilities for the outcome of legal disputes or proceedings under tax law, future cost trends, assumptions over interest rates, etc.

In cases where some or all of the costs required to settle an obligation are expected to be reimbursed by another party, the reimbursement may only be recognised when it is virtually certain that this reimbursement will be received if the company settles the obligation and the amount can be reliably estimated. This reimbursement must be treated as a separate asset. The amount recognised for the reimbursement may not exceed the amount of the provision.

The provisions developed as follows in 2020:

All amounts in TEUR	2020
Balance at the beginning of the financial year	**54,397**
Foreign exchange differences	-287
Additions	4,070
Disposals	-4,475
Use	-14,629
Compounding	370
Reclassifications	-2,423
Balance at the end of the financial year	**37,023**
thereof current	19,827
thereof non-current	17,196

This position comprises provisions of EUR 20.0 million (2019: EUR 23.5 million) for legal proceedings and provisions of EUR 8.2 million (2019: EUR 15.0 million) for work outstanding and warranties following the transfer of properties in the core market of Germany as well as other provisions. The other provisions consist primarily of provisions for tax risks (above all, withholding, VAT and property tax), contractual obligations and obligations to employees (e.g. for bonuses and unused vacation). The use of provisions in 2020 was related, above all, to payments connected with property completions and warranty claims.

IMMOFINANZ also holds contingent liabilities for outstanding warranty risks which were not reported as provisions as of 31 December 2020 (see section 7.1.4).

Restitution proceedings are currently in progress over land on which a Romanian subsidiary constructed a shopping center and over another parcel of land in Romania. These proceedings (de facto) restrict the rights of disposal. Activities are currently in progress to settle these restitution proceedings.

Detailed information on the provisions for legal proceedings is not provided in accordance with IAS 37 because it could, under certain circumstances, seriously prejudice IMMOFINANZ's position.

5. Notes to the Consolidated Income Statement

5.1 Results of asset management

5.1.1 Rental income

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

All amounts in TEUR	Office	Retail	Other	2020 Total
Office space	130,249	156	336	130,741
Retail space	6,306	125,790	0	132,096
Other space	21,589	3,005	1,192	25,786
thereof parking areas	13,043	315	404	13,762
thereof warehouse space	4,593	385	0	4,978
thereof hotel	628	0	705	1,333
thereof advertising and telecommunications	1,850	2,138	7	3,995
thereof other	1,475	167	76	1,718
Total	**158,144**	**128,951**	**1,528**	**288,623**

All amounts in TEUR	Office	Retail	Other	2019 Total
Office space	123,560	219	46	123,825
Retail space	8,045	122,166	0	130,211
Other space	21,539	3,061	1,243	25,843
thereof parking areas	13,866	365	435	14,666
thereof warehouse space	4,133	304	24	4,461
thereof hotel	0	0	726	726
thereof advertising and telecommunications	2,027	2,265	3	4,295
thereof other	1,513	127	55	1,695
Total	**153,144**	**125,446**	**1,289**	**279,879**

All leases in which IMMOFINANZ serves as the lessor are classified as operating leases, and all leased property is therefore carried on IMMOFINANZ's balance sheet. The resulting rental income is distributed on a straight-line basis over the term of the lease. The term of the lease includes the non-cancellable contract periods as well as option periods when the exercise of the extension option is sufficiently certain at the beginning of the lease. Incentives granted for the conclusion or extension of leases (e.g. rent-free periods, reduced rents for a certain period, graduated rents that increase at fixed rates over the lease term, fit-outs for individual tenants or the assumption of relocation costs) are included in the determination of the fair value of investment property and recognised as an adjustment to rental income on a straight-line basis over the term of the lease. Contractually agreed, inflation-based rental price adjustments are recognised when the adjustments take effect and not on a straight-line basis over the term of the lease. Contingent rental income (generally turnover-based rents) is only recognised when it is realised. The contingent rental income totalled EUR 11.0 million in 2020 (2019: EUR 13.9 million) and is included in the rental income from the retail asset class. Compensation payments received from tenants for the premature cancellation of leases are recognised to rental income as incurred.

When renegotiation, additions or amendments lead to a material change in the cash flows realisable over the remaining term of a rental agreement, the previous accruals from incentive agreements – with the exception of fit-outs that will be reused – are derecognised as a reduction of rental income. If there is no material change in the rental agreement, the previously accrued incentives remain unchanged and are recognised on a straight-line basis. The general rules for the recognition of rental income on the initial conclusion of a rental agreement also apply when there is a substantial change in the rental agreement.

The rental income from the contracts in effect as of 31 December 2020 is as follows:

All amounts in TEUR	2020	2019
Within 1 year	282,630	294,685
Between 1 and 5 years	762,041	796,566
Over 5 years	356,753	417,251
Total	**1,401,424**	**1,508,502**

The agreed rental income from existing leases includes future index-based adjustments. Future rental income was adjusted to exclude the contracts related to disposal groups or the discontinued operations as of the balance sheet date. Special cancellation rights or additional rental income from turnover-based rents were not included. An average term of 15 years was applied to open-end rental contracts.

Rental income includes the revenues 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). The revenues from advertising space and telecommunications equipment are also reported as rental income in accordance with IFRS 16. The rental income from property taxes and building insurance totalled EUR 12.3 million in 2020 (2019: EUR 12.1 million), and the revenues from advertising space and telecommunications equipment amounted to EUR 4.0 million (2019: EUR 4.3 million).

5.1.2 Operating costs charged to tenants and operating expenses

The results of asset management include the net presentation of the income from operating costs charged to tenants and operating expenses. These items are shown separately under the results of asset management on the consolidated income statement to achieve a transparent presentation. The income from operating costs charged to tenants represents revenue in the sense of IFRS 15 (Revenue from Contracts with Customers), which is recognised over time. Operating costs are generally charged on a monthly basis and do not include any material financing components. The segment report provides information on the allocation of revenue from operating costs charged to tenants to the individual IMMOFINANZ regional core markets (see section 3.6).

The income from operating costs charged to tenants totalled EUR 85.3 million in 2020 (2019: EUR 85.5 million). In individual countries (e.g. Hungary, Slovakia and Poland), this income also includes contractually agreed flat-rate administrative costs or mark-ups to operating costs that are also collected from tenants. Section 5.1.1, last paragraph, includes information on the income from operating costs charged to tenants, which is reported under rental income in accordance with IFRS 16.

Operating expenses include EUR -93.0 million (2019: EUR -93.7 million) of operating costs which are charged to tenants as well as expenses of EUR -6.4 million (2019: EUR -8.2 million) from vacancies. The operating costs charged to tenants also contain personnel expenses (see section 5.6) of TEUR 10.5 (2019: TEUR 11.3) for properties managed by IMMOFINANZ.

5.1.3 Expenses from investment property

All amounts in TEUR	2020	2019
Commission expenses	-562	-475
Maintenance	-14,366	-21,606
Operating costs charged to building owners	-11,352	-12,640
Property marketing	-5,415	-8,296
Personnel expenses from asset management (see 5.6)	-4,733	-3,965
Other expenses from asset management	-2,553	-2,585
Fit-out costs	-2,314	-3,319
Write-off of receivables from asset management	-29,192	-2,160
Other expenses	-1,362	-2,395
Total	**-71,849**	**-57,441**

Maintenance costs are attributable to the implementation of the “myhive” office concept, rebranding measures for the VIVO! and STOP SHOP brands and regular building maintenance.

Substantial concessions were made to tenants during 2020 in connection with the COVID-19 pandemic to prevent insolvencies and support the rapid resumption of business activities. Most of these concessions were made retroactively and recognised as write-offs to receivables. A year-on-year comparison clearly shows the COVID-19-related increase in receivables write-offs. Of the EUR -29.2 million write-offs of receivables in the above table, EUR -25.4 million are directly related to COVID-19.

A limited number of rental deferrals were also granted for future periods. Similar to the accounting treatment of rental incentives, they are recognised to rental income over the remaining term of the underlying contract.

IMMOFINANZ received government subsidies for expenses of EUR 0.1 million in Poland during 2020. In accordance with IAS 20.29, these subsidies were deducted directly from the related expenses (net method).

5.2 Results of property sales

All amounts in TEUR	2020	2019
Office	55,642	74,733
Retail	8,648	7,541
Other	2,645	5,258
Proceeds from property sales	**66,935**	**87,532**
Less carrying amount of sold properties	-66,388	-87,281
Net gain/loss from property sales	**547**	**251**
Results from deconsolidation	**243**	**1,736**
Sales commissions	-1,016	-509
Personnel expenses from property sales (see 5.6)	-1,265	-1,258
Legal, auditing and consulting fees from property sales	-2,108	-580
Write-off of receivables from property sales	-30	-4
VAT adjustments from the sale of properties	-15	0
Other expenses	201	-692
Expenses from property sales	**-4,233**	**-3,043**
Revaluation results from properties sold and held for sale (see 5.7)	**11,377**	**-4,023**
Total	**7,934**	**-5,079**

Results from the sale of properties show the income from asset deals. This income represents the fair value of the property on the transaction date and is therefore generally contrasted by book value disposals of the same amount. The differences between the proceeds on sale and the carrying amounts on the last balance sheet date are recorded under the revaluation of properties sold and held for sale. The differences between the sale proceeds and book value disposals resulted from the receipt of purchase price payments for sales made in earlier financial years. The proceeds from the sale of properties are not part of IMMOFINANZ's ordinary business activities and, consequently, do not represent revenues in the sense of IFRS 15 (Revenue from Contracts with Customers).

Expenses from property sales include all personnel and operating expenses directly related to the sale process for a property or property company. Revaluation results reflect the adjustment of fair value when a property is sold and the valuation of investment property held for sale at the respective selling price.

5.3 Results of property development

All amounts in TEUR	2020	2019
Proceeds from the sale of real estate inventories	**661**	**51,122**
Cost of real estate inventories sold	**-100**	**-56,041**
Other costs to sell for real estate inventories	0	-1,455
Write-down related reversals of real estate inventories	0	215
Write-down of real estate inventories	-227	-1,421
Operating costs charged to building owners of real estate inventories	-9	-390
Other expenses from real estate inventories	1,436	-160
Expenses from real estate inventories	**1,200**	**-3,211**
Expenses from property development	**-4,737**	**-5,709**
Revaluation results from properties under construction (see 5.7)	**-21,197**	**1,462**
Total	**-24,173**	**-12,377**

The sale of real estate inventories is reported under income from property development. In accordance with IFRS 15, revenue is recognised over time when the performance provided leads to an asset with no alternative use for IMMOFINANZ and IMMOFINANZ has an enforceable right to payment for the performance transferred to date. This is regularly the case with residential properties which are sold during the planning or construction stage. In cases where these requirements are met, a proportional share of profit is recognised according to the percentage of completion (which represents the extent of performance provided) if the carrying amount of the involved property exceeds the agreed net realisable value less transaction costs. The residential properties under development were in an advanced stage of completion at year-end 2020 and material estimates were not required. Payment was made in instalments based on pre-defined development steps and closely reflects the percentage of completion.

Revenue from the sale of properties with an alternative use or without an enforceable right to payment is still recognised at a point in time (i.e. with the transfer of economic ownership). This point in time is generally the date on which the property is transferred because it marks the transfer of opportunities and risks as well as economic control.

The contracts do not include material financing components or variable payment elements.

The following table classifies the proceeds from the sale of real estate inventories in 2020 according to the timing of revenue recognition:

All amounts in TEUR	2020	2019
Revenue recognised at a point in time	96	698
Revenue recognised over time	565	50,424
Income from derecognised liabilities	**661**	**51,122**

The allocation of the EUR 0.7 million (2019: EUR 51.1 million) in proceeds from the sale of real estate inventories to IMMOFINANZ's regional core markets is shown in the segment report (see section 3.6).

The results of property development also include charges of EUR 1.2 million (2019: EUR 1.6 million) for personnel expenses.

5.4 Other operating income

Other operating income comprises the following items:

All amounts in TEUR	2020	2019
Expenses charged on	63	169
Insurance compensation	221	466
Income from derecognised liabilities	517	3,119
Reimbursement for penalties	76	528
Miscellaneous	1,782	1,874
Total	**2,659**	**6,156**

Most of the miscellaneous other operating income in 2020 involved income from the release of obligations for cancelled brokerage fees (TEUR 792.0) as well as income from contract registration fees and tax credits.

5.5 Other operating expenses

Other operating expenses include the following items:

All amounts in TEUR	2020	2019
Administrative expenses	-124	-231
Legal, auditing and consulting fees	-9,403	-8,888
Penalties	135	215
Levies	-2,704	-852
Advertising	-3,360	-2,954
Expenses charged on	-17	-77
Rental and lease expenses	-6	0
EDP and communications	-3,013	-3,255
Expert opinions	-398	-195
Personnel expenses (see 5.6)	-24,094	-21,580
Other write-downs	-1,517	-1,244
Miscellaneous	-4,408	-7,083
Total	**-48,909**	**-46,144**

A positive effect from penalties resulted from the release of provisions for the delayed transfer of rentable space in Romania which were no longer required in 2020.

The increase in levies is primarily attributable to expenses for the write-off of overdue VAT receivables totalling EUR 1.8 million in Romania.

Other write-downs include write-downs of EUR 0.8 million to rights of use (IFRS 16) for tangible assets.

The costs for short-term leases amounted to EUR 0.2 million in 2020 (2019: EUR 0.4 million), and the costs for low-value leases equalled EUR 0.2 million (2019: EUR 0.1 million). Miscellaneous other operating expenses mainly also include costs connected with property used by IMMOFINANZ, Supervisory Board remuneration and the costs for the annual general meeting as well as insurance premiums and costs for bank transactions.

Miscellaneous other operating expenses further include TEUR 50.0 for research on the subject of digitalisation in the real estate branch.

5.6 Personnel expenses

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2020	2019
Salaries	-25,366	-22,367
Employee benefits	-5,908	-6,078
Total	**-31,274**	**-28,445**

The year-on-year increase in personnel expenses is related, above all, to one-off payments in connection with the resignation of Oliver Schumy from the Executive Board on 18 March 2020.

Employee benefits include EUR 0.2 million (2019: EUR 0.2 million) for pensions, EUR 0.4 million (2019: EUR 0.7 million) for severance payments and contributions to employee benefit funds and EUR 4.8 million (2019: EUR 4.5 million) for statutory social security contributions as well as payroll-based duties and mandatory contributions.

Personnel expenses were allocated to the following sections of the consolidated income statement as follows:

All amounts in TEUR	2020	2019
Results of asset management	4,733	3,965
Results of property sales	1,265	1,258
Results of property development	1,182	1,642
Other operating expenses	24,094	21,580
Personnel expenses	**31,274**	**28,445**

The functional operating areas include only the directly allocated personnel expenses. In cases where direct allocation is not possible, the personnel expenses are included under other operating expenses.

The average number of employees in the companies included in the consolidated financial statements totalled 317 in 2020 (2019: 306 employees). In order to improve comparability with the amounts reported for personnel expenses, the average number of employees excludes employees on official leave (maternity, military etc.).

5.7 Revaluation results from investment property and goodwill

The results from the revaluation of investment properties and goodwill comprise valuation results of EUR -156.6 million (2019: EUR 195.9 million) and impairment losses to goodwill of EUR 0.0 million (2019: EUR -0.3 million).

The revaluation results from the standing investments include a revaluation loss of EUR -2.8 million (2019: EUR -0.4 million) to rights of use (IFRS 16).

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

	2020			2019		
All amounts in TEUR	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total
Investment property	41,202	-197,846	-156,644	257,864	-61,956	195,908
Property under construction	920	-22,117	-21,197	36,297	-34,835	1,462
Properties sold and held for sale	13,263	-1,886	11,377	8,140	-12,163	-4,023
Total	**55,385**	**-221,849**	**-166,464**	**302,301**	**-108,954**	**193,347**

Details on property under construction are provided in section 5.3, and details on property sold and held for sale can be found in section 5.2.

5.8 Share of profit or loss from equity-accounted investments

All amounts in TEUR	Joint ventures	Associates	Total 2020
Share of profit or loss for the period	-80	18,908	18,828
Other adjustments	-267	-88,057	-88,324
Reclassification of foreign exchange differences to profit or loss	0	0	0
Total	**-347**	**-69,149**	**-69,496**

All amounts in TEUR	Joint ventures	Associates	Total 2019
Share of profit or loss for the period	-102	63,896	63,794
Other adjustments	18	16,063	16,081
Reclassification of foreign exchange differences to profit or loss	932	128	1,060
Gains/losses on the sale of equity-accounted investments	-875	-1,680	-2,555
Total	**-27**	**78,407**	**78,380**

The share of profit or loss from equity-accounted investments in 2020 consisted primarily of proportional results for the period from S IMMO (EUR 15.0 million) as well as the impairment loss recognised to the S IMMO investment (EUR -88.6 million).

The share of profit or loss from equity-accounted investments in 2019 consisted primarily of proportional results for the period from S IMMO (EUR 62.0 million) and the partial reversal of the impairment loss recognised as of 30 September 2018 (EUR 14.4 million). Gains and losses on the sale of equity-accounted investments included the results from the transition consolidation of FMZ Lublin Sp. z o.o. and the sale of FMZ Sosnowiec Sp. z o.o. (EUR -1.7 million), the transition consolidation results from NP Investments a.s. (TEUR -422.0) and the deconsolidation results from Sadira Ltd. and Alpha Arcadia LLC (TEUR 423.0).

Aggregated financial information on the joint ventures and associates is presented in section 4.5.

5.9 Financial results

All amounts in TEUR	2020	2019
For financial liabilities AC	-54,753	-56,494
For derivative financial instruments	-9,237	-8,064
Total financing costs	**-63,990**	**-64,558**
For financial receivables AC	1,963	1,003
For derivative financial instruments	246	176
Total financing income	**2,209**	**1,179**
Foreign exchange differences	**-1,937**	**-1,510**
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	-188	-324
Valuation of financial instruments at fair value through profit or loss	-13,837	-8,932
Distributions	606	568
Valuation adjustments and impairment of receivables	-165	-330
Negative interest on cash and cash equivalents	-976	0
Other financial results	**-14,560**	**-9,018**
Net profit or loss from equity-accounted investments (see 5.8)	**-69,496**	**78,380**
Total	**-147,774**	**4,473**

AC: financial assets/liabilities measured at amortised cost

The financing costs for financial liabilities measured at amortised cost include interest expenses of EUR -2.9 million (2019: EUR -2.8 million) for IFRS 16 lease liabilities. This position also includes income of EUR 10.3 million from the modification of financial instruments. This earnings effect must be reported at the time of modification in accordance with IFRS 9 and results from the changed presentation of the term of the convertible bond 2017-2024 (see section 4.13) and the changed interest conditions for the refinancing of an office property in Düsseldorf. In the previous year, interest expense included positive modification results of EUR 8.9 million. The foreign exchange differences include foreign exchange gains of EUR 5.7 million (2019: TEUR 10.6) and foreign exchange losses of EUR -2.2 million (2019: TEUR -19.3) from IFRS 16 lease liabilities.

The results from the valuation of financial instruments at fair value through profit or loss consist of the following:

All amounts in TEUR	2020	2019
Revaluation results from real estate fund shares	-650	-1,040
Valuation results from derivative financial instruments	-13,279	-7,999
Valuation results from shares in companies	92	107
Total	**-13,837**	**-8,932**

Information on the net gains and losses from financial instruments is provided in section 7.1.2.

5.10 Income taxes

This position includes income taxes paid or owed by the parent company and subsidiaries as well as deferred taxes. Interest and penalties from tax proceedings are also included here. An overview of deferred tax assets and deferred tax liabilities is presented in section 4.8.

All amounts in TEUR	2020	2019
Current income tax	**-11,862**	**-8,552**
thereof from current period	-12,693	-13,885
thereof from prior periods	831	5,333
Deferred tax	**6,403**	**6,018**
thereof from current period	-32,106	17,991
thereof from changes in tax rates	0	-332
thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	5,872	41,127
thereof from the revaluation of investment property	32,637	-52,768
Total	**-5,459**	**-2,534**

The difference between calculated income tax expenses and the actual income tax expenses shown on the income statement is attributable to the following factors:

All amounts in TEUR	2020		2019	
Earnings before tax	**-160,424**		**350,051**	
Income tax expense at 25% tax rate	**40,106**	**25.0%**	**-87,513**	**25.0%**
Effect of different tax rates	-11,451	-7.1%	10,412	-3.0%
Effect of changes in tax rates	0	0.0%	-331	0.1%
Impairment losses to goodwill/negative differences recognised in profit or loss	0	0.0%	-29	0.0%
Loss carryforwards and deferred tax assets not recognised	-35,403	-22.1%	60,882	-17.4%
Non-deductible income and expenses	-11,100	-6.9%	-17,822	5.1%
Write-downs and write-ups to deferred tax assets	5,138	3.2%	-59,182	16.9%
Effects related to other periods	898	0.6%	5,347	-1.5%
Effects of deferred taxes on investments in subsidiaries, joint ventures and associates	8,899	5.5%	83,298	-23.8%
Other non-temporary differences	-2,546	-1.6%	2,404	-0.7%
Effective tax rate	**-5,459**	**-3.4%**	**-2,534**	**0.7%**

The impact of the different tax rates on the effective tax rate for the Group results from the difference between the Austrian corporate tax rate of 25% and the respective local tax rates (see section 4.8).

The non-deductible income and expenses consist mainly of non-deductible interest expense, tax-free income from investments and non-deductible foreign exchange losses.

In the 2004/05 financial year, the major Austrian companies joined together into a corporate group in the sense of § 9 of the Austrian Corporate Tax Act. IMMOFINANZ AG serves as the lead company of this group. The lead company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member with positive results must pay a tax charge to the lead company. The charge equals 25% of the assessment base and is based on the tax rate defined in § 22 (1) of the Austrian Corporate Tax Act. Any losses by the group members are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Group members with registered tax losses are not required to make payments to the lead company; no payments for (negative) charges are made by the lead company to the group members. A routine tax audit of the Austrian tax group covering the period for the 2012 to 2014 assessment years is currently in progress, and additional tax audits were subsequently opened for the periods up to 2018. The audits cover, through sampling, individual members as well as the head of the group. A total of 41 tax audits were opened, whereby 39 have been closed and two are still open. One audit resulted in a cash-effective assessment of EUR 70,000 (VAT). The other concluded proceedings did not lead to any cash-effective assessments.

Another corporate group was established in 2009/10 pursuant to § 9 of the Austrian Corporate Tax Act. CPB Enterprise GmbH serves as the lead company of this group. Based on the group and tax assessment agreement concluded on 22 December 2009, the taxable income generated by the members of this group is allocated to CPB Enterprise GmbH, as the lead company of the group, after an offset against any pre-group losses. The group contract also calls for a tax charge as settlement for the transfer of taxable income. The tax charge procedure for this tax group is the same as the new tax charge agreement implemented for the IMMOFINANZ AG corporate group; it took effect starting in the 2011/12 financial year.

5.11 Earnings per share

In accordance with IAS 33, earnings per share are calculated by the dividing net profit for the period attributable to the shareholders of IMMOFINANZ AG by the weighted average number of shares outstanding.

	2020	2019
Weighted average number of shares (basic)	**111,595,279**	**106,567,143**
Diluting effect IMMOFINANZ convertible bond 2017-2024	0	13,387,387
Weighted average number of shares (diluted)	**111,595,279**	**119,954,530**
Net profit or loss (excl. non-controlling interests) in EUR	-167,014,000.00	358,888,000.00
Diluting effect IMMOFINANZ convertible bond 2017-2024	0.00	4,783,000.00
Net profit or loss excl. non-controlling interests in EUR (diluted)	**-167,014,000.00**	**363,671,000.00**
Basic earnings per share in EUR	**-1.50**	**3.37**
Diluted earnings per share in EUR	**-1.50**	**3.03**

There were no diluting effects in 2020 from potential common shares from the issue of the convertible bond 2017–2024. These diluting effects are only included in the calculation when they reduce earnings per share or increase the loss per share. The calculation of the number of shares as of 31 December 2020 included the 6,998,228 treasury shares held by IMMOFINANZ (31 December 2019: 11,208,526 treasury shares).

6. Notes to the Consolidated Cash Flow Statement

The cash flow statement of IMMOFINANZ shows the changes in cash and cash equivalents resulting from the inflow and outflow of funds during the financial year. The cash flow statement distinguishes between gross cash flows from operating activities, investing activities and financing activities. Interest paid is reported under cash flow from financing activities, while interest and dividends received are reported under cash flow from investing activities. Cash flow from operating activities is calculated using the indirect method. Cash and cash equivalents comprise the following as of the balance sheet dates shown below:

All amounts in TEUR	31 12 2020	31 12 2019
Cash and cash equivalents (see 4.11)	1,047,085	341,161
Cash and cash equivalents held by disposal groups (see 4.9)	4,333	3,980
Cash and cash equivalents	**1,051,418**	**345,141**

Foreign currency cash flows are translated at the weighted average exchange rate for the respective local currency and quarter. Translation differences arising from the use of this exchange rate and the mean exchange rate on the balance sheet date are charged or credited to foreign exchange differences.

The position "business combinations and other acquisitions, net of cash and cash equivalents" totalling EUR 29.4 million comprises EUR 20.7 million of cash paid and EUR 8.7 million of redeemed liabilities from the seller. The acquired assets and assumed liabilities consist of the following:

All amounts in TEUR	2020	2019
Investment property	44,085	597,200
Receivables and other assets	211	4,301
Financial liabilities	-14,072	-288,049
Trade and other payables	-780	-44,376
Provisions	0	-1,688
Net assets acquired	**29,444**	**267,388**

The following table reconciles financial liabilities, derivatives and equity, including cash flow from financing activities, as of 1 January 2020 and 31 December 2020 :

	Financial liabilities			
All amounts in TEUR	**Liabilities from convertible bonds**	**Amounts due to financial institutions**	**Liabilities arising from the issue of bonds**	**Other financial liabilities**
Balance sheet as of 1 1 2020	**285,807**	**2,008,731**	**506,161**	**65,489**
Changes in cash flow from financing activities				
Increase in financial liabilities plus decrease in blocked cash and cash equivalents	0	281,941	484,403	0
Proceeds from issue of mandatory convertible bonds, less transaction costs	9,930			
Repayment of financial liabilities plus increase in blocked cash and cash equivalents	-2,675	-411,411	-17,507	-5,102
Proceeds from capital increase, less transaction costs				
Derivatives				
Interest paid	-4,458	-30,426	-13,375	
Transactions with non-controlling interest owners				
Total change in cash flow from financing activities	**2,797**	**-159,897**	**453,521**	**-5,102**
Changes from the loss of control over subsidiaries		**-23,246**		**-1,030**
Changes from the attainment of control over subsidiaries		**14,072**		
Effects of changes in exchange rates		**116**		**-2,474**
Changes in fair value				
Other changes in financial liabilities	**2,452**	**36,175**	**18,369**	**5,166**
Other changes in equity				
Balance sheet as of 31 12 2020	**291,056**	**1,875,952**	**978,051**	**62,048**

	Derivatives		Equity					
	Derivative assets	Derivative liabilities	Share capital/ capital reserves	Treasury shares	Accumulated other equity	Retained earnings	Non-controlling interests	Total
	-86	18,007	4,577,279	-250,378	-166,611	-1,200,196	-22,949	5,821,254
								766,344
			108,633					118,563
								-436,695
			139,909	94,050				233,959
		-11,321						-11,321
								-48,259
						-18	-18	-36
	0	-11,321	248,542	94,050	0	-18	-18	622,555
							0	-24,276
		408						14,480
					-3,314		-2,040	-7,712
		13,279						13,279
	86	8,805						71,053
			0	0	-24,757	-167,014	1,131	-190,640
	0	29,178	4,825,821	-156,328	-194,682	-1,367,228	-23,876	6,319,992

7. Other Disclosures

7.1 Information on financial instruments

The primary financial instruments reported under assets consist primarily of trade accounts receivable, financing receivables, loans and other receivables, real estate fund shares, miscellaneous other financial instruments and cash and cash equivalents. The primary financial instruments recorded under liabilities consist primarily of financial liabilities, liabilities arising from convertible bonds and trade accounts payable. The non-derivative financial instruments recorded under assets are carried at fair value through profit or loss (real estate fund shares and shares in other companies), at fair value through other comprehensive income (shares in other companies) or at amortised cost. Non-derivative financial liabilities are carried at amortised cost. Fair value is based on market prices or calculated in accordance with recognised valuation methods.

Derivative financial instruments are used to hedge the interest rate risk from business operations (see section 7.2.5).

Financial instruments can consist of a non-derivative underlying agreement and a derivative financial instrument. If the underlying agreement in which the derivative is embedded involves a financial asset, the derivative is not separated, but recognised together with the underlying agreement as a single unit. If the underlying agreement involves a financial liability, the embedded derivative is accounted for separately unless it can be considered closely connected with the underlying agreement. Hybrid financial instruments which include both equity and debt elements are separated into their respective components.

7.1.1 Classes and categories of financial instruments

IFRS 7 requires the breakdown of financial instruments by classes as well as the reconciliation of these classes with the line items shown on the balance sheet. Since the reporting company is entitled to define these classes, they generally differ from the categories defined by IFRS 9 for the measurement of financial instruments.

The definition of the reportable classes reflects the different characteristics of the major financial instruments held by IMMOFINANZ. Accordingly, similar financial instruments are grouped together to form a separate class. The classes are also defined to facilitate reconciliation with the line items shown on the balance sheet. These factors led to the definition of the following classes: trade accounts receivable, financing receivables, loans and other receivables (including restricted funds), real estate fund shares, derivatives, miscellaneous other financial instruments and cash and cash equivalents (asset classes) as well as liabilities arising from convertible bonds, bonds, liabilities with financial institutions, other financial liabilities, trade accounts payable, derivatives and miscellaneous other liabilities (liability classes).

In addition to the assignment of financial instruments to classes, IFRS 7 calls for the disclosure of the carrying amount of financial assets and financial liabilities in accordance with the categories defined in IFRS 9. The following table presents the carrying amount and fair value of each class of financial assets and financial liabilities as well as each IFRS 9 category and reconciles these amounts to the appropriate balance sheet line item. Since the balance sheet positions trade and other receivables and trade and other liabilities can contain financial instruments as well as non-financial assets/liabilities (e.g. tax receivables), the column "Non-FI" allows for a full reconciliation with the balance sheet line items.

Assets All amounts in TEUR	FVOCI Equity instruments	FVPL mandatory	AC	Cash and cash equivalents	Non-FI	Carrying amount 31 12 2020	Fair value 31 12 2020
Trade accounts receivable	0	0	52,979	0	0	52,979	52,979
Financing receivables	0	0	9,515	0	0	9,515	9,515
Loans and other receivables	0	0	64,796	0	17,349	82,145	82,145
Trade and other receivables	**0**	**0**	**127,290**	**0**	**17,349**	**144,639**	**144,639**
Real estate fund shares	0	1,911	0	0	0	1,911	1,911
Miscellaneous other financial instruments	3,979	6,634	0	0	0	10,613	10,613
Other financial assets	**3,979**	**8,545**	**0**	**0**	**0**	**12,524**	**12,524**
Cash and cash equivalents	**0**	**0**	**0**	**1,047,085**	**0**	**1,047,085**	**1,047,085**
Total assets	**3,979**	**8,545**	**127,290**	**1,047,085**	**17,349**	**1,204,248**	**1,204,248**

Equity and liabilities All amounts in TEUR	FVPL mandatory	AC	Non-FI	Carrying amount 31 12 2020	Fair value 31 12 2020
Liabilities from convertible bonds	**0**	**291,056**	**0**	**291,056**	**312,505**
Bonds	0	978,051	0	978,051	1,022,436
Amounts due to financial institutions	0	1,875,952	0	1,875,952	1,839,511
Other financial liabilities	0	62,048	0	62,048	62,048
Financial liabilities	**0**	**2,916,051**	**0**	**2,916,051**	**2,923,995**
Trade payables	0	65,714	0	65,714	65,714
Derivatives	29,178	0	0	29,178	29,178
Miscellaneous other liabilities	0	59,004	35,062	94,066	94,066
Trade and other payables	**29,178**	**124,718**	**35,062**	**188,958**	**188,958**
Total equity and liabilities	**29,178**	**3,331,825**	**35,062**	**3,396,065**	**3,425,458**

FVOCI: financial assets at fair value through other comprehensive income
FVPL: financial assets/liabilities at fair value through profit or loss
AC: financial assets/liabilities measured at amortised cost
Non-FI: non-financial assets/liabilities

Assets	FVPL				Carrying amount	Fair value
All amounts in TEUR	mandatory	AC	Cash and cash equivalents	Non-FI	31 12 2019	31 12 2019
Trade accounts receivable	0	56,227	0	0	56,227	56,227
Financing receivables	0	10,503	0	0	10,503	10,503
Loans and other receivables	0	73,090	0	30,006	103,096	103,096
Trade and other receivables	**0**	**139,820**	**0**	**30,006**	**169,826**	**169,826**
Real estate fund shares	3,811	0	0	0	3,811	3,811
Derivatives	86	0	0	0	86	86
Miscellaneous other financial instruments	6,552	0	0	0	6,552	6,552
Other financial assets	**10,449**	**0**	**0**	**0**	**10,449**	**10,449**
Cash and cash equivalents	**0**	**0**	**341,161**	**0**	**341,161**	**341,161**
Total assets	**10,449**	**139,820**	**341,161**	**30,006**	**521,436**	**521,436**

Equity and liabilities	FVPL			Carrying amount	Fair value
All amounts in TEUR	mandatory	AC	Non-FI	31 12 2019	31 12 2019
Liabilities from convertible bonds	**0**	**285,807**	**0**	**285,807**	**294,241**
Bonds	0	506,161	0	506,161	528,445
Amounts due to financial institutions	0	2,008,731	0	2,008,731	2,016,686
Other financial liabilities	0	65,489	0	65,489	65,489
Financial liabilities	**0**	**2,580,381**	**0**	**2,580,381**	**2,610,620**
Trade payables	0	85,280	0	85,280	85,280
Derivatives	18,007	0	0	18,007	18,007
Miscellaneous other liabilities	0	58,976	35,404	94,380	94,380
Trade and other payables	**18,007**	**144,256**	**35,404**	**197,667**	**197,667**
Total equity and liabilities	**18,007**	**3,010,444**	**35,404**	**3,063,855**	**3,102,528**

FVPL: financial assets/liabilities at fair value through profit or loss
AC: financial assets/liabilities measured at amortised cost
Non-FI: non-financial assets/liabilities

The fair values shown in the above table were derived from stock exchange prices or determined by applying recognised valuation methods, depending on the class (see section 7.1.3).

Trade account receivables are generally considered to be current or are carried net of any necessary valuation adjustments and, for this reason, fair value generally reflects the carrying amount. The same applies to cash and cash equivalents.

The fair value of financial receivables, loans and other receivables as well as the fair value of the miscellaneous other financial instruments also generally approximates the carrying amount because impairment losses have already been deducted.

The fair value shown in the above table for liabilities from convertible bonds and amounts due to financial institutions was calculated as the present value of future interest and principal payments. The discount rate includes a margin for IMMOFINANZ's own credit risk (debt value adjustment), and the valuation method used to determine fair value therefore represents Level 3 in the fair value hierarchy under IFRS 13. Information on the method used to determine the debt value adjustment is provided in section 7.1.3. The discount rates used to calculate the present value of the amounts due to financial institutions were based on the listing shown below, which reflects the market interest rates as of 31 December 2020 and the weighted average credit spreads for the loans in the continuing operations as of the balance sheet date.

Discount rates as of	min	2020 max
1 1 2021	0.944%	2.194%
1 1 2022	0.958%	2.208%
1 1 2023	0.963%	2.213%
1 1 2024	0.985%	2.235%
1 1 2025	1.013%	2.263%
1 1 2026	1.045%	2.295%
1 1 2027	1.084%	2.334%
1 1 2028	1.126%	2.376%
1 1 2029	1.173%	2.423%
1 1 2030	1.220%	2.470%
1 1 2031	1.266%	2.516%
1 1 2032	1.310%	2.560%
1 1 2033	1.417%	2.667%

The fair value of the bonds is based on the market price, while the fair value of the miscellaneous other liabilities corresponds to the carrying amount.

The following table shows the carrying amounts of the held-for-sale financial instruments classified by the IFRS 9 valuation categories. These financial instruments represent receivables and liabilities carried at amortised cost, derivative financial liabilities carried at fair value and cash and cash equivalents:

All amounts in TEUR	31 12 2020 Carrying amount	31 12 2019 Carrying amount
Financial assets		
At amortised cost	502	624
Financial liabilities		
At amortised cost	42,342	47,034
At fair value through profit or loss	338	390
Cash and cash equivalents	4,333	3,980

7.1.2 Net gains and losses

The net gains and losses which must be presented in accordance with IFRS 7 for each category of financial instrument defined in IFRS 9 comprise the following:

All amounts in TEUR	Measurement at fair value	Income from disposals/ repurchase	Other gains/losses	31 12 2020 Net gain/loss
FVOCI	-674	0	0	-674
thereof designated and recorded under other comprehensive income	-674	0	0	-674
FA-FVPL	-558	0	606	48
thereof mandatory	-558	0	606	48
FA-AC	0	0	10	10
FL-FVPL	-13,279	0	-1	-13,280
thereof mandatory	-13,279	0	-1	-13,280
FL-AC	0	-219	22	-197

All amounts in TEUR	Measurement at fair value	Other gains/losses	31 12 2019 Net gain/loss
FA-FVPL	-1,059	568	-491
thereof mandatory	-1,059	568	-491
FL-FVPL	-7,873	-1	-7,874
thereof mandatory	-7,873	-1	-7,874
FL-AC	0	-323	-323

FVOCI: financial assets at fair value through other comprehensive income
FA-FVPL/FL-FVPL: financial assets/liabilities at fair value through profit or loss
FA-AC/FL-AC: financial assets/liabilities measured at amortised cost

Information on interest expense and interest income is provided in section 5.9.

7.1.3 Hierarchy of financial instruments carried at fair value

The following section includes an analysis of the financial instruments carried at fair value. A three-level classification was developed for this analysis in accordance with the measurement hierarchy defined in IFRS 13:

- Level 1: quoted prices for identical assets or liabilities on an active market (without any adjustments)
- Level 2: inputs that can be derived directly (e.g. as prices) or indirectly (e.g. based on prices) for the individual assets or liabilities and cannot be classified under Level 1
- Level 3: inputs for assets or liabilities that are not based on observable market data

All amounts in TEUR	Level 1	Level 2	Level 3	31 12 2020 Total
Financial assets at fair value through other comprehensive income				
Miscellaneous other financial instruments	-	-	3,979	3,979
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	1,911	1,911
Miscellaneous other financial instruments	6,634	-	-	6,634
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	29,178	29,178

All amounts in TEUR	Level 1	Level 2	Level 3	31 12 2019 Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	3,811	3,811
Derivatives	-	-	86	86
Miscellaneous other financial instruments	6,552	-	-	6,552
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	18,007	18,007

The following table reconciles the beginning and ending balances of the financial instruments classified under Level 3:

	Real estate fund shares		Derivatives		Miscellaneous other financial instruments		Total	
All amounts in TEUR	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Beginning balance	**3,811**	**5,025**	**-17,921**	**-12,516**	**0**	**0**	**-14,110**	**-7,491**
Recognised in the consolidated income statement	-650	-1,040	-13,279	-7,999	10	0	-13,919	-9,039
Recognised in other comprehensive income	0	0	0	0	-674	0	-674	0
Additions	0	0	0	-4,192	4,653	0	4,653	-4,192
Disposals	-1,250	-174	2,022	6,396	-10	0	762	6,222
Reclassification from/to assets held for sale	0	0	0	390	0	0	0	390
Ending balance	**1,911**	**3,811**	**-29,178**	**-17,921**	**3,979**	**0**	**-23,288**	**-14,110**

Of the EUR -13.9 million (2019: EUR -9.0 million) results recognised in the income statement and reported in the above table, EUR -14.4 million (2019: EUR -5.0 million) are attributable to financial instruments that were held at the end of the 2020 financial year. The respective amounts are included under other financial results.

The valuation procedures and valuation-relevant input factors used to determine the fair value of financial instruments (for both continuing and discontinued operations) in levels 2 and 3 are as follows:

Level	Financial instruments	Valuation method	Major input factors	Major non-observable input factors
3	Real estate fund shares	Net present value methods	Discount rate, expected principal repayments and dividends	Discount rate: 8.50% to 8.85%
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 2.25%
3	Miscellaneous other financial instruments	Net present value methods	Discount rate, expected cash flows	Discount rate: 15.10% to 15.54%

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

The liabilities carried at fair value through profit or loss include EUR 1.6 million (31 December 2019: EUR 1.0 million) attributable to default risk; the change in 2020 equalled EUR 0.7 million (2019: EUR 0.7 million).

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

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

7.1.4 Collateral

IMMOFINANZ companies normally provide collateral for loans related to project financing. Financing is generally concluded at the individual project level, and each company or property is responsible for the related debt service. There are no rights of regress involving IMMOFINANZ AG. As security for the loan, the lending bank receives a package of collateral that can be used to satisfy the receivable in the event a loan is called. This package can include the following types of collateral:

- Mortgage on the land or the land and the building
- Pledge of shares in the project company
- Pledge of receivables (from rental agreements, insurance contracts, property management contracts etc.)
- Pledge of bank accounts (accounts for rental payments or other project-related accounts)
- Promissory notes
- Shares in subsidiaries

The conditions, type and scope of collateral are defined on an individual basis (for each company and property) and are dependent on the project volume and the amount and term of the loan.

Investment property with a carrying amount of EUR 3,314.9 million (31 December 2019: EUR 3,604.3 million) was pledged as collateral for long-term financing of EUR 1,784.8 million (31 December 2019: EUR 1,964.6 million).

Property under construction with a carrying amount of EUR 245.6 million (31 December 2019: EUR 151.9 million) also serves as collateral. The corresponding financial liabilities total EUR 89.9 million (31 December 2019: EUR 56.7 million).

For property financing concluded by IMMOFINANZ, shares in the respective subsidiary serve as additional collateral to the mortgages in 31 cases (31 December 2019: 34 cases). The limitations on disposal end when the financial liability is repaid or when other collateral is provided.

A property with a carrying amount of EUR 17.3 million serves as collateral for tax proceedings currently in progress.

In 2020 and in previous years, IMMOFINANZ accepted liabilities or guarantees on behalf of third parties with a maximum risk of EUR 63.6 million (31 December 2019: EUR 232.0 million). The probability of occurrence for these contingent liabilities is linked to the fulfilment or non-fulfilment of future conditions and was considered low as of the balance sheet date.

7.2 Financial risk management

7.2.1 General information
IMMOFINANZ has integrated an active risk management system into its operating processes and reporting paths. This system supports the rapid implementation of measures to counter risk and also has a direct influence on strategic decisions and operating processes. Internal guidelines, reporting systems and control measures have been installed throughout IMMOFINANZ to support the monitoring, evaluation and control of risks related to the operating business. Risk management is a staff function which reports directly to the Chief Financial Officer. It autonomously monitors the corporate risks, aggregates risk data and reports, and actively supports the department and country organisations in the identification of risks and economically suitable countermeasures. At the department and country organisation levels, the heads of the respective department or country organisation are responsible for risk management. The department heads and country managers report their risk positions to the Executive Board at least once each quarter. Acute risks are reported immediately to the Executive Board. IMMOFINANZ also works to continuously improve the internal control system (ICS) to support the early identification and monitoring of risks. A description of the ICS is provided in the management report.

As an international corporation, IMMOFINANZ is exposed to various financial risks. The most important financial risks for the Group arise from possible changes in foreign exchange rates and interest rates and from the deterioration of the credit standing and solvency of its customers and business partners.

7.2.2 Default/credit risk
Default or credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the Group incurs financial damages as a result. The maximum credit risk represents the amounts reported under assets on the balance sheet. Default risk is reflected in appropriate valuation adjustments.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ works together with local project developers. This cooperation can represent a risk for IMMOFINANZ if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, activities and goal attainment are monitored regularly by the Group's development department.

The risk of default on receivables due from tenants is low because tenants are regularly required to provide security deposits – cash deposits for residential properties, bank guarantees or cash deposits for commercial properties – and their credit standing is monitored on a regular basis. Individual valuation adjustments are generally recorded to receivables that are exposed to an increased risk of default.

The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. Counterparty and concentration risks are limited by continuous monitoring, fixed investment limits and the diversification of financial institutions. Banks are aggregated into a banking group and evaluated according to a common default probability. Receivables are combined and reviewed against appropriate limits.

A default event is assumed to occur when the debtor is not expected to meet his or her credit obligations in full or when a financial asset is overdue more than 90 days and the possible utilisation of collateral (if available) does not appear sufficient to fully settle the liability.

A receivable is written off when it is overdue more than 365 days and collection measures have ceased or when the receivable is considered uncollectible in full even if it is not overdue more than one year.

IMMOFINANZ assigns financial receivables to the following classes of financial instruments:

– Trade accounts receivable
– Financing receivables
– Loans and other receivables

The next two tables present the following information in summarised form: the gross amount for each category of receivables as of the balance sheet date, the recognised impairment losses and resulting net receivables, a reconciliation of the beginning balance to the ending balance of the valuation allowances and explanatory comments on the creation of the valuation allowances for each of the three receivables classes.

	2020			2019		
All amounts in TEUR	**Gross receivable**	**Impairment**	**Net receivable**	**Gross receivable**	**Impairment**	**Net receivable**
Trade accounts receivable	68,749	-15,770	52,979	60,138	-3,911	56,227
Financing receivables	19,126	-9,611	9,515	19,841	-9,338	10,503
Loans and other receivables	68,399	-3,603	64,796	78,175	-5,085	73,090
Total	**156,274**	**-28,984**	**127,290**	**158,154**	**-18,334**	**139,820**

Valuation allowances for trade accounts receivable

All amounts in TEUR	2020	2019
Beginning balance	**-3,911**	**-12,155**
Deconsolidations (see 2.3)	12	27
Currency translation adjustments	111	150
Write-offs	17,230	9,438
Revaluation	-29,208	-2,173
Reclassifications and other developments	-4	802
Ending balance	**-15,770**	**-3,911**

The trade accounts receivable held by IMMOFINANZ comprise rents receivable, operating costs receivable and receivables from the sale of real estate inventories. The calculation of impairment for all these receivables is based on the simplified approach defined by IFRS 9.5.5.15, which requires the recognition of a loss allowance equal to the lifetime expected credit losses as of the initial recognition date as well as in subsequent periods. The application of the simplified approach to rents receivable, which represent lease receivables, is based on the option provided by this standard. The remaining trade receivables fall within the scope of application of IFRS 15 and do not include any material financing components. The application of the simplified approach is therefore mandatory.

The rents receivable and operating costs receivable held by IMMOFINANZ are principally covered by collateral in the form of three-months' rent (for the most part, deposits) and bank guarantees. In view of this collateral and for materiality reasons, IMMOFINANZ generally does not recognise impairment losses on receivables in the overdue classes up to 90 days. An impairment loss is only recognised when a tenant's rent is overdue more than 90 days or, at an earlier point in time, when a default event is assumed to occur. Default events increased in 2020 as a result of the COVID-19 pandemic; detailed information on the impact of the pandemic on earnings can be found in section 5.1.3.

Impairment losses are based on historical experience in accordance with the number of days overdue. The calculation of impairment losses also includes more specific information on expected return flows or forward-looking assumptions, if this information is available and if it is assumed that these factors will influence the amount of the impairment loss. Based on the available collateral, no impairment losses were recognised for the outstanding receivables from the sale of real estate inventories, which are included under trade receivables at an amount of EUR 8.5 million (31 December 2019: EUR 9.8 million).

The following table shows the gross receivables and impairment losses recognised for rents and operating costs receivable based on the time overdue as of 31 December 2020 as well as the average impairment in relation (%) to the time overdue as of 31 December 2018 and 2019:

All amounts in TEUR	Gross receivable	Impairment	Impairment in %	Average impairment in % 2018 and 2019
Not due	33,842	-2,066	6.11%	0.05%
1-30 days overdue	8,234	-2,707	32.87%	4.23%
31-60 days overdue	3,240	-932	28.78%	11.53%
61-90 days overdue	4,588	-3,143	68.50%	13.57%
91-180 days overdue	2,733	-1,033	37.78%	36.51%
181-365 days overdue	4,809	-3,353	69.72%	82.70%
More than 365 days overdue	2,756	-2,536	92.05%	99.56%
Ending balance	**60,200**	**-15,770**		

The significantly higher impairment rates for shorter overdue periods in comparison with previous years reflect the effects of the COVID-19 pandemic.

Valuation allowances for financing receivables

All amounts in TEUR	2020	2019
Beginning balance	**-9,338**	**-24,082**
Deconsolidations (see 2.3)	0	1,579
Write-offs	1	5,871
Revaluation	-273	-519
Reclassifications and other developments	-1	7,813
Ending balance	**-9,611**	**-9,338**

Financing receivables consist of receivables due from associates, receivables due from joint ventures and other financing receivables. The receivables due from equity-accounted associates and joint ventures represent an increase in the net investment in the respective associate or joint venture for IMMOFINANZ because of their economic content. The determination of an impairment loss to these types of receivables is based primarily on the rules defined by IFRS 9 before the loss allocation and impairment rules in IAS 28 are applied. The receivables due from associates and joint ventures declined substantially year-on-year due to the sale or acquisition (and the resulting conversion from equity consolidation to full consolidation) of shares in these companies and now only represent an immaterial component of the financing receivables (see section 4.5). The change in the impairment accounts resulting from the changes in the related investments represent the major component of the reconciliation line "reclassifications and other developments". This position also includes any allocated losses from the at-equity valuation. The other financing receivables consist primarily of financing for property companies which is collateralised by the property and the related return flows. Consequently, impairment losses were generally not required for these items. The valuation allowances shown in the following table were measured on the basis of the expected lifetime credit losses because a default event was assumed.

Valuation allowances for loans and other receivables

	2020			2019		
All amounts in TEUR	Expected 12-month credit loss	Lifetime expected credit loss - impaired credit standing	Total	Expected 12-month credit loss	Lifetime expected credit loss - impaired credit standing	Total
Beginning balance	**-41**	**-5,044**	**-5,085**	**-69**	**-5,421**	**-5,490**
Currency translation adjustments	0	21	21	0	12	12
Write-offs	0	1,909	1,909	0	485	485
Revaluation	-56	-316	-372	28	-164	-136
Reclassifications and other developments	0	-76	-76	0	44	44
Ending balance	**-97**	**-3,506**	**-3,603**	**-41**	**-5,044**	**-5,085**

Restricted funds represent the largest component of the assets reported under other receivables. These deposits with financial institutions have only a minimal risk of default, and it can therefore be assumed that the default risk has not increased significantly since initial recognition. The credit loss expected within the next twelve months was therefore determined in accordance with IFRS 9. For the remaining other receivables, an impairment loss was not required due to available collateral or an impairment loss was recognised because of an assumed default event at the amount of the expected loss over the lifetime of the financial instrument.

7.2.3 Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term forecast covering five years, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ also uses long-term financing in which the financial capability of the individual properties (interest coverage ratio, debt service coverage ratio) as well as their present value (loan-to-value ratio) is reflected in appropriate contract clauses.

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ routinely monitors budgets and the progress of construction on all development projects and maintenance work.

The following table shows the term structure of derivative and non-derivative financial liabilities based on the contractually defined outflow of funds from continuing operations. In particular, the reported amounts include current and bullet repayments for financial liabilities, interest payments and net payments from derivatives.

All amounts in TEUR	Cash outflows under 1 year	Cash outflows between 1 and 5 years	Cash outflows over 5 years	Total	Carrying amount as of 31 12 2020
Liabilities from convertible bonds	9,261	315,108	0	324,369	291,056
Liabilities arising from the issue of bonds	25,533	558,181	525,000	1,108,714	978,051
Amounts due to financial institutions	87,500	1,373,317	509,465	1,970,282	1,875,952
Miscellaneous	100,211	41,781	216,625	358,617	186,766
Total non-derivative financial liabilities	**222,505**	**2,288,387**	**1,251,090**	**3,761,982**	**3,331,825**
Derivative financial instruments (liabilities)	9,943	20,024	5,822	35,789	29,178
Total derivative financial liabilities	**9,943**	**20,024**	**5,822**	**35,789**	**29,178**
Total	**232,448**	**2,308,411**	**1,256,912**	**3,797,771**	**3,361,003**

All amounts in TEUR	Cash outflows under 1 year	Cash outflows between 1 and 5 years	Cash outflows over 5 years	Total	Carrying amount as of 31 12 2019
Liabilities from convertible bonds	4,458	303,887	0	308,345	285,807
Liabilities arising from the issue of bonds	13,089	539,411	0	552,500	506,161
Amounts due to financial institutions	289,764	1,234,603	610,514	2,134,881	2,008,731
Miscellaneous	116,874	42,106	240,708	399,688	209,745
Total non-derivative financial liabilities	**424,185**	**2,120,007**	**851,222**	**3,395,414**	**3,010,444**
Derivative financial instruments (liabilities)	8,855	16,503	1,688	27,046	18,007
Total derivative financial liabilities	**8,855**	**16,503**	**1,688**	**27,046**	**18,007**
Total	**433,040**	**2,136,510**	**852,910**	**3,422,460**	**3,028,451**

Miscellaneous non-derivative financial liabilities include, among others, liabilities from leases, trade accounts payable and liabilities from deposits received.

The amounts due to financial institutions are broadly diversified by region and counterparty, and the exposure to a change in the risk policy of an individual financial institution is therefore considered low.

7.2.4 Foreign exchange risk

IMMOFINANZ is exposed to various forms of foreign exchange risk in connection with its accounting data and cash flows. Fluctuations in foreign exchange rates can influence the Group's earnings position and also have an impact on the Group's asset position.

Effect on the asset and earnings position

The individual Group companies record transactions in a currency that differs from their functional currency at the mean exchange rate on the date of the respective transaction. Foreign currency monetary assets and liabilities are translated at the mean exchange rate in effect on the balance sheet date. The resulting foreign exchange gains and losses are recognised in profit or loss for the financial year.

As of 31 December 2020, all liabilities to financial institutions were denominated in euros.

The risk of devaluation associated with foreign currency bank deposits and cash balances is offset by the earliest possible conversion of these funds into the euro.

Derivative financial instruments are used in some cases to manage the low structural foreign exchange risk. The derivative financial instruments used by IMMOFINANZ to hedge this risk are recorded as stand-alone derivatives and not as hedging instruments. Hedge accounting as defined in IFRS 9 is not applied by IMMOFINANZ's fully consolidated companies. Therefore, the stand-alone derivatives are measured through profit or loss.

As of 31 December 2020, IMMOFINANZ held no derivatives to hedge foreign exchange risk.

Cash and cash equivalents are held in the following currencies:

All amounts in TEUR	31 12 2020	31 12 2019
EUR	950,395	230,791
USD	6,333	6,392
HUF	28,421	25,390
PLN	27,712	32,267
CZK	8,445	8,179
RON	11,624	26,779
RUB	4,354	4,369
Other	9,801	6,994
Total	**1,047,085**	**341,161**

7.2.5 Interest rate risk

As an international company, IMMOFINANZ is exposed to the risk of interest rate fluctuations on real estate submarkets. Increases in interest rates can have a negative impact on Group earnings by increasing the cost of floating rate financing.

A change in interest rates will have a direct influence on financial results through its impact on floating rate financing. IMMOFINANZ limits the risk associated with rising interest rates – which would lead to higher interest expense and a decline in financial results – through the use of fixed interest rate financing contracts and derivative financial instruments (above all swaps). These derivative financial instruments are accounted for as stand-alone derivatives and not as hedging instruments in the sense of IFRS 9.

The classification of financial liabilities (carrying amounts, including convertible bonds) by type of interest rate is shown in the following table:

All amounts in TEUR	31 12 2020	31 12 2019
Fixed interest financial liabilities	1,416,819	946,105
Floating rate financial liabilities	1,790,288	1,920,083
Total interest-bearing financial liabilities	**3,207,107**	**2,866,188**

Of the floating rate financial liabilities, a nominal value of EUR 1,433.7 million (31 December 2019: EUR 1,666.6 million) is hedged through interest rate swaps. This results in a fixed interest rate based on the combined interest effect of the financial liability and the derivative.

The following table shows the fair values and conditions of all derivative financial instruments that were purchased and held by IMMOFINANZ as of 31 December 2020 to hedge interest rate risk:

	Type	Reference value as of 31 12 2020 in TEUR	Fair value incl. interest in TEUR [1]	Maturity
Interest rate over -0.10%	Interest rate swap	585	-2	2023
	Interest rate swap	266,896	-4,133	2026
	Interest rate swap	53,720	-339	2027
Number of derivatives: 10		**321,201**	**-4,474**	
Interest rate over -0.10% to 0.10%	Interest rate swap	14,153	-19	2021
	Interest rate swap	219,650	-4,929	2025
	Interest rate swap	114,288	-2,441	2027
Number of derivatives: 6		**348,091**	**-7,389**	
Interest rate over 0.10% to 0.25%	Interest rate swap	245,116	-3,170	2022
	Interest rate swap	72,735	-1,412	2023
Number of derivatives: 22		**317,851**	**-4,582**	
Interest rate over 0.25%	Interest rate swap	129,328	-2,347	2022
	Interest rate swap	197,183	-4,436	2023
	Interest rate swap	120,000	-6,274	2034
Number of derivatives: 28		**446,511**	**-13,057**	
Total number of derivatives: 66[2]		**1,433,654**	**-29,502**	

[1] Fair value includes a credit risk adjustment
[2] As of the balance sheet date, all derivatives have a negative market value.

The reference value forms the basis value for derivatives outstanding as of the balance sheet date. The fair value represents the amount that the respective company would receive or be required to pay if the transaction were terminated as of the balance sheet date.

A change in the market interest rate will influence the valuation of interest rate derivatives. Net present value calculations based on the DCF method – which is also used to value derivatives – discount future cash flows with current interest rate curves to determine market value. Rising interest rates lead to a higher discount factor and to a reduction in the present value of the derivative. Sensitivity analyses are used to illustrate the risk associated with interest rate fluctuations. They show the effects of changes in market interest rates on market values and interest payments as well as interest income and expense.

The following sensitivity analysis shows the effect of a change in the interest rate level on the fair value of interest rate derivatives (interest rate swaps). An increase of 10 and 25 basis points is assumed; the effects of falling interest rates were not analysed due to the current very low interest rate level. The following fair values include accrued interest but exclude credit risk adjustments.

Sensitivity of derivatives			Interest rate
All amounts in TEUR	**31 12 2020**	**Δ +10 basis points**	**Δ +25 basis points**
Fair value based on increase in interest rate	-31,146	-25,152	-16,250

Sensitivity of derivatives			Interest rate
All amounts in TEUR	**31 12 2019**	**Δ +10 basis points**	**Δ +25 basis points**
Fair value based on increase in interest rate	-19,180	-12,782	-3,277

A further sensitivity analysis shows the influence of floating interest rates on the interest expense associated with financial liabilities. It presents the effect of an assumed average increase of 50 and 100 basis points in interest rates on earnings before tax in 2020. The analysis assumes that all other variables remain constant.

Due to the very low level of interest rates as of 31 December 2020 (e.g. 3-month EURIBOR: -0.545%) a sensitivity analysis was not prepared for falling interest rates during the reporting year or the previous financial year.

Sensitivity of interest expense			Interest rate
All amounts in TEUR	2020	Δ +50 basis points	Δ +100 basis points
Interest expense	63,990	65,878	67,570

Sensitivity of interest expense			Interest rate
All amounts in TEUR	2019	Δ +50 basis points	Δ +100 basis points
Interest expense	64,558	65,664	66,994

Since most of IMMOFINANZ's floating rate financial liabilities are hedged through interest rate swaps, the risk of an increase in interest expense as the result of changes in interest rates is considered low.

Details on the conditions of financial liabilities are provided in section 4.14.

In addition to financial liabilities, securities and other receivables – above all financing receivables (loans granted to third parties) – can be sensitive to interest rate changes. The current financing receivables generally carry fixed interest rates, and the Group is therefore exposed to no risk or only limited risk of a changing interest rate from these items.

7.2.6 Capital management

The goals of IMMOFINANZ's management are to protect the Group's short-, medium- and long-term liquidity at all times and to create and maintain a strong capital base in order to earn the trust of investors, creditors and the markets and safeguard the Group's sustainable positive development. The Executive Board regularly monitors the development of the share price, the discount of the share price to the net asset value (NAV) and the amount of recommended dividend payments to the shareholders of IMMOFINANZ AG. The IMMOFINANZ share is positioned as a dividend stock, and the Executive and Supervisory Boards are committed to achieving and maintaining a sustainable dividend policy.

The Group's capital structure is determined by financial liabilities, including convertible bonds, and by equity, excluding treasury shares, of EUR 6,158.3 million. IMMOFINANZ intends to further optimise its capital structure by arranging for new financing, by terminating, extending or restructuring old financing and, where appropriate, issuing new debt securities (see section 7.6). The average financing costs for the Group, including derivatives, used for interest rate hedging, equalled 2.0% in 2020 (2019: 1.9%).

The Executive Board monitors the Group's capital structure by means of the LTV ratio. This indicator shows the relation between financial liabilities less cash and cash equivalents and the value of the real estate portfolio plus properties held for sale and the investment in S IMMO AG at the EPRA NAV on the balance sheet date. The LTV ratio equalled 37.8% as of as of 31 December 2020 (31 December 2019: 43.0%), whereby the target range extends up to 45%.

Gearing (secured and unsecured) and the interest coverage ratio also represent a minimum capital requirement by external stakeholders. Compliance with these standard market indicators is important, above all in connection with the corporate bonds. All requirements were met during the 2020 financial year.

7.3 Financial obligations

7.3.1 Contingent liabilities and guarantees

Contingent liabilities represent possible or existing obligations arising from past events, in cases where it is not probable that an outflow of resources will be required to settle the obligation (also see section 7.1).

The contingent liabilities arising from sureties, guarantees and other liabilities that are not recognised on IMMOFINANZ's balance sheet are evaluated regularly with respect to the probability of their occurrence. If an outflow of resources embodying economic benefits is neither sufficiently probable to require the recognition of a provision nor improbable, the obligations are recognised as contingent liabilities. The estimates are made by IMMOFINANZ specialists based on market-related inputs (where possible) and expert opinions (in individual cases).

A preliminary injunction over the shares in a Romanian subsidiary (carrying amount of net assets: EUR 80.0 million), which limits the power to dispose over these shares, was in effect as of 31 December 2020. Moreover, legal uncertainty can arise in connection with land ownership in specific East European countries (e.g. Romania).

The assessment of risks related to uncertainties over income tax treatments as of 31 December 2020 identified three issues in Austria, Germany and Poland. IMMOFINANZ has evaluated the basis for the accounting treatment of tax risks by way of scenario analyses and estimates from the involved attorneys and tax advisors. Following these analyses, it is still assumed that the tax authorities will acknowledge the procedural uncertainties of EUR 11.6 million (31 December 2019: EUR 10.8 million) and also acknowledge that the recognised risks have been appropriately included since the beginning of the proceedings. Since the decisions of tax authorities in Austria and other countries are not easy to predict and the refund of payments previously made is not considered sufficiently probable for the recognition of a contingent receivable, these items were not included in the preparation of the consolidated financial statements for 2020.

7.3.2 Other financial obligations

The following table shows the financial obligations arising from previously contracted construction services, maintenance and other contractual obligations for the construction or acquisition of properties:

All amounts in TEUR	2020	2019
Outstanding construction costs	23,350	79,548
Contracted maintenance	1,775	1,587
Contractual obligations for the construction or acquisition of properties	6,356	0
Total	**31,481**	**81,135**

7.4 Transactions with related parties

Related parties in the sense of IAS 24 include all subsidiaries, joint ventures and associates of IMMOFINANZ AG (see section 8.). In addition to persons who have a significant influence over IMMOFINANZ, related parties include the members of the Executive Board and Supervisory Board of IMMOFINANZ AG as well as their close family members.

Any transactions carried out with related parties during the 2020 financial year reflected arm's length conditions.

As part of the remuneration for the members of the Executive Board, IMMOFINANZ AG makes payments to APK Pensionskasse AG. These payments are related to company pensions for the Executive Board members and reflect standard market conditions. Christian Böhm, a member of the Supervisory Board, is the chairman of the executive board of this company. The contributions made in 2020 are reported in section7.4.2.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are therefore not explained in detail.

7.4.1 Joint ventures and associates

All amounts in TEUR	31 12 2020	31 12 2019
Relations with joint ventures		
Receivables	1,752	1,758
thereof bad debt allowance	-5,776	-5,503
Liabilities	318	325
Relations with associated companies		
Receivables	5	0
Liabilities	107	191

All amounts in TEUR	2020	2019
Relations with joint ventures		
Other income	10	1
Interest income	253	260
Write-downs to receivables	-273	1,672
thereof results that increase or reduce the net investment	-267	-244
Relations with associated companies		
Other income	789	746
Other expenses	-2,643	-2,815
Interest income	0	358
Write-downs to receivables	0	7,343

Transactions with joint ventures and associates are carried out at standard market prices and conditions. The financing for joint ventures is frequently arranged by IMMOFINANZ and its co-investors at a ratio that differs from the respective interest in capital.

7.4.2 Members of management in key positions

The members of management in key positions as defined in IAS 24 are active solely in the corporate bodies of IMMOFINANZ AG and include the following persons:

Executive Board
Ronny Pecik – Chief Executive Officer (since 4 May 2020)
Dietmar Reindl – Member of the Executive Board, Property Management
Stefan Schönauer – Member of the Executive Board, Finances
Oliver Schumy – Chief Executive Officer (up to 18 March 2020)

Supervisory Board
Bettina Breiteneder – Chairwoman (since 1 October 2020; previously Vice-Chairwoman)
Christian Böhm – Vice-Chairman (since 1 October 2020; previously Member)
Sven Bienert – Vice-Chairman (since 1 October 2020; previously Member)
Nick J. M. van Ommen, FRICS – Member
Michael Knap – Chairman (up to 1 October 2020)
Rudolf Fries – Vice-Chairman (up to 4 March 2020)

Members delegated to the Supervisory Board by the Works Council
The following persons were delegated by the Works Council of IMMOFINANZ AG to the Supervisory Board:
Philipp Amadeus Obermair
Maria Onitcanscaia (up to 31 May 2020)

The members of management in key positions received the following remuneration:

	2020			2019		
All amounts in TEUR	Supervisory Board	Executive Board	Total	Supervisory Board	Executive Board	Total
Short-term employee benefits	252	3,189	3,441	252	3,419	3,671
Post-employment benefits	-	208	208	-	222	222
Termination benefits	-	3,403	3,403	-	-	-
Total	**252**	**6,800**	**7,052**	**252**	**3,641**	**3,893**

The short-term employee benefits for the members of the Executive Board comprise a fixed component (gross salary and compensation in kind) as well as a variable component (bonuses).

The amounts reported under post-employment benefits represent the contributions by IMMOFINANZ to a pension fund. These contributions result from defined contribution pension commitments to the members of the Executive Board, which were outsourced to a pension fund.

The Supervisory Board remuneration reported under short-term benefits reflects the expenses for the respective financial year. However, this remuneration is only paid out after the approval of the annual general meeting which decides on the release from liability of the Supervisory Board members. The members of the Executive Board and Supervisory Board held a total of 14,273,166 shares as of 31 December 2020 (31 December 2019: 6,449,348 shares). This number includes the shares held by RPPK Immo GmbH (formerly CARPINUS Holding GmbH), RPR Privatstiftung, RPR Treasury GmbH, RPR Management GmbH and the Olympic special fund, for which directors' dealings reports were filed by Ronny Pecik.

Further reportable transactions with related parties were carried out by CEO Ronny Pecik during the 2020 financial year. Mr. Pecik purchased shares with a value of EUR 32.5 million over the market and in connection with the capital increase and the issue of the mandatory convertible bond 2020-2023. These transactions were carried out by RPPK Immo GmbH (formerly CARPINUS Holding GmbH), which is indirectly controlled by Ronny Pecik und Peter Korbacka based on the definition of the Austrian Stock Exchange Act, and by RPR Privatstiftung, RPR Treasury GmbH, RPR Management GmbH and the Olympic special fund, which are also indirectly controlled by Ronny Pecik based on the definition of the Austrian Stock Exchange Act.

No advances or loans were granted to the members of the Executive Board or Supervisory Board. Moreover, there is no share-based payment for the Executive Board.

7.5 Auditor's fees

The fees charged by Deloitte Österreich for services provided in 2020 comprise TEUR 475.1 (2019: TEUR 495.8) for the audit of the individual and consolidated financial statements, TEUR 303.8 (2019: TEUR 230.5) for other assurance services, TEUR 26.0 (2019: TEUR 43.1) for tax advising and TEUR 00.0 (2019: TEUR 10.1) for other services.

7.6 Subsequent events

On 11 January 2021, IMMOFINANZ AG approved the purchase of shares in a project development company, for approximately EUR 83.7 million. This company is charged with the construction of up to 23 retail parks under the STOP SHOP brand at various locations in Croatia. The transaction is expected to close in December 2021.

On 14 March 2021, IMMOFINANZ AG announced the launch of a voluntary public takeover offer to acquire a controlling interest pursuant to § 25a of the Austrian Takeover Act for the purchase of all outstanding zero par value bearer shares of S IMMO AG not held by the bidder. The offer price per share of S IMMO AG equals EUR 18.04 on a cum-dividend basis. The offer covers the purchase of up to 51,476,105 shares, corresponding to 69.93% of the share capital of S IMMO AG. For the voluntary takeover offer to acquire a controlling interest (§ 25a of the Austrian Takeover Act), the statutory minimum acceptance threshold of 50% plus one share of all S IMMO shares subject of the offer is applicable. The completion of the offer will be subject to the condition precedent that the annual general meeting of S IMMO AG resolves upon an amendment to the articles of association to cancel § 13 (3) of the articles of association (maximum voting right) and that this amendment to the articles of association is filed with the commercial register. IMMOFINANZ AG will propose a respective resolution at the annual general meeting. The completion of the offer will also be subject to merger control clearance. IMMOFINANZ AG reserves the right to undertake parallel transactions to obtain a controlling interest in S IMMO AG. On 25 March 2021, IMMOFINANZ AG raised the offer price for S IMMO AG to EUR 22.25 per share, and the offer now covers the purchase of up to 51,432,587 shares, representing approximately 69.87% of the share capital of S IMMO AG. The offer will be financed internally from available liquid funds and with external financing of EUR 500.0 million which was concluded for the offer.

IMMOFINANZ has requested S IMMO on 7 April 2021 to convene an extraordinary shareholders' meeting. At this shareholders' meeting, the shareholders shall resolve upon an amendment to the articles of association to cancel the maximum voting right because S IMMO postponed the ordinary shareholders' meeting originally scheduled for 30 April 2021. The amendment to the articles of association is a condition precedent of the announced public offer to acquire a controlling interest (Section 25a of the Austrian Takeover Act) of IMMOFINANZ to the shareholders of S IMMO.

The Austrian Takeover Commission notified IMMOFINANZ AG on 17 March 2021 that a review procedure is being initiated pursuant to § 33 (1) no. 2 of the Austrian Takeover Act with respect to IMMOFINANZ AG as a target company. The review procedure was initiated on 4 March 2021 pursuant to an application by Petrus Advisers Investments Fund L.P.

On 23 March 2021, IMMOFINANZ AG acquired the "Bucharest Financial Plaza" office building in the historical city center of Bucharest. The seller is Banca Comercială Română (BCR), the largest financial group in Romania and a subsidiary of the Austrian Erste Group Bank. The building will have roughly 27,700 sqm of gross rentable space (after refurbishment) and servds as the BCR headquarters up to the previous year. The transaction costs total approximately EUR 36.0 million. Plans call for the modernisation of this newly acquired property and conversion into a high-quality, sustainable myhive building by 2024.

The significant increase in the price of the S IMMO share since 31 December 2020 provided objective indications of an increase in the value of this investment at the end of the first quarter of 2021. A revaluation up to a maximum of the recoverable amount of EUR 459.8 million (based on the closing price of EUR 21.45 as of 31 March 2021) is therefore possible as of 31 March 2021.

In line with its strategy, IMMOFINANZ sold four office buildings in Warsaw to the Indotek Group, a leading Hungarian real estate company. The buildings have roughly 45,300 sqm of rentable space in total. The selling price amounted to EUR 72.5 million, and the closing took place on 8 April 2021.

The effects of the COVID-19 pandemic were still ever-present at the time the consolidated financial statements for 2020 were prepared. IMMOFINANZ generally reacted to the government-ordered business shutdowns (with the exception of daily necessities) and special legal provisions for rent reductions with subsequent rental cutbacks in 2020. These adjustments primarily involved tenants in the retail business. Further rental concessions were granted in connection with COVID-19 during the first quarter of 2021.

8. Group Companies

The following list covers the subsidiaries, joint ventures and associates of IMMOFINANZ AG. It was prepared in accordance with § 245a (1) of the Austrian Commercial Code in connection with § 265 (2) of the Austrian Commercial Code. This list also includes individual subsidiaries that were not fully consolidated for materiality reasons and joint ventures that were not included at equity as well as associates and other investments held by IMMOFINANZ.

The companies deconsolidated during the 2020 financial year are reported in the column 'type of consolidation' as sold, liquidated or merged.

			2020		2019	
Company	Country	Headquarters	Interest in capital	Type of consolidation	Interest in capital	Type of consolidation
"Wienerberg City" Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
AAX Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
ABSTEM Holdings Ltd.	CY	Nicosia	0.00%	Sold	100.00%	F
Adama Adviso SRL	RO	Bucharest	100.00%	F	100.00%	F
Adama Holding Public Ltd	CY	Nicosia	100.00%	F	100.00%	F
Adama Management SRL	RO	Bucharest	100.00%	F	100.00%	F
Adama Romania Ltd.	CY	Nicosia	100.00%	F	100.00%	F
AEDIFICIO Liegenschaftsvermietungs- und Beteiligungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Airport Business Center, s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Al Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Aloli Management Services Limited	CY	Nicosia	100.00%	F	100.00%	F
Alpha real d.o.o.	SI	Ljubljana	100.00%	F	100.00%	F
Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S.	TR	Istanbul	64.89%	F	64.89%	F
ARMONIA CENTER ARAD S.R.L.	RO	Bucharest	100.00%	F	100.00%	F
ARO Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
Atom Centrum, s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Atrium Park Kft.	HU	Budapest	100.00%	F	100.00%	F
Baron Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Bauteil M Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Bauteile A + B Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Bauteile C + D Errichtungsges.m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Berceni Estate Srl	RO	Bucharest	100.00%	F	100.00%	F
Berga Investment Limited in Liqu.	CY	Nicosia	100.00%	F	100.00%	F
Bertie Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Bloczek Ltd	CY	Nicosia	100.00%	F	100.00%	F
Boondock Holdings Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Borca Retail Park d.o.o. Beograd	RS	Belgrade	0.00%	Merged	100.00%	F
Business Park Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Business Park West-Sofia EAD	BG	Sofia	100.00%	F	100.00%	F
C.E. Immobilienprojekte und Beteiligungs GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
Campus Budapest Bt.	HU	Budapest	74.96%	F	74.96%	F
Capri Trade s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
CENTER INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
CHB Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
City Tower Vienna Errichtungs- und Vermietungs-GmbH	AT	Vienna	100.00%	F	100.00%	F
Constantia Treuhand und Vermögensverwaltungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Contips Limited	CY	Nicosia	100.00%	F	100.00%	F
Cora GS s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
COREAL ESTATE RESIDENCE INVEST SRL	RO	Bucharest	100.00%	F	100.00%	F
CPB Enterprise GmbH	AT	Vienna	100.00%	F	100.00%	F
CPB JOTA Anlagen Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Credo Immobilien Development GmbH	AT	Vienna	100.00%	F	100.00%	F
CREDO Real Estate GmbH	AT	Vienna	100.00%	F	100.00%	F
Dapply Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Dikare Holding Ltd.	CY	Nicosia	0.00%	Sold	22.00%	Fonds

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Company	Country	Headquarters	2020 Interest in capital	2020 Type of consolidation	2019 Interest in capital	2019 Type of consolidation
DUS Plaza GmbH	DE	Cologne	100.00%	F	100.00%	F
Ebulliente Holdings Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
EHL Gewerbeimmobilien GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Immobilien Bewertung GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Immobilien GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Immobilien Management GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Investment Consulting GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
EHL Wohnen GmbH	AT	Vienna	49.00%	E-AS	49.00%	E-AS
Elmore Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Elona Projekt d.o.o.	HR	Zagreb	100.00%	F	0.00%	n.a.
Emolu Trading Ltd.	CY	Nicosia	0.00%	Sold	99.00%	F
Equator Real Sp. z o.o.	PL	Warsaw	0.00%	Sold	100.00%	F
Erlend Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
ESCENDO Liegenschaftshandelsgesellschaft m.b.H. & Co KG	AT	Vienna	0.00%	Liquidated	100.00%	F
EUREDES Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
Eye Shop Targu Jiu s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Fawna Limited	CY	Nicosia	100.00%	F	100.00%	F
Flureca Trading ltd	CY	Nicosia	0.00%	Sold	100.00%	F
FMZ Baia Mare Imobiliara s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
FMZ Lublin Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
GAL Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Galeria Zamek Sp. z o.o.	PL	Lublin	100.00%	F	100.00%	F
Gangaw Investments Limited in Liqu.	CY	Nicosia	100.00%	F	100.00%	F
GD-BREG d.o.o.	HR	Zagreb	100.00%	F	0.00%	n.a.
Geiselbergstraße 30-32 Immobilienbewirtschaftungs-gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
GENA ELF Immobilienholding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
GENA NEUN Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	F	100.00%	F
Gena Vier Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
GENA ZEHN Immobilienholding GmbH	AT	Vienna	100.00%	F	100.00%	F
Gendana Ventures Ltd.	CY	Nicosia	100.00%	F	100.00%	F
GF Amco Development srl	RO	Ilfov	0.00%	Sold	22.00%	NC
Gila Investment SRL	RO	Bucharest	100.00%	F	100.00%	F
Global Emerging Property Fund L.P.	GB	Jersey	25.00%	Fonds	25.00%	Fonds
Global Trust s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
GORDON INVEST Kft.	HU	Budapest	100.00%	F	100.00%	F
Grand Centar d.o.o.	HR	Zagreb	100.00%	F	100.00%	F
Hadas Management SRL	RO	Bucharest	75.00%	E-AS	75.00%	E-AS
Hamlingate Investments Limited	CY	Nicosia	0.00%	Sold	100.00%	NC
Harborside Imobiliara s.r.l.	RO	Bucharest	90.00%	F	90.00%	F
HDC Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
IE Equuleus NL B.V.	NL	Amsterdam	100.00%	F	100.00%	F
IE Narbal NL B.V.	NL	Amsterdam	100.00%	F	100.00%	F
I-E-H Immoeast Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMAK CEE N.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMAK Finance B.V.	NL	Amsterdam	0.00%	Liquidated	100.00%	F
IMBEA Immoeast Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	F	100.00%	F
IMF Campus GmbH	DE	Cologne	100.00%	F	100.00%	F
IMF Float GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOBILIA Immobilienhandels GmbH & Co KG	AT	Vienna	100.00%	F	100.00%	F
Immobilia L Liegenschafts Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immobilia L Liegenschafts Vermietungs GmbH & Co Bischoffgasse 14/Rosasgasse 30 KG	AT	Vienna	100.00%	NC	100.00%	NC
Immobilia L Liegenschafts Vermietungs GmbH & Co Viriotgasse 4 KG	AT	Vienna	100.00%	NC	100.00%	NC
IMMOEAST Acquisition & Management GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST ALLEGRO Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immoeast Baneasa Airport Tower srl	RO	Bucharest	100.00%	F	100.00%	F
IMMOEAST Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Despina I B.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMMOEAST Despina II B.V.	NL	Amsterdam	100.00%	F	100.00%	F
IMMOEAST Immobilien GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Iride IV Project s.r.l.	RO	Bucharest	100.00%	F	100.00%	F

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Company	Country	Headquarters	2020 Interest in capital	2020 Type of consolidation	2019 Interest in capital	2019 Type of consolidation
IMMOEAST Polonia Sp. z o.o. w likwidacji	PL	Warsaw	100.00%	F	100.00%	F
IMMOEAST PRESTO Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Almansor Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Aries Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Cinna Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt DESPINA Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Equuleus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Gamma Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Hekuba Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Kappa Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Lambda Holding GmbH	AT	Vienna	0.00%	Merged	100.00%	F
IMMOEAST Projekt Narbal Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Omega Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Pantheus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Septendecimus Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Projekt Zerlina Holding GmbH in Liqu.	AT	Vienna	100.00%	F	100.00%	F
IMMOEAST Silesia Holding Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IMMOFINANZ AG	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Artemis Immobilien Vermietung GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Center Management Romania SRL	RO	Bucharest	100.00%	F	100.00%	F
Immofinanz Corporate Finance Consulting GmbH	AT	Vienna	0.00%	Merged	100.00%	F
Immofinanz Deutschland GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Enodia Realitäten Vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Float GmbH & Co. KG	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Float Verwaltungs GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ Friesenquartier GmbH	DE	Cologne	92.70%	F	92.70%	F
IMMOFINANZ Friesenquartier II GmbH	DE	Cologne	100.00%	F	100.00%	F
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ Ismene Immobilien Vermietungs-Gesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
IMMOFINANZ LAMBDA Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Medienhafen GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOFINANZ MONTAIGNE Liegenschafts-vermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Immofinanz Polska Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOFINANZ Residential Slovakia s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
IMMOFINANZ Services Czech Republic, s.r.o.	CZ	Prague	100.00%	F	100.00%	F
Immofinanz Services d.o.o. Beograd-Novi Beograd	RS	Belgrade	100.00%	F	100.00%	F
IMMOFINANZ Services Hungary Kft.	HU	Budapest	100.00%	F	100.00%	F
Immofinanz Services Poland Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOFINANZ Services Romania s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
IMMOFINANZ Services Slovak Republic, s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
Immofinanz zwei Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
ImmoPoland Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
IMMOWEST Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
IMMOWEST IMMOBILIEN ANLAGEN GMBH	AT	Vienna	100.00%	F	100.00%	F
Infinitas ProjektentwicklungsgesmbH	AT	Vienna	0.00%	Merged	100.00%	F
Irascib Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IRIDE S.A.	RO	Bucharest	100.00%	F	100.00%	F
Itteslak Trading Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Lagerman Properties Limited	CY	Nicosia	100.00%	F	100.00%	F
Larius International SRL	RO	Bucharest	100.00%	F	100.00%	F
Lasianthus Ltd	CY	Nicosia	100.00%	F	100.00%	F
Lonaretia Consultants ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Loudaumcy Investments Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
M.O.F. Immobilien AG	AT	Vienna	20.00%	Fonds	20.00%	Fonds
Maalkaf BV	NL	Amsterdam	100.00%	F	100.00%	F
MBP I Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
MBP II Sp. z o.o.	PL	Warsaw	0.00%	Merged	100.00%	F
Merav Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Merav Finance BV	NL	Amsterdam	100.00%	F	100.00%	F
Metropol Consult SRL	RO	Bucharest	100.00%	F	100.00%	F

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Company	Country	Headquarters	2020 Interest in capital	2020 Type of consolidation	2019 Interest in capital	2019 Type of consolidation
Monorom Construct SRL	RO	Bucharest	100.00%	F	100.00%	F
myhive offices GmbH	AT	Vienna	0.00%	Merged	100.00%	F
myhive offices Hungary Kft.	HU	Budapest	100.00%	F	100.00%	F
myhive offices sp. z o.o.	PL	Warsaw	100.00%	F	0.00%	n.a.
myhive offices SRL	RO	Bucharest	100.00%	F	100.00%	F
Nimbus Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Norden Maritime Services Limited	CY	Nicosia	100.00%	F	100.00%	F
Norden Maritime SRL	RO	Bucharest	100.00%	F	100.00%	F
NP Investments a.s.	CZ	Prague	100.00%	F	100.00%	F
Nuptil Trading Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Nutu Limited	CY	Nicosia	100.00%	F	100.00%	F
Objurg Consultants Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
OCEAN ATLANTIC DORCOL DOO	RS	Belgrade	80.00%	NC	80.00%	NC
OFFICE CAMPUS BUDAPEST Kft.	HU	Budapest	75.00%	F	75.00%	F
OIY Czech, s.r.o.	CZ	Prague	100.00%	F	0.00%	n.a.
Oscepar Consultants Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Palmovka 0, s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
Palmovka 3, s.r.o.	CZ	Prague	0.00%	Merged	100.00%	F
Palmovka Offices s.r.o.	CZ	Prague	100.00%	F	100.00%	F
PBC Liegenschaftshandelsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
PBC Liegenschaftshandelsgesellschaft m.b.H. & Co KG	AT	Vienna	0.00%	Liquidated	100.00%	F
PBC Liegenschaftshandelsgesellschaft m.b.H. & Co Projekt "alpha" KG	AT	Vienna	0.00%	Liquidated	100.00%	F
Perlagonia 1 Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Pivuak Trading Ltd.	CY	Nicosia	100.00%	F	100.00%	F
Polus a.s.	SK	Bratislava	100.00%	F	100.00%	F
Polus Transilvania Companie de Investitii S.A.	RO	Floresti Cluj	100.00%	F	100.00%	F
Prelude 2000 SRL	RO	Bucharest	100.00%	F	100.00%	F
Prinz-Eugen-Straße Liegenschaftsvermietungs GmbH	AT	Vienna	100.00%	F	100.00%	F
ProEast Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Quixotic Trading Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Real Habitation s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Remsing Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
RentCon Handels- und Leasing GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Retail Park d.o.o. Beograd	RS	Belgrade	0.00%	Merged	100.00%	F
Retail Park Four d.o.o. Beograd	RS	Belgrade	100.00%	F	100.00%	F
Rezidentim s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Ronit Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Roua Vest SRL	RO	Bucharest	100.00%	F	100.00%	F
S IMMO AG	AT	Vienna	26.49%	E-AS	29.14%	E-AS
S.C. Baneasa 6981 s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Brasov Imobiliara S.R.L.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Flash Consult Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. IE Baneasa Project s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. IMMOEAST Narbal Project s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Meteo Business Park s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Retail Development Invest 1 s.r.l.	RO	Baia Mare	100.00%	F	100.00%	F
S.C. Stupul de Albine s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
S.C. Union Investitii S.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Sapir Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
SBF Development Praha spol.s r.o.	CZ	Prague	100.00%	F	100.00%	F
SCT s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
Shaked Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Sharespace Sp. z o.o.	PL	Warsaw	20.00%	NC	0.00%	n.a.
Shir Investment SRL in Liqu.	RO	Voluntari	100.00%	NC	100.00%	NC
Shopping Center Tri d.o.o. Beograd-Novi Beograd	RS	Belgrade	0.00%	Merged	100.00%	F
Silesia Residential Holding Limited	CY	Nicosia	0.00%	Sold	100.00%	F
SITUS Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
SITUS L Liegenschafts Vermietungs GmbH & Co Seidengasse 39 KG	AT	Vienna	100.00%	NC	100.00%	NC

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			2020		2019	
Company	Country	Headquarters	Interest in capital	Type of consolidation	Interest in capital	Type of consolidation
SITUS L Liegenschafts Vermietungs GmbH & Co. Kaiserstraße 44-46 KG	AT	Vienna	100.00%	NC	100.00%	NC
SITUS L Liegenschafts Vermietungs GmbH & Co. Neubaugasse 26 KG	AT	Vienna	100.00%	NC	100.00%	NC
Snagov Lake Rezidential SRL	RO	Bucharest	100.00%	F	100.00%	F
spaceOS Limited	IE	Galway	16.75%	NC	0.00%	n.a.
S-Park Offices s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Starmaster Limited	CY	Nicosia	0.00%	Sold	100.00%	F
Stop Shop d.o.o.	HR	Zagreb	100.00%	F	100.00%	F
Stop Shop Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Stop Shop Poland Sp.z.o.o.	PL	Warsaw	100.00%	F	100.00%	F
STOP SHOP RO RETAIL ONE SRL	RO	Bucharest	100.00%	F	100.00%	F
STOP SHOP SERBIA d.o.o.	RS	Belgrade	100.00%	F	100.00%	F
STOP.SHOP GNS Kft.	HU	Budapest	0.00%	Merged	100.00%	F
STOP.SHOP STARJÁN Kft.	HU	Budapest	0.00%	Merged	100.00%	F
STOP.SHOP TB Kft.	HU	Budapest	0.00%	Merged	100.00%	F
STOP.SHOP. CZ s.r.o.	CZ	Prague	100.00%	F	100.00%	F
STOP.SHOP. Slovakia s.r.o.	SK	Bratislava	100.00%	F	100.00%	F
STOP.SHOP.Holding B.V.	NL	Amsterdam	0.00%	Liquidated	100.00%	F
Sunkta Ltd	CY	Nicosia	0.00%	Sold	100.00%	F
Taifun Real Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Tamar Imob Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
Termaton Enterprises Limited	CY	Nicosia	75.00%	E-AS	75.00%	E-AS
Topaz Development SRL	RO	Bucharest	100.00%	F	100.00%	F
Tripont Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
UZM Czech, s.r.o.	CZ	Prague	100.00%	F	0.00%	n.a.
Vastator Limited	CY	Nicosia	0.00%	Sold	100.00%	F
VCG Immobilienbesitz GmbH	AT	Vienna	100.00%	F	100.00%	F
Ventilatorul Real Estate SRL	RO	Bucharest	100.00%	F	100.00%	F
Vitrust Ltd.	CY	Nicosia	100.00%	F	100.00%	F
VIVO! Poland Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Warsaw Spire Tower Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
WS Tower Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Xantium Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F

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9. Release of the Consolidated Financial Statements

These consolidated financial statements were completed and signed by the Executive Board of IMMOFINANZ AG on 12 April 2021 and subsequently distributed to the Supervisory Board. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether or not it approves these documents.

Vienna, 12 April 2021

The Executive Board of IMMOFINANZ AG

Ronny Pecik
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Auditor’s report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of IMMOFINANZ AG, Vienna, and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated profit and loss statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following items were considered to be the most significant for our audit:
1. Revaluation of investment property
2. Deferred tax assets

1. Revaluation of investment property

Audit matters and related information

(See sections 4.1 and 5.7 of the notes to the consolidated financial statements and the section "Property valuation" in the group management report.)

The revaluation of standing investments amounted to EUR -157 million in the 2020 financial year based on a total carrying amount of EUR 4,680 million for investment property, which represents the most important asset position on the balance sheet.

In order to determine the fair value of each property as of the balance sheet date, management uses independent appraisers for nearly all properties. The input parameters for these valuations include data supplied by the Company as of the balance sheet as well as numerous assumptions for various "input factors", above all concerning market rents, expected vacancies, future new rentals and the resulting realisable rents and the discount rates based on the yields for comparable properties, all of which are intended to best depict the future earnings potential of the respective property. These estimates have a material influence on property valuation.

Given the high importance of investment property for the consolidated financial statements and the increased valuation uncertainty connected with the estimates of future developments, we have defined the revaluation of investment property as a key audit matter.

Audit procedures

Our audit procedures to evaluate the appropriateness of the revaluation of investment property included the following activities:

- An analysis of the process used to value investment property with regard to the general procedures, design and functioning of controls in processing the results in the consolidated financial statements
- An evaluation of the professional suitability and objectivity of the appraisers appointed by the Executive Board
- The conscious selection of a sample and the subsequent analysis of property appraisals based on the amount of and change in the fair value of the properties as well as changes in material input factors
- A critical assessment of the methods and key assumptions in the expert opinions for the sampling – in particular with regard to COVID-19-related changes – as well as comparison with current publicly available data and market developments
- Communication with the external appraisers as well as the asset managers and controllers to clarify any implausibility arising from the above-mentioned audit procedures and clarify the necessity of including COVID-19-related developments
- An analysis of the disclosures in the notes on investment property with regard to the appropriateness of the information on estimation uncertainty and sensitivities

2. Deferred tax assets

Audit matters and related information

(See sections 4.8 and 5.10 of the notes to the consolidated financial statements.)

Deferred tax assets (before offset: EUR 283 million) and deferred tax liabilities (before offset: EUR 536 million) are recognised, on the one hand, for temporary differences which could lead to taxable or deductible amounts and, on the other hand, for future tax receivables resulting from the utilisation of loss carryforwards. The recognition of deferred tax liabilities includes all taxable temporary differences, while deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.

The IMMOFINANZ Group is active in various tax jurisdictions and has a complex corporate and financing structure. The valuation of deferred tax assets is based on significant estimates by management concerning the future development of business and must be continuously monitored both prospectively and retrospectively. These calculations are complex because of the applicable tax rules and the necessary subjective estimates and accompanying uncertainty.

Therefore, we have defined the carrying amount of deferred tax assets as a key audit matter.

Audit procedures
In connection with our audit of the recoverable value of deferred tax assets, our audit procedures focused on the following matters:

- Reconciliation of the forecast calculations which form the basis for tax planning in each company with the overall budget approved by the Supervisory Board
- An analysis of the forecast data and its development, in particular with respect to internal changes in the capital and financing structure of group companies and the adjustments resulting from tax laws and possible COVID-19-related changes in forecast data
- An analysis of the non-recurring effects (in particular, sales) on the forecast data and their effects on future forecast years
- An analysis of the calculation methodology and the consistency of the individual calculation steps
- A comparison of the key assumptions used for tax planning with the legal framework (in particular tax rates, special regulations for the deductibility of refinancing costs and the possible utilisation of loss carryforwards)
- A summarised assessment of the recognised deferred tax assets

Other Information
Management is responsible for the other information. The other information comprises all information in the annual report and annual financial report, but does not include the consolidated financial statements, the consolidated management report and our auditor's report thereon. The annual report and annual financial report are expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the consolidated management report we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements
Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements. With respect to the consolidated non-financial statement included in the consolidated management report, our responsibility is to determine whether it had been prepared, to read it and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on 1 October 2020 and commissioned on 10 June 2020 by the Supervisory Board – under the reservation of the appointment by the annual general meeting - to audit the consolidated financial statements for the financial year ending 31 December 2020. We have been auditing the Group uninterrupted since the financial year ending 30 April 2011.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

Vienna,
12 April 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Mr. Friedrich Wiesmüllner
Certified Public Accountant

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

Statement by the Executive Board

We confirm to the best of our knowledge that the consolidated financial statements of IMMOFINANZ provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the group management report of IMMOFINANZ provides a true and fair view of the development and performance of the business and position of the Group, together with a description of the principal risks and uncertainties faced by the Group.

We confirm to the best of our knowledge that the individual financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of IMMOFINANZ AG as required by the applicable accounting standards and that the management report provides a true and fair view of the development and performance of the business and position of the company, together with a description of the principal risks and uncertainties faced by the company.

Vienna, 12 April 2021

The Executive Board of IMMOFINANZ AG

Ronny Pecik
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Individual Financial Statements

Balance Sheet as of 31 December 2020

		31 12 2020 EUR	31 12 2019 TEUR
A. Non-current assets			
I. Intangible assets			
1. Trademarks and software		187,949.61	395
II. Tangible assets			
1. Buildings on land owned by third parties	0.00		328
2. Furniture, fixtures and office equipment	1,220,416.42		387
		1,220,416.42	715
III. Financial assets			
1. Investments in subsidiaries	2,776,020,183.42		2,837,719
2. Loans granted to subsidiaries	153,376,198.75		113,441
3. Investments in associated and jointly controlled entities	364,438,857.75		391,517
4. Non-current securities (rights)	21,191,815.26		1,001
5. Other originated loans	7,444,110.43		8,341
		3,322,471,165.61	3,352,019
		3,323,879,531.64	**3,353,128**
B. Current assets			
I. Receivables			
1. Trade receivables		23,959.45	85
thereof remaining term < 1 year	23,959.45		85
thereof remaining term > 1 year	0.00		0
2. Receivables from subsidiaries		509,362,982.56	438,768
thereof remaining term < 1 year	125,260,407.52		138,068
thereof remaining term > 1 year	384,102,575.04		300,699
3. Other receivables		8,353,340.01	8,576
thereof remaining term < 1 year	8,353,322.01		8,178
thereof remaining term > 1 year	18.00		398
		517,740,282.02	**447,428**
II. Cash in banks			
1. Bank deposits		663,532,900.84	7,067
		1,181,273,182.86	**454,495**
C. Prepaid expenses and deferred charges		**17,899,969.84**	**12,899**
		4,523,052,684.34	**3,820,523**

		31 12 2020 EUR	31 12 2019 TEUR
A. Equity			
I. Share capital called and paid in		**116,295,567.00**	**102,377**
Subscribed capital	123,293,795.00		112,085
Par value of treasury shares	-6,998,228.00		-9,709
II. Capital reserves			
1. Appropriated		563,970,228.91	403,576
2. Unappropriated		1,580,213,058.69	1,539,963
III. Retained earnings			
1. Reserve for treasury shares		6,998,228.00	9,709
IV. Profit (loss) account		**465,602,490.08**	**593,612**
thereof profit carried forward	593,612,447.99		429,413
		2,733,079,572.68	**2,649,237**
B. Provisions			
1. Provisions for termination benefits		60,412.00	60
2. Provisions for taxes		0.00	0
thereof deferred taxes	0.00		0
3. Other provisions		4,900,268.83	5,984
		4,960,680.83	**6,045**
C. Liabilities			
1. Bonds		1,435,854,192.47	811,137
thereof convertible	421,185,956.17		299,069
thereof with a remaining term < 1 year	18,654,192.47		13,937
thereof with a remaining term > 1 year	1,417,200,000.00		797,200
2. Liabilities with financial institutions		21,216,648.50	22,217
thereof with a remaining term < 1 year	1,100,000.00		1,000
thereof with a remaining term > 1 year	20,116,648.50		21,217
3. Trade payables		1,887,688.62	1,075
thereof with a remaining term < 1 year	1,887,688.62		1,075
thereof with a remaining term > 1 year	0.00		0
4. Liabilities with subsidiaries		324,953,233.87	329,971
thereof with a remaining term < 1 year	197,792,279.12		211,523
thereof with a remaining term > 1 year	127,160,954.75		118,448
5. Other liabilities		1,100,667.37	841
thereof from taxes	455,385.93		375
thereof from social security	257,481.74		260
thereof with a remaining term < 1 year	1,100,667.37		841
thereof with a remaining term > 1 year	0.00		0
		1,785,012,430.83	**1,165,241**
thereof with a remaining term < 1 year	220,534,827.58		228,376
thereof with a remaining term > 1 year	1,564,477,603.25		936,865
D. Deferred income		**0.00**	**0**
		4,523,052,684.34	**3,820,523**

Income Statement for the 2020 Financial Year

		2020 EUR	2019 TEUR
1. Revenues		21,018,246.44	15,894
2. Other operating income			
a) Income from the disposal of non-current assets, with the exception of financial assets		12,877.84	5
b) Income from the release of provisions		401,098.67	1,888
c) Miscellaneous		2,446,193.15	5,181
		2,860,169.66	7,074
3. Cost of materials and other purchased services			
a) Cost of purchased services		-41,878.36	-2
4. Personnel expenses			
a) Salaries		-18,396,516.10	-15,456
b) Employee benefits		-4,022,916.04	-4,221
thereof for pensions	-156,852.04		-170
thereof for severance compensation and contributions to employee pension/severance funds	-256,786.51		-670
thereof for legally required social security and payroll-related duties and mandatory contributions	-3,253,813.63		-2,981
		-22,419,432.14	-19,677
5. Depreciation and amortisation		-618,408.73	-613
6. Other operating expenses			
a) Non-income based taxes		-190,690.53	-86
b) Miscellaneous		-87,512,619.32	-27,537
		-87,703,309.85	-27,624
7. Subtotal of no. 1 to 6 (operating profit)		**-86,904,612.98**	**-24,947**
8. Income from investments		48,120,205.72	917,066
thereof from subsidiaries	31,341,826.16		900,847
9. Income from other securities classified as financial assets		2,730,123.63	1,802
thereof from subsidiaries	2,426,967.63		1,559
10. Other interest and similar income		5,641,301.13	9,399
less negative interest		-792,489.42	0
		4,848,811.71	9,399
thereof from subsidiaries	5,498,861.23		9,287
11. Income from the disposal and write-up of financial assets and securities recorded under current assets		2,885,558.06	88,067
thereof from subsidiaries	2,885,558.06		88,067
12. Expenses arising from financial assets		-103,069,194.07	-800,392
thereof impairment losses	-103,067,321.31		-800,078
thereof expenses from subsidiaries	-75,990,983.07		-800,392
13. Interest and similar expenses		-35,944,883.57	-39,142
thereof from subsidiaries	-7,823,535.20		-17,064
14. Subtotal of no. 8 to 13 (financial results)		**-80,429,378.52**	**176,800**
15. Profit before tax		**-167,333,991.50**	**151,852**
16. Income tax expense		39,324,033.59	12,347
thereof deferred taxes	0.00		0
thereof income from tax credits	2,857,619.02		11,019
thereof income from tax credits (liquidations)	39,775,648.72		0
17. Profit / loss for the year		**-128,009,957.91**	**164,199**
18. Profit carried forward from prior year		593,612,447.99	429,413
19. Profit (loss) account		**465,602,490.08**	**593,612**

Notes

1. General Information

The annual financial statements of IMMOFINANZ AG (the company) as of 31 December 2020 were prepared in accordance with the provisions of the Austrian Commercial Code ("Unternehmensgesetzbuch") in the current version. The principles of correct accounting as well as the general objective of providing a true and fair view of the asset, financial and earnings position were observed.

The present financial year of IMMOFINANZ AG covers the period from 1 January 2020 to 31 December 2020.

Statements on IMMOFINANZ refer to the IMMOFINANZ Group. The company is the parent company, as defined in § 189a no. 6 of the Austrian Commercial Code, of the IMMOFINANZ Group.

In accordance with § 223 (2) of the Austrian Commercial Code, the comparative prior year data are presented in EUR 1,000.

The company elected to utilise the option provided by § 223 (4) of the Austrian Commercial Code, which permits the inclusion of additional positions when their content is not covered by a required position.

The income statement was prepared in accordance with the nature of expense method under which "total costs" are shown.

The principle of completeness was followed in preparing the annual financial statements.

Assets and liabilities were valued individually, whereby valuation was based on the going concern principle.

The principle of prudence was followed, above all, through the recognition of only those profits realised as of the balance sheet date. The annual financial statements include all identifiable risks and impending losses which had arisen as of the balance sheet date.

Estimates are based on prudent judgment. Experience-based statistics from similar transactions were included in these estimates where available.

2. Accounting and Valuation Principles

All intangible assets were purchased for financial consideration. These assets are carried at acquisition cost, less scheduled straight-line amortisation that is based on the expected useful life of the respective asset. No impairment losses were recognised.

Property, plant and equipment are carried at acquisition cost, less scheduled straight-line depreciation. As in previous years, no impairment losses were required.

Depreciation and amortisation for the various asset additions and disposals in the reporting year are calculated beginning with the month of acquisition, respectively terminated in the month of disposal.

Low-value assets are written off in full in the year of purchase or production in accordance with § 204 (1a) of the Austrian Commercial Code.

Financial assets are carried at cost, less any necessary impairment losses. The impairment testing of shares in subsidiaries and investments in associated and jointly controlled entities (excluding the investment in the S IMMO Group) involves comparing the respective carrying amount with the equity owned plus any undisclosed reserves in the individual properties (after the deduction of deferred taxes) at fair value. Each subsidiary is valued individually and, therefore, the valuation also reflects the total reported by the Group parent company, IMMOFINANZ AG. Investments in associated and jointly controlled entities are carried at cost, less any necessary impairment losses.

Write-ups are recognised to financial assets when the reasons for an impairment loss cease to exist.

Receivables are carried at their nominal amount less any necessary impairment losses. The calculation of impairment losses to Group receivables is based on the fair value of equity in the financed company, similar to the valuation of the shares in subsidiaries. If the financial statements of a borrower show negative equity (at fair value), an appropriate impairment loss is recognised.

Negative interest is reported on a separate line under "other interest and similar income".

Liabilities are carried at their settlement amount.

The conversion right for the convertible bond 2017–2024 was valued over the entire term of the instrument and recognised as a discount under prepaid expenses and deferred charges as well as in equity. The discount is being released on a straight-line basis over the term of the bond.

Tax provisions are recognised, in particular, for obligations arising from the group tax agreement and represent the nominal amount.

All foreign currency transactions are translated at the average exchange rate in effect on the transaction date. The measurement of foreign currency receivables and liabilities as of the balance sheet date is based on the applicable average exchange rate in effect on that date in keeping with the principle of conservatism. Any resulting exchange rate losses are recognised to profit or loss for the applicable financial year.

In accordance with § 198 (9) and (10) of the Austrian Commercial Code, deferred taxes are recognised in agreement with the balance sheet-oriented concept and without discounting based on the current corporate income tax rate of 25%. A net amount based on the total difference method is calculated for all differences between the carrying amounts of assets, provisions, liabilities, prepaid expenses and deferred charges and deferred income under commercial law and tax law, in cases where these differences are expected to decrease in later financial years or lead to tax relief in the future. Deferred tax assets are also recognised for existing tax loss carryforwards at an amount equal to the available deferred tax liabilities, in accordance with the 75% limit on the utilisation of losses. IMMOFINANZ's loss history did not provide sufficient substantial indications of future taxable gains, and the exercise of the option for the recognition of additional loss carryforwards was therefore not subject to discussion as of 31 December 2020.

3. Notes to the Balance Sheet

Assets

Non-current assets

The development of non-current assets is shown on the attached schedule.

The following useful lives are used to calculate scheduled straight-line depreciation and amortisation for non-current assets:

	Useful life in years
Intangible assets	3–10
Property, plant and equipment	2–10

The addition to furniture, fixtures and office equipment resulted from the new outfitting of workstations in the new headquarters. The relocation resulted in the disposal of buildings on land owned by third parties.

The investments in subsidiaries and associated and jointly controlled entities are described below:

The most important items included under shares in subsidiaries represent the shares in IMBEA IMMOEAST Beteiligungsverwaltung GmbH with a carrying amount of EUR 1,759,646,000.00 (31 December 2019: TEUR 1,800,315).

The impairment loss recognised to shares in subsidiaries amounted to EUR 75.8 million and resulted primarily from the write-off of the wholly owned subsidiaries IMBEA IMMOEAST Beteiligungsverwaltung GmbH (EUR 40.7 million) and IMMOFINANZ Services Poland Sp.z.o.o. (EUR 26.2 million).

IMMOFINANZ Services Czech Republic s.r.o. received a contribution of EUR 11.7 million in 2020 (31 December 2019: IMMOFINANZ Services Poland Sp.z.o.o., IMMOFINANZ Services Czech Republic s.r.o. and IMMOFINANZ Services Romania s.r.l. for a total of EUR 137.8 million).

In December 2020, the subsidiaries Retail Park d.o.o., Shopping Center Tri d.o.o. and Borca Retail Park d.o.o. were merged into the existing Retail Park Four d.o.o. The acquisition costs for these three subsidiaries were transferred to the receiving company.

The most important item under loans granted to subsidiaries is the loan to Warsaw Spire Tower Sp.z.o.o. with a carrying amount of EUR 112,198,652.29 (31 December 2019: TEUR 110,218). The additions to loans granted to subsidiaries consist primarily of the contract extension to a loan which was reported under receivables due from subsidiaries in the previous year. Of the total loans granted to subsidiaries, EUR 817,867.77 (31 December 2019: TEUR 0) are due within one year.

IMMOFINANZ AG purchased 19,499,437 bearer shares of S IMMO AG (in short: S IMMO) on 18 April 2018 and, as a result of this transaction, held an investment of 29.14% in this company. The closing took place on 21 September 2018. The acquisition costs, including ancillary expenses, totalled EUR 390,667,068.75. A capital increase by S IMMO reduced this holding to approximately 26.5%. S IMMO AG also holds an investment of roughly 10.86% in IMMOFINANZ AG.

S IMMO shares are listed in the Prime Market of the Vienna Stock Exchange. The impairment test involved establishing the recoverable amount of the share package based on the fair value less selling costs. Results for the period include an impairment loss of EUR 27.1 million. The book value of S IMMO, which is recorded under investments in associated and jointly controlled entities, equalled EUR 363,588,857.75 as of 31 December 2020.

Non-current securities include shares in the Vienna Stock Exchange corporation with a value of EUR 1,000,699.26 (31 December 2019: TEUR 1,001) as well as 27 certificates of the convertible bond 2017–2024 with a carrying amount of EUR 2,683,990.00 (31 December 2019: TEUR 0) and 172 certificates of the corporate bond 2019–2023 with a carrying amount of EUR 17,507,126.00 (31 December 2019: TEUR 0) which were repurchased during 2020.

Other originated loans include EUR 900,000.00 (31 December 2019: TEUR 965) which are due within one year.

Current assets

Receivables
Receivables from subsidiaries are classified as current when a specific payment term was not defined. However, these receivables are only collected if permitted by the liquidity situation of the respective creditor.

The receivables due from subsidiaries are classified as follows:

	31 12 2020 EUR	31 12 2019 TEUR
Receivables from direct loans	594,671,605.00	504,071
Impairment losses to receivables from direct loans	-98,974,282.37	-83,484
Trade receivables	1,483,667.19	1,205
Receivables from tax charges	2,785,208.37	7,740
Miscellaneous	9,396,784.37	9,235
Total receivables from subsidiaries	**509,362,982.56**	**438,768**

The method used to estimate the impairment losses is described in the section on accounting and valuation principles.

Prepaid expenses
This position consists primarily of expenses arising from the issue of the convertible bond and corporate bonds. In accordance with § 198 (7) of the Austrian Commercial Code, the discount (conversion right = difference between the discounted value of the "pure" bond and the settlement amount) must be capitalised as a prepaid expense and released over the term of the bond up to the first put option. This discount equalled EUR 4,639,187.48 as of 31 December 2020 (31 December 2019: TEUR 9,004). The discounts for the corporate bonds 2023 and 2027 were also capitalised and will be released over the respective terms. The discount equalled EUR 12,581,827.34 as of 31 December 2020 (31 December 2019: TEUR 3,234).

Equity and Liabilities

Equity

Share capital totals EUR 123,293,795.00 and is divided into 123,293,795 shares, each of which represents an equal stake in share capital.

The 27th annual general meeting on 1 October 2020 approved a resolution to waive the dividend for the 2019 financial year and to carry forward the entire amount of net profit.

IMMOFINANZ AG held 9,708,526 treasury shares and the subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH held 1,500,000 IMMOFINANZ shares as of 31 December 2019. On 22 June 2020, IMBEA IMMOEAST Beteiligungsverwaltung GmbH transferred these 1,500,000 IMMOFINANZ shares to IMMOFINANZ AG through a dividend in kind. The dividend in kind increased the reserve for treasury shares by EUR 1,500,000.00 and reduced the unappropriated capital reserve by EUR 24,210,000.00.

On 9 July 2020, IMMOFINANZ AG placed 15,418,824 shares with institutional investors through an accelerated bookbuilding process under the exclusion of subscription rights. The placement took place through the issue of new shares and through the sale of treasury shares. The issue of 11,208,526 new shares increased the company's share capital from EUR 112,085,269.00 to EUR 123,293,795.00, or by EUR 11,208,526.00, from authorised capital in exchange for cash contributions. The premium from the issue of these new shares equalled EUR 160,394,007.06 and is included under appropriated capital reserves. A total of 4,210,298 treasury shares were also sold. The company continues to hold 6,998,228 treasury shares after this sale; it resulted in a reduction of EUR 4,210,298.00 in the reserve for treasury shares and an increase of EUR 64,459,662.38 in the unappropriated capital reserve.

Authorisations of the annual general meeting to purchase and sell treasury shares
The annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital during a period of 30 months. The shares may be purchased over the stock exchange or over the counter. The Executive Board was also authorised, with the consent of the Supervisory Board, to exclude the proportional subscription rights of shareholders. This authorisation replaces the previous authorisation from the 26th annual general meeting on 22 May 2019.

The Executive Board was also authorised, with the consent of the Supervisory Board, to sell or use treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act during a period of five years, whereby the proportional purchase rights of shareholders can be excluded.

These authorisations for the purchase and sale of treasury shares have not been used to date and are therefore available in full.

Authorised capital
The annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to § 169 of the Austrian Stock Corporation Act to increase the company's share capital by up to EUR 61,646,897.00 through the issue of up to 61,646,897 new shares in exchange for cash or contributions in kind. The authorisation is valid up to 29 October 2025. This authorised capital may be issued up to an amount of EUR 12,329,379.00 (i.e. 10% of share capital), also under the exclusion of subscription rights, e.g. in connection with a capital increase in exchange for cash contributions or contributions in kind as well as the fulfilment of greenshoe options or the settlement of peak amounts. The 10% limit also includes any new shares to be delivered in connection with the exchange and/or subscription rights of a convertible bond that was issued during the term of the authorised capital under the exclusion of subscription rights. This authorisation replaces the previous authorisation from the 26th annual general meeting on 22 May 2019.

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

Issue of convertible bonds
A resolution by the annual general meeting on 1 October 2020 revoked the unused remainder of the authorisation by the annual general meeting on 11 May 2018 that allowed the Executive Board to issue convertible bonds. Furthermore, the Executive Board was authorised to issue convertible bonds in one or more tranches, with the consent of the Supervisory Board, during a period of five years beginning on the resolution date for a total nominal amount of up to EUR 560,000,000.00 which include exchange and/or subscription rights for up to 12,329,379 bearer shares of the company with a proportional share of up to EUR 12,329,379.00 in share capital. The Executive Board is also empowered to determine all other conditions for the issue and conversion of the convertible bonds. The convertible bonds can be issued in exchange for cash or other contributions in kind. The subscription rights of shareholders are hereby excluded. This authorisation to issue convertible bonds can also be used multiple times. However, the total of (i) the shares delivered to the convertible bond holders pursuant to this authorisation and (ii) the shares which can be exercised for conversion and/or subscription rights to previously issued convertible bonds and convertible bonds to be issued through the repeated use of this authorisation may not exceed the maximum number defined by this resolution.

Provisions

The other provisions were created primarily for auditing services, tax consulting and legal advising fees of EUR 0.7 million (31 December 2019: EUR 1.1 million) and for unused vacation time and bonuses of EUR 2.2 million (31 December 2019: EUR 2.6 million). IMMOFINANZ AG was not involved in any material legal proceedings as of 31 December 2020.

Liabilities

Convertible bond 2017–2024

IMMOFINANZ issued a convertible bond on 24 January 2017 through an accelerated bookbuilding process with institutional investors. The bond has a nominal value of EUR 297.2 million and a term ending on 24 January 2024. The initial interest rate of 2.0% was reduced by 50 basis points to 1.5% in accordance with the issue terms beginning with the interest rate period as of 24 January 2019 following the receipt of an investment grade rating from S&P Global Rating in the first quarter of 2019. The convertible bond 2017–2024 also includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022. The maturity date was extended to 24 January 2024 as of 31 December 2020 following a change in the estimate of the probability that the put option would be exercised. The outstanding carrying amount of the convertible bond (nominal value: EUR 297.2 million), including accrued interest, equalled EUR 299.1 million as of 31 December 2020 (31 December 2019: EUR 299.1 million).

The conversion price for the convertible bond 2017–2024 was adjusted to EUR 21.377 per share to reflect the cash dividend of EUR 0.85 per share for the 2018 financial year which was approved by the annual general meeting on 22 May 2019. The conversion right can be exercised up to 10 January 2024. The equity component, less proportional transaction costs, equalled EUR 21.7 million and is reported under appropriated capital reserves.

Mandatory convertible bond 2020–2023

IMMOFINANZ AG placed a subordinated, mandatory convertible bond with a total nominal value of EUR 120 million with institutional investors through an accelerated bookbuilding process, under the exclusion of subscription rights, on 23 July 2020. The mandatory convertible bond has a denomination of EUR 100,000.00 per certificate and is currently convertible into 6,998,228 IMMOFINANZ shares at the current conversion price of EUR 17.1472. It was issued at the nominal value and carries a coupon of 4.0% per year, payable semi-annually in arrears. This bond must be converted on the maturity date (23 July 2023) into new or existing IMMOFINANZ shares unless it is converted earlier at the request of the bondholders or the company, or if a condition occurs as defined in the terms of the mandatory convertible bond. The outstanding carrying amount of the mandatory convertible bond (nominal value: EUR 120.0 million), including accrued interest, equalled EUR 122.1 million as of 31 December 2020 (31 December 2019: EUR 0.0 million).

Corporate bond 2019–2023

IMMOFINANZ AG issued an unsecured, non-subordinated bond with a nominal value of EUR 500.0 million on 21 January 2019. It has a four-year term and a fixed interest rate of 2.625%. The outstanding carrying amount of the corporate bond (nominal value: EUR 500.0 million), including accrued interest, equalled EUR 512.0 million as of 31 December 2020 (31 December 2019: EUR 512.0 million).

Corporate bond 2020–2027

On 8 October 2020, IMMOFINANZ successfully issued a fixed-interest, unsecured, non-subordinated bond with a volume of EUR 500 million. It has a seven-year term and a fixed coupon of 2.50% per year. The outstanding carrying amount of the corporate bond (nominal value: EUR 500.0 million), including accrued interest, equalled EUR 502.6 million as of 31 December 2020 (31 December 2019: EUR 0.0 million).

Liabilities

Liabilities with financial institutions include a loan of EUR 21,216,648.50 from Raiffeisen Bausparkasse (31 December 2019: TEUR 22,217). Of this total, EUR 14,016,648.50 (31 December 2019: TEUR 15,717) have a remaining term of more than five years.

Liabilities with subsidiaries are classified as current when a specific payment term was not defined. These liabilities consist entirely of miscellaneous liabilities, in particular loans of EUR 324,953,233.87 from subsidiaries (31 December 2019: TEUR 329,315). None of these liabilities had a remaining term of more than five years in 2020 or 2019.

Other liabilities consist chiefly of tax liabilities totalling EUR 455,385.93 (31 December 2019: TEUR 375) and social security liabilities of EUR 257,481.74 (31 December 2019: TEUR 260), most of which are payable after the balance sheet date.

Guarantees

IMMOFINANZ AG has issued comfort letters on behalf of individual subsidiaries to guarantee their solvency. These comfort letters confirm that the involved companies will be able to meet their payment obligations at any time and oblige IMMOFINANZ AG to ensure that sufficient funds will be available to meet all liabilities at maturity. Furthermore, IMMOFINANZ AG is obliged to undertake all other necessary measures required by the applicable insolvency laws. IMMOFINANZ AG is also required to subordinate all liabilities that represent debt from the viewpoint of the involved company and must take a secondary position to all other creditors who are not shareholders of the involved companies or are subordinated in another manner.

The company has also provided guarantees or pledges of EUR 34,185,500.00 (31 December 2019: TEUR 47,324) to financial institutions on behalf of subsidiaries. IMMOFINANZ AG has also accepted liabilities of EUR 17,610,000.00 (31 December 2019: TEUR 136,310) to third parties on behalf of subsidiaries.

	31 12 2020 EUR	31 12 2019 TEUR
Guarantees for bank loans	45,004,121.22	47,324
Other guarantees	17,610,000.00	136,310
Total	**62,614,121.22**	**183,634**
thereof on behalf of subsidiaries	51,795,500.00	183,634
thereof on behalf of associated entities	0.00	0.00

4. Notes to the Income Statement

Revenues

Revenues consist of management fees charged out to the Group companies as well as insurance commissions.

IMMOFINANZ AG and IMBEA IMMOEAST Beteiligungsverwaltung GmbH are executive holding companies that provide management services to subsidiaries in Austria and other countries. The performance-based allocation of costs between the two companies is based on third-party settlement conditions. In 2020, IMMOFINANZ AG invoiced a total of EUR 17,031,021.12 (2019: TEUR 10,469) to IMBEA IMMOEAST Beteiligungsverwaltung GmbH for costs carried by IMMOFINANZ AG that are economically attributable to IMBEA IMMOEAST Beteiligungsverwaltung GmbH.

Other operating income

Other operating income consists primarily of the reversal of individual valuation adjustments totalling EUR 2,021,638.56 (31 December 2019: TEUR 5,089).

Other operating expenses

Impairment losses to and the derecognition of receivables totalled EUR 61,766,356.25 in 2020 (31 December 2019: TEUR 7,653), whereby EUR 21,990,707.53 (31 December 2019: TEUR 7,653) represent impairment losses to receivables due from subsidiaries. In 2020, IMMOFINANZ AG wrote off aperiodic tax receivables of EUR 39.8 million in connection with the liquidation of all IMMOEAST companies (not included in the scope of consolidation for 2020). The corresponding income is included under income taxes.

This position also includes consulting fees of EUR 3,374,365.23 (31 December 2019: TEUR 3,849), leasing and rental expenses of EUR 806,299.64 (31 December 2019: TEUR 813), IT costs of EUR 3,105,464.34 (31 December 2019: TEUR 3,427), advertising expenses of EUR 4,017,779.08 (31 December 2019: TEUR 3,028) and ancillary loan costs of EUR 6,330,706.35 (31 December 2019: TEUR 3,567) from the issue of the mandatory convertible bond and the corporate bond.

Information on the expenses for the auditor is provided in IMMOFINANZ's consolidated financial statements (www.immofinanz.com/en/investor-relations/financial-reports).

The remuneration for the members of the Supervisory Board is approved during the current financial year for the previous financial year and subsequently distributed. A provision of EUR 252,000.00 was recognised to cover the Supervisory Board remuneration for the 2020 financial year.

Income from investments

This position consists primarily of the dividends received from IMBEA IMMOEAST Beteiligungsverwaltung GmbH (EUR 24,210,000.00; 31 December 2019: TEUR 700,000) and GENA ELF Immobilienholding GmbH (EUR 7,131,826.16; 31 December 2019: TEUR 199,665). In addition, a dividend of EUR 13,649,605.90 was received from S IMMO in 2020 (31 December 2019: TEUR 13,650).

Income from other securities classified as financial assets

The income from other securities consists chiefly of interest income of EUR 2,444,879.62 (31 December 2019: TEUR 1,598) on loans granted to subsidiaries.

Interest and similar income

Interest and similar income include, above all, interest income of EUR 12,974,470.22 (31 December 2019: TEUR 11,330) from Group receivables. A write-down of EUR 7,475,608.99 (31 December 2019: TEUR 2,053) was recognised to this interest income.

Income from the disposal and write-up of financial assets and securities recorded under current assets

This income includes a write-up of EUR 2,470,792.00 (31 December 2019: TEUR 62,884) to shares in subsidiaries.

Expenses arising from financial assets

In 2020, impairment losses of EUR 75,849,436.05 (31 December 2019: TEUR 799,698) were recognised to shares in subsidiaries and EUR 27,078,211.00 (31 December 2019: TEUR 0) to investments in associated and jointly controlled entities (see the section on non-current assets under the notes to the balance sheet). Impairment losses of EUR 139,674.26 (31 December 2019: TEUR 380) were also recognised to loans granted to subsidiaries.

Interest and similar expenses

This position includes interest expense of EUR 7,823,535.20 (31 December 2019: TEUR 17,064) on liabilities to subsidiaries and interest expense of EUR 28,121,278.37 (31 December 2019: TEUR 21,707) on the convertible bonds, mandatory convertible bond, bonds and liabilities with financial institutions.

Income tax expense

This position comprises the following items:

	31 12 2020 EUR	31 12 2019 TEUR
Corporate income tax	-266,500.00	-267
Corporate income tax, prior years	0.00	4,998
Withholding tax	-236,684.42	-124
Income tax expense (Group taxation), other periods	-2,806,049.73	-3,279
Income tax expense (Group taxation)	0.00	0
Income tax credits (Group taxation)	2,654,021.80	7,273
Income tax credits (Group taxation), other periods	39,979,245.94	3,746
Deferred tax expense	-12,613,579.82	-5,003
Deferred tax expense, other periods	0.00	0
Deferred tax credits	12,613,579.82	5,003
Deferred tax credits, other periods	0.00	0
Addition/reduction to provision for negative tax charges to Group members	0.00	0
Total	**39,324,033.59**	**12,347**

Income tax credits (Group taxation) include aperiodic income of EUR 39.8 million which resulted from the liquidation of individual IMMOEAST companies. IMMOFINANZ AG wrote off the related tax receivables in full (see the section on other operating expenses).

Deferred taxes result from the following temporary differences between the carrying amounts of the following positions under tax law and commercial law:

	31 12 2020 EUR	31 12 2019 TEUR
Intangible assets	-58,034.93	-56
Property, plant and equipment	-90,617.59	-171
Investments in associated and jointly controlled entities	23,209,895.14	395
Treasury shares	23,130,601.73	0
Provisions for termination benefits	35,369.51	35
Costs for the procurement of funds	664,405.25	691
Bonds	8,271,029.65	3,658
Total – total difference calculation	**55,162,648.76**	**4,552**
Plus 75% tax loss carryforwards	0.00	0
Minus calculation of surplus deferred tax assets	-55,162,648.76	-4,552
Total	**0.00**	**0**
thereof 25% corporate income tax = deferred tax liabilities	**0.00**	**0**

Deferred tax assets were only recognised at an amount equal to the deferred tax liabilities due to the absence of sufficient substantial indications of future taxable profits. Consequently, the balance sheet as of 31 December 2020 includes no deferred tax assets.

Other Disclosures

Information on size pursuant to § 221 of the Austrian Commercial Code

The company is classified as a large corporation based on the criteria defined in § 221 of the Austrian Commercial Code.

Information on Group taxation pursuant to § 9 of the Austrian Corporate Income Tax Act

In accordance with a group application filed on 29 April 2005, IMMOFINANZ AG has served as the lead company in a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act since the 2005 tax assessment year. This corporate group has been expanded several times.

IMMOFINANZ AG is the lead company of the corporate group as defined in § 9 of the Austrian Corporate Income Tax Act. The company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member of the Group with positive results must pay a tax charge equal to 25% of the assessment base to the head of the group. Any losses by members of the group are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Consequently, there are no payments by the head of the group to members.

Related party transactions as defined in § 238 no. 12 of the Austrian Commercial Code

All transactions with related companies and persons during the reporting year took place on arm's length terms.

Obligations from the use of tangible assets not reported on the balance sheet

	31 12 2020 EUR	31 12 2019 TEUR
Obligations for the following year	1,049,864.06	678
Obligations for the following five years	4,965,901.84	1,399

Average number of employees

	31 12 2020	31 12 2019
Salaried employees	168	168
Total	**168**	**168**

Investments in subsidiaries and associated and jointly controlled companies

The following list of shares in subsidiaries and associated and jointly controlled companies includes only material entities (carrying amount over EUR 1.00 as of 31 December 2020):

Company	Balance sheet date	Share owned	Equity as of 31 12 2020		Profit / loss for the year	
IMBEA IMMOEAST Beteiligungsverwaltung GmbH, Vienna	31 December 2019	100%	1,727,589,851.89	EUR	145,096,945.45	EUR
IMMOWEST Immobilien Anlagen GmbH, Vienna	31 December 2019	100%	117,259,839.71	EUR	62,884,101.96	EUR
EHL Immobilien GmbH, Vienna	31 December 2019	49%	8,296,220.98	EUR	8,186,220.98	EUR
IMMOEAST Acquisition & Management GmbH, Vienna	31 December 2019	100%	4,947,925.43	EUR	6,317.20	EUR
GENA ELF Beteiligungsverwaltung GmbH in Liqu., Vienna	31 December 2019	100%	7,149,326.16	EUR	1,497,490.30	EUR
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H., Vienna	31 December 2019	100%	847,925.57	EUR	699,372.71	EUR
Immofinanz Services d.o.o., Belgrade	31 December 2019	100%	570,860.00	TRSD	2,982.00	TRSD
Immofinanz Services Poland Sp. z o.o., Warsaw	31 December 2019	100%	374,459,818.97	PLN	-851,342.65	PLN
IMMOFINANZ Services Hungary Kft., Budapest	31 December 2019	100%	80,037,841.00	THUF	1,685,806.00	THUF
IMMOFINANZ Services Slovak Republic, s.r.o., Bratislava	31 December 2019	99%	67,986,281.00	EUR	108,715.00	EUR
IMMOFINANZ Services Czech Republic, s.r.o., Prague	31 December 2019	100%	5,290,083.00	TCZK	-66,815.00	TCZK
IMMOFINANZ Services Romania s.r.l., Bucharest	31 December 2019	99%	1,139,007,204.00	RON	1,671,277.00	RON
PBC Liegenschaftshandelsgesellschaft m.b.H., Vienna	31 December 2019	100%	175,151.09	EUR	16,816.83	EUR
IMMOEAST Projekt Hekuba Holding GmbH in Liqu., Vienna	31 December 2019	100%	33,034.04	EUR	-1,965.96	EUR
Immobilia L Liegenschafts Vermietungs GmbH, Vienna	31 December 2019	100%	82,472.94	EUR	21,951.32	EUR
SITUS Holding GmbH, Vienna	31 December 2019	100%	27,164.87	EUR	9,664.87	EUR
Retail Park Four d.o.o., Belgrade	31 December 2019	100%	-3,709.00	TRSD	-2,054.00	TRSD
S IMMO AG, Vienna	31 December 2020	26.5%	590,487,738.73	EUR	9,336,741.89	EUR

Corporate bodies

The corporate bodies of IMMOFINANZ AG are:

Executive Board

Ronny Pecik – Chief Executive Officer as of 4 May 2020
Dietmar Reindl – Member of the Executive Board, Property Management
Stefan Schönauer – Member of the Executive Board, Finances
Oliver Schumy – Chief Executive Officer up to 18 March 2020

The members of the Executive Board received remuneration of EUR 6,564,009.55 in the 2020 financial year (31 December 2019: TEUR 3,419). The year-on-year increase was related, above all, to one-off payments in connection with the resignation of Oliver Schumy from the Executive Board on 18 March 2020. Contributions of EUR 50,912.35 (31 December 2019: TEUR 52) were made to the employee severance compensation fund and EUR 156,852.04 (31 December 2019: TEUR 170) to the pension fund.

Supervisory Board

Bettina Breiteneder – Vice-Chairwoman from 4 March 2020 to 30 September 2020, Chairwoman since 1 October 2020
Christian Böhm – Vice-Chairman since 1 October 2020
Sven Bienert – Vice-Chairman since 1 October 2020
Nick J. M. van Ommen – Member
Michael Knap – Chairman up to 1 October 2020
Rudolf Fries – Vice-Chairman up to 4 March 2020

The Works Council of IMMOFINANZ AG delegated the following persons to the Supervisory Board:
Philipp Amadeus Obermair – Member
Maria Onitcanscaia – Member up to 31 May 2020

Use of profit

Profit for the 2020 financial year totals EUR 465,602,490.08. A dividend of EUR 0.55 per share is planned for the 2020 financial year, and the remaining amount will be carried forward.

Subsequent events

On 14 March 2021, IMMOFINANZ AG announced the launch of a voluntary public takeover offer to acquire a controlling interest pursuant to § 25a of the Austrian Takeover Act for the purchase of all outstanding zero par value bearer shares of S IMMO AG not held by the bidder. The offer price per share of S IMMO AG equals EUR 18.04 on a cum-dividend basis. The offer covers the purchase of up to 51,476,105 shares, corresponding to 69.93% of the share capital of S IMMO AG. For the voluntary takeover offer to acquire a controlling interest (§ 25a of the Austrian Takeover Act), the statutory minimum acceptance threshold of 50% plus one share of all S IMMO shares subject of the offer is applicable. The completion of the offer will be subject to the condition precedent that the annual general meeting of S IMMO AG resolves upon an amendment to the articles of association to cancel §13 (3) of the articles of association (maximum voting right) and that this amendment to the articles of association is filed with the commercial register. IMMOFINANZ AG will propose a respective resolution at the annual general meeting. The completion of the offer will also be subject to merger control clearance. IMMOFINANZ AG reserves the right to undertake parallel transactions to obtain a controlling interest in S IMMO AG. On 25 March 2021, IMMOFINANZ AG raised the offer price for S IMMO AG to EUR 22.25 per share, and the offer now covers the purchase of up to 51,432,587 shares, representing approximately 69.87% of the share capital of S IMMO AG. The offer will be financed internally from available liquid funds and with external financing of EUR 500.0 million which was concluded for the offer. The price of the S IMMO share increased significantly after 31 December 2020 but before the preparation of these financial statements.

On 7 April 2021, IMMOFINANZ requested S IMMO to convene an extraordinary general meeting. Shareholders will be asked at this extraordinary general meeting to approve an amendment to the articles of association to cancel the maximum voting right in view of the fact that S IMMO postponed the ordinary general meeting originally scheduled for 30 April 2021. This amendment to the articles of association is a condition precedent for the announced public takeover offer to acquire a controlling interest (§25a of the Austrian Takeover Act) made by IMMOFINANZ to S IMMO shareholders.

The Austrian Takeover Commission notified IMMOFINANZ AG on 17 March 2021 that a review procedure is being initiated pursuant to § 33 (1) no. 2 of the Austrian Takeover Act with respect to IMMOFINANZ AG as a target company. The review procedure was initiated on 4 March 2021 pursuant to an application by Petrus Advisers Investments Fund L.P.

The effects of the Covid-19 pandemic were still ever-present at the time the consolidated financial statements for 2020 were prepared. IMMOFINANZ generally reacted to the government-ordered business shutdowns (with the exception of daily necessities) and special legal provisions for rent reductions with subsequent rental cutbacks in 2020. These adjustments primarily involved tenants in the retail business. Further rental concessions were granted in connection with Covid-19 during the first quarter of 2021.

Vienna, 12 April 2021

The Executive Board of IMMOFINANZ AG

Ronny Pecik
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Development of Non-current Assets in acc. with § 226 (1) of the Austrian Commercial Code

Amounts in EUR	Acquisition or production cost Balance on 01 01 2020	Additions	Disposals	Reclassifications	Balance on 31 12 2020
1. Trademarks and software	2,350,403.37	0.00	0.00	0.00	2,350,403.37
Intangible assets	**2,350,403.37**	**0.00**	**0.00**	**0.00**	**2,350,403.37**
1. Buildings on land owned by third parties	1,588,403.43	0.00	1,588,403.43	0.00	0.00
2. Furniture, fixtures and office equipment	2,182,405.85	1,105,243.26	770,004.66	0.00	2,517,644.45
Tangible assets	**3,770,809.28**	**1,105,243.26**	**2,358,408.09**	**0.00**	**2,517,644.45**
1. Investments in subsidiaries	7,027,233,118.07	11,714,381.00	34,611.00	0.00	7,038,912,888.07
2. Loans granted to subsidiaries	113,860,111.13	44,878,418.38	5,200,000.00	0.00	153,538,529.51
3. Investments in associated and jointly controlled entities	391,517,068.75	0.00	0.00	0.00	391,517,068.75
4. Non-current securities (rights)	1,000,699.26	20,191,116.00	0.00	0.00	21,191,815.26
5. Other originated loans	8,341,110.43	52,657.36	949,657.36	0.00	7,444,110.43
Financial assets	**7,541,952,107.64**	**76,836,572.74**	**6,184,268.36**	**0.00**	**7,612,604,412.02**
Total non-current assets	**7,548,073,320.29**	**77,941,816.00**	**8,542,676.45**	**0.00**	**7,617,472,459.84**

Amounts in EUR	Accumulated amortisation/depreciation Balance on 01 01 2020	Additions	Disposals	Write-ups	Balance on 31 12 2020
1. Trademarks and software	1,955,630.45	206,823.31	0.00	0.00	2,162,453.76
Intangible assets	**1,955,630.45**	**206,823.31**	**0.00**	**0.00**	**2,162,453.76**
1. Buildings on land owned by third parties	1,260,015.53	158,904.66	1,418,920.19	0.00	0.00
2. Furniture, fixtures and office equipment	1,795,707.28	252,680.76	751,160.01	0.00	1,297,228.03
Tangible assets	**3,055,722.81**	**411,585.42**	**2,170,080.20**	**0.00**	**1,297,228.03**
1. Investments in subsidiaries	4,189,514,060.60	75,849,436.05	0.00	2,470,792.00	4,262,892,704.65
2. Loans granted to subsidiaries	419,510.57	157,586.25	414,766.06	0.00	162,330.76
3. Investments in associated and jointly controlled entities	0.00	27,078,211.00	0.00	0.00	27,078,211.00
4. Non-current securities (rights)	0.00	0.00	0.00	0.00	0.00
5. Other originated loans	0.00	0.00	0.00	0.00	0.00
Financial assets	**4,189,933,571.17**	**103,085,233.30**	**414,766.06**	**2,470,792.00**	**4,290,133,246.41**
Total non-current assets	**4,194,944,924.43**	**103,703,642.03**	**2,584,846.26**	**2,470,792.00**	**4,293,592,928.20**

Amounts in EUR	Carrying amounts 31 12 2020	31 12 2019
1. Trademarks and software	187,949.61	394,772.92
Intangible assets	**187,949.61**	**394,772.92**
1. Buildings on land owned by third parties	0.00	328,387.90
2. Furniture, fixtures and office equipment	1,220,416.42	386,698.57
Tangible assets	**1,220,416.42**	**715,086.47**
1. Investments in subsidiaries	2,776,020,183.42	2,837,719,057.47
2. Loans granted to subsidiaries	153,376,198.75	113,440,600.56
3. Investments in associated and jointly controlled entities	364,438,857.75	391,517,068.75
4. Non-current securities (rights)	21,191,815.26	1,000,699.26
5. Other originated loans	7,444,110.43	8,341,110.43
Financial assets	**3,322,471,165.61**	**3,352,018,536.47**
Total non-current assets	**3,323,879,531.64**	**3,353,128,395.86**

Management Report for the 2020 Financial Year

A. General Information

IMMOFINANZ AG is a listed real estate company in Austria. Its headquarters are located at 1100 Vienna, Wienerbergstrasse 11. IMMOFINANZ AG is the parent company of the IMMOFINANZ Group whose business activities cover the rental, development, acquisition and best possible commercial utilisation of properties.

IMMOFINANZ AG is listed in the ATX index (ISIN AT 0000A21KS2) of the Vienna Stock Exchange and is also traded on the Warsaw Stock Exchange. As of 31 December 2020, the company had 123,293,795 zero par value, voting shares outstanding. The market capitalisation amounted to approximately EUR 2.1 billion as of 31 December 2020 based on a closing price of EUR 16.97 on that date. IMMOFINANZ shares are held primarily in free float. The largest individual shareholders are listed in the section "Significant holdings".

B. Activities

The core business of IMMOFINANZ covers the management and development of retail and office properties in selected countries of Central and Eastern Europe. The company's activities in the office sector with its international myhive brand are concentrated exclusively on the capital cities of the core countries and on the largest office locations in Germany. The expansion of the retail portfolio is focused on the STOP SHOP and VIVO! brands, which are designed primarily for secondary and tertiary cities. IMMOFINANZ's real estate portfolio covered 209 properties with a carrying amount of EUR 5.0 billion as of 31 December 2020. The company's goal is to create and maintain a high-quality, profitable portfolio of commercial properties.

C. Business Development

Assets

The assets held by IMMOFINANZ AG consist primarily of financial assets and receivables due from subsidiaries. The balance sheet total rose by EUR 702,529,821.12 year-on-year to EUR 4,523,052,684.34 as of 31 December 2020. This increase resulted primarily from the issue of a mandatory convertible bond and corporate bond as well as the capital measures described in the notes. Contrasting factors included the granting of loans to subsidiaries. The equity ratio equalled 60.43% (31 December 2019: 69.34%).

Earnings position

Results for the 2020 financial year show a loss of EUR 128,009,957.91 (31 December 2019: profit of TEUR 164,199). It is attributable, above all, to the valuation of shares in subsidiaries and investments in associated and jointly controlled entities as well as a decline in the earnings from these investments. In addition, expenses for the issue of bonds and the placement of shares were also incurred in 2020.

Financial position

The change in cash and cash equivalents amounted to TEUR 656,466 (31 December 2019: TEUR -313,492). Net cash flow from operating activities totalled TEUR -26,607 (31 December 2019: TEUR 13,157), and net cash flow from investing activities equalled TEUR -131,101 (31 December 2019: TEUR -100,574). Net cash flow from financing activities amounted to TEUR 814,174 (31 December 2019: TEUR -226,075).

Net cash flow from operating activities	2020 TEUR	2019 TEUR
Profit/(loss) for the year	-167,334	151,852
Depreciation and amortisation	618	613
Impairment losses to financial assets	103,085	800,118
Write-ups to financial assets	-2,471	-88,013
Loss/gain on the disposal of tangible and intangible assets	173	-5
Loss/gain on the disposal of financial assets	2	261
Income from investments and other securities, other interest and similar income/interest and similar expenses	-5,807	-211,729
Change in valuation adjustments to receivables	-4,562	3,812
Release of provisions	-401	-1,888
Non-cash write-offs of receivables	61,835	7,552
Non-cash interest income and expenses	10,263	28,591
Non-cash release of valuation adjustments to receivables	-2,006	-5,089
Non-cash dividends	-24,210	-700,000
Non-cash management fees	-116	-636
Gross cash flow	-30,932	-14,562
Change in receivables	-6,201	-15,053
Change in liabilities	6,514	-724
Change in provisions	-683	1,050
Change in prepaid expenses and deferred charges	-17	-3,215
Net cash flow from operating activities (before tax)	-31,319	-32,504
Income tax payments	4,712	45,661
Total	**-26,607**	**13,157**
Net cash flow from investing activities		
Investments in tangible and intangible assets	-847	-580
Investments in financial assets	-44,775	-251,796
Loans receivable	-114,737	-66,683
Proceeds from the disposal of tangible assets	15	6
Proceeds from the disposal of financial assets	5,768	1,100
Payments received for income from investments, interest and securities	23,475	217,380
Total	**-131,101**	**-100,574**
Net cash flow from financing activities		
Increase/decrease in borrowings	-1,000	-140,900
Increase/decrease in bonds	609,280	494,686
Loans payable	-12,500	-340,857
Repurchase of shares[1]	0	-143,965
Placement of shares	236,062	0
Distributions	0	-89,388
Payments made for interest and similar expenses	-17,668	-5,651
Total	**814,174**	**-226,075**
Cash change in cash and cash equivalents	**656,466**	**-313,492**
Change in cash and cash equivalents		
Balance at the beginning of the period	7,067	320,559
Balance at the end of the period	663,533	7,067
Total	**656,466**	**-313,492**

[1] Capital increase and sale of treasury shares

Non-financial performance indicators/environmental issues
IMMOFINANZ is committed to the responsible use of natural resources, the utilisation of climate-friendly technologies, a systematic energy savings strategy, the refurbishment of building substance which is worth preserving and the construction of efficient new buildings. This reduces operating costs and emissions and also contributes to environmental protection and tenant satisfaction.

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

D. Information on Equity

The share capital of IMMOFINANZ AG totalled EUR 123,293,795.00 as of 31 December 2020 and is divided into 123,293,795 zero par value shares with voting rights, each of which represents a proportional share of EUR 1.00 in share capital.

Treasury shares

Holding
IMMOFINANZ held 6,998,228 treasury shares, representing a proportional share of EUR 6,998,228.00, or approximately 5.68%, of share capital as of 31 December 2020. As of 31 December 2019, IMMOFINANZ and its subsidiaries held 11,208,526 treasury shares, representing a proportional share of EUR 11,208,526.0, or 10.00% of share capital. Of this total, 1,500,000 shares were held by IMBEA IMMOEAST Beteiligungsverwaltung GmbH, a wholly owned subsidiary, and 9,708,526 shares directly by IMMOFINANZ AG.

Share transfer and share placement
A total of 1,500,000 treasury shares were transferred from IMBEA IMMOEAST Beteiligungsverwaltung GmbH to IMMOFINANZ in June 2020 through a distribution in kind.

IMMOFINANZ sold 4,210,298 treasury shares, representing a proportional share of approximately 3.41% in share capital, for EUR 15.31 per share through an accelerated bookbuilding process in July 2020. That represents a proportional share of EUR 4,210,298.00 in share capital. The proceeds from the shares sold in connection with this placement totalled EUR 64,459,662.38. These capital measures are intended to strengthen the company's equity.#

Authorisations of the annual general meeting to purchase and sell treasury shares
The annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, to repurchase the company's shares in accordance with § 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act at an amount equalling up to 10% of share capital during a period of 30 months. The shares may be purchased over the stock exchange or over the counter. The Executive Board was also authorised, with the consent of the Supervisory Board, to exclude the proportional subscription rights of shareholders.

The Executive Board was also authorised, with the consent of the Supervisory Board, to sell or use treasury shares in another manner than over the stock exchange or through a public offering in accordance with § 65 (1b) of the Austrian Stock Corporation Act during a period of five years, whereby the proportional purchase rights of shareholders can be excluded.

These authorisations for the purchase and sale of treasury shares replace the authorisations of the 26th annual general meeting on 22 May 2019. They have not been used to date and are therefore available in full.

Authorised capital

The annual general meeting on 1 October 2020 authorised the Executive Board, with the consent of the Supervisory Board, pursuant to § 169 of the Austrian Stock Corporation Act to increase the company's share capital by up to EUR 61,646,897.00 through the issue of up to 61,646,897 new shares in exchange for cash or contributions in kind. The authorisation is valid up to 29 October 2025. This authorised capital may be issued up to an amount of EUR 12,329,379.00, (i.e. 10% of share capital), also under the exclusion of subscription rights, e.g. in connection with a capital increase in exchange for cash contributions or contributions in kind as well as the fulfilment of greenshoe options or the settlement of peak amounts. The 10% limit also includes any new shares to be delivered in connection with the exchange and/or subscription rights of a convertible bond that was issued during the term of the authorised capital under the exclusion of subscription rights.

This authorisation replaces the previous authorisation from the 26th annual general meeting on 22 May 2019. It has not been used to date and is therefore available in full.

Change of control provisions

Convertible bond 2017–2024

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

Corporate bonds 2019–2023 and 2020–2027

In accordance with the issue terms of the corporate bond 2019–2023 issued in January 2019 and the corporate bond 2020–2027 issued in October 2020, the bondholders are entitled under the following circumstances to terminate their bonds and demand immediate repayment at 101% of the nominal value plus accrued interest as of the respective date. This provision takes effect when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired and results in a mandatory takeover offer. Details on these provisions are provided in the issue terms of the bonds.

Mandatory convertible bond 2020–2023

In accordance with the issue terms of the mandatory convertible bond 2020–2023 issued in July 2020, the bondholders are entitled to a special optional conversion when a controlling investment (also taking into account the reduced threshold defined by the articles of association) in the company, as defined in the Austrian Takeover Act, is acquired. Bondholders who decide in favour of this special optional conversion are entitled to receive the number of IMMOFINANZ shares based on the conversion price as well as the value of the option right included in the mandatory convertible bond plus any accrued outstanding interest as defined in the issue terms. Details on these provisions are provided in the issue terms of the mandatory convertible bond 2020–2023.

Property financing

The property financing concluded by IMMOFINANZ AG and its subsidiaries generally includes standard market cancellation rights for the lenders which take effect if there is a change of control.

Corporate credit line

IMMOFINANZ also concluded an unsecured, revolving corporate credit line of EUR 100.0 million. It includes a termination right in the event of a change of control. The corporate credit line had not been used as of 31 December 2020 and is therefore available in full.

Executive Board and Supervisory Board

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

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

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

Amendments to the articles of association, board appointments and dismissals

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

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

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

Significant holdings

The voting rights notifications and directors' dealings reports received by the company show the following investments and attributed voting rights which exceeded 4% of share capital as of 31 December 2020:

– S IMMO AG (through CEE Immobilien GmbH): 10.86% (based on a notification dated 27 March 2018)
– RPPK Immo GmbH*: 10.54% (based on a notification dated 29 January 2021)
– Tahoe Invest a.s. and WXZ1 a.s.: 7.48% (based on a notification dated 22 July 2020)

E. Research and Development

Technological and social change have an influence on the real estate sector. In order to be optimally positioned to also offer efficient and profitably manageable property solutions in the future, IMMOFINANZ routinely monitors the changes in work processes and tenants' demands on space and building concepts. This approach was reflected in the conclusion of a research and development contract between IMMOFINANZ and the Vienna University of Technology (TU Wien). The project "Establishing the Nexus of Human Comfort and Sustainability in Work Environments" addresses the impact of climate change and the motivation of office users towards the more sustainable use of resources. The Vienna University of Technology is also working on this assignment together with the Mechanical Design department of Stanford University.

* RPPK Immo GmbH (formerly CARPINUS Holding GmbH), which is considered indirectly controlled by Ronny Pecik and Peter Korbačka pursuant to the Austrian Stock Exchange Act, held 13,000,000 shares and five certificates from the mandatory convertible bond 2023 as of 31 December 2020. RPR Private Foundation, RPR Treasury GmbH, RPR Management GmbH and the Olympic Special Fund, each indirectly controlled by Ronny Pecik pursuant to the Austrian Stock Exchange Act, held a further 1,200,001 shares in total.
On 29 January 2021, IMMOFINANZ issued an ad-hoc press release to announce possible changes in the shareholder structure with regard to RPPK Immo GmbH.

F. Branch Offices

IMMOFINANZ AG has no branch offices.

G. Financial Instruments and Risk Reporting

As an international real estate investor, property owner 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.

Risks represent the possibility of deviating from planned targets as the result of "coincidental" disruptions caused by the unpredictable nature of the future. In this connection, negative variances are considered risks in the strict sense of the term and positive variances are seen as opportunities.

Principles of integrated risk management

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

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. The overall risk situation for the 2020 financial year was influenced by the Covid-19 pandemic through an increase in the uncertainty factors affecting the company and the entire market environment. The potential effects of the Covid-19 pandemic on the 2021 financial year are discussed in detail at the end of this risk report.

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

Monitoring and control of the risk management system
The risk management system is monitored and controlled through two corporate channels. On the one hand, internal audit evaluates the effectiveness of risk management and contributes to its improvement. On the other hand, the auditor reviews the effectiveness of risk management in accordance with C-Rule 83 of the Austrian Corporate Governance Code (in the version released in January 2021) and reports to the Executive Board on the results of this analysis.

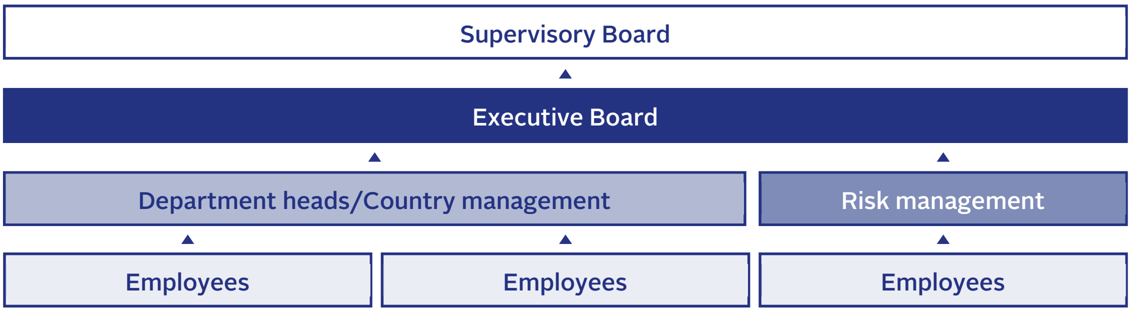
Evaluation of the functionality of the risk management system
Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, evaluated the effectiveness of IMMOFINANZ's risk management system during the period from November 2020 to January 2021. This analysis covered the design and implementation of the measures and organisational procedures instituted by the company, but not their application in the sense of operating effectiveness. Based on the knowledge gained by Deloitte during the related activities, no circumstances were identified that would lead to the assumption that the risk management system instituted by IMMOFINANZ as of 31 December 2020 – based on the comprehensive framework for corporate risk management according to COSO – is not functional.

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

Structure of risk management

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

Responsibilities and reporting paths

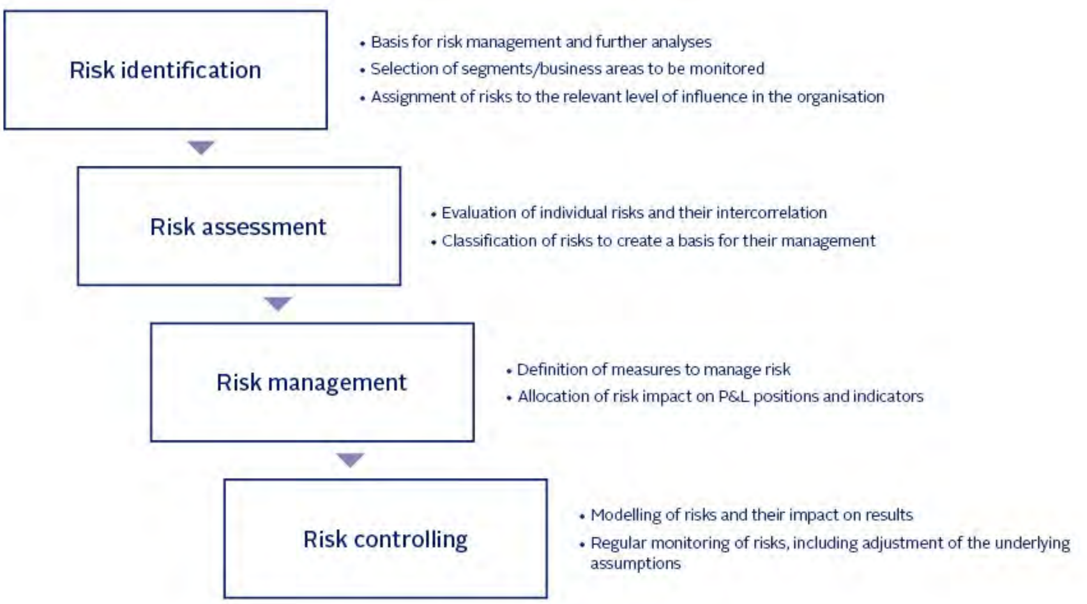


The Executive Board, as a whole, is responsible for risk management in the IMMOFINANZ Group and defines the corporate goals and related risk strategy.

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

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

Risk management process



Major market and property-specific risks

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

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

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

Major business and other risks

Description of risk	Effects	Measures
Strategic business risks	Increase in similar risks in the portfolio	Diversification by sector and region
	Capital market movements make it difficult to raise equity or debt	Balanced structure of equity and debt
	Loans for projects and transactions are not available	Medium-term planning, capital and liquidity management; investment grade rating provides access to new capital market segment
Financial risks	See note 7.2 to the consolidated financial statements	See note 7.2 to the consolidated financial statements
Legal and tax risks	Legal disputes with tenants, business partners, investors or public authorities	Continuous monitoring of legal developments, creation of provisions
	Changes in national tax schemes result in subsequent tax liabilities	Continuous monitoring of legal developments, compliance with disclosure requirements
Organisational risks	IT risks materialise, e.g. failure of technical systems, unauthorised data access or manipulation	Group-wide IT governance and compliance, continuous updating of security standards, penetration tests, connections to geographically separate back-up data processing facility, strengthen awareness among employees through specialised IT training
	Environmental risks, e.g. extreme weather conditions, natural disasters or man-made damages like ground contamination can result in damages to properties	Insurance to cover environmental damage
	HR risks like staff turnover lead to the loss of top performers or capacity bottlenecks	Personnel development and appropriate remuneration and bonus systems
	Compliance risks materialise, which can result in penalties and damage to the company's reputation	Strict compliance with legal regulations and regular training for employees
	Procurement risks, e.g. dependence on suppliers and subcontractor bankruptcies, can lead to supply shortages	Optimisation of supplier base, development of sourcing strategies, ongoing and comprehensive evaluation of suppliers
	Implementation of digitalisation strategy	Sufficient resources for individual projects, professional project management throughout the Group, proactive management of digitalisation process
Investment risks	Fluctuations in the value of the S IMMO investment	Continuous monitoring and evaluation

Default/credit risk

Default or credit risks arise from the possibility that the counterparty to a transaction could fail to meet the related obligations and the Group incurs financial damages as a result. The maximum credit risk represents the amounts reported under assets on the balance sheet. Default risk is reflected in appropriate valuation adjustments.

The most important instrument for managing default risk is the continuous evaluation of the credit standing of contract partners. In various development projects, IMMOFINANZ works together with local project developers. This cooperation can represent a risk for IMMOFINANZ if the business partners are unable to meet their contractual obligations in full or on time. Appropriate contractual provisions – e.g. penalties or damage payments in cases where performance does not meet the contract terms – are used to address this risk. In addition, the activities and goals for the development projects are monitored regularly.

The risk of default on receivables due from tenants is low because tenants are regularly required to provide security deposits – cash deposits for residential properties, bank guarantees or cash deposits for commercial properties – and their credit standing is monitored on a regular basis. Individual valuation adjustments are generally recorded to receivables that are exposed to an increased risk of default.

The default risk associated with receivables due from banks is also considered to be low because all financing transactions are concluded with financial institutions that have excellent credit ratings. The counterparty default risk is limited by continuous monitoring, fixed investment limits and the diversification of financial institutions.

Liquidity risk

Liquidity risks are minimised by the preparation of a medium-term forecast covering five years, an annual budget with monthly segmentation and monthly revolving liquidity reports that include variance analyses. Daily liquidity management ensures that all operating obligations can be met and funds can be optimally invested, and also gives the Group the necessary flexibility to realise short-term acquisition opportunities.

IMMOFINANZ also uses long-term financing in which the financial capability of the individual properties (interest coverage ratio, debt service coverage ratio) as well as their present value (loan-to-value ratio) is reflected in appropriate contract clauses.

In order to prevent cost overruns and the resulting excess outflow of liquidity, IMMOFINANZ routinely monitors budgets and the progress of construction on all development projects and maintenance work.

Foreign exchange risk

IMMOFINANZ is exposed to various forms of foreign exchange risk in connection with its accounting data and cash flows. Fluctuations in foreign exchange rates can influence the Group's earnings position and also have an impact on the Group's asset position.

Interest rate risk

As an international company, IMMOFINANZ is exposed to the risk of interest rate fluctuations on real estate submarkets. Changes in interest rates can have a negative impact on Group earnings by increasing the cost of floating rate financing.

In addition to credit liabilities, securities and receivables – above all financing receivables – can be sensitive to changes in interest rates. Most of the financing receivables current held by IMMOFINANZ carry fixed interest rates, and interest rate risk is therefore non-existent or minimal.

Capital management

The goal of IMMOFINANZ's management is to protect the Group's short-, medium- and long-term liquidity at all times. Interest rate hedging instruments such as caps and swaps are used to manage liquidity, above all when interest rates are low. IMMOFINANZ has set a target for the LTV ratio of up to 45%.

Features of the internal control system

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

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

Monitoring by internal audit

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

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

Financial risk management

As an international corporation, IMMOFINANZ is exposed to various financial risks. The most important financial risks for the Group arise from possible changes in foreign exchange rates and interest rates and from the credit standing and solvency of its customers and business partners.

Opportunity and risk position in 2020

Overview of opportunities and risks as of 31 December 2020

Covid-19 (1)

The risk position during the 2020 financial year and at the beginning of 2021 was influenced by the Covid-19 pandemic and its impact on the real estate sector and the entire economy. In the retail business, the government-ordered temporary shutdown of commercial enterprises in the IMMOFINANZ core markets had a negative effect on rental income. The VIVO! shopping centers were hit harder than the STOP SHOP retail parks, which have very limited common areas and focus on everyday, cost-efficient products. In order to offset the temporary decline in rental income from the retail business on cash flow, the Executive Board introduced a cost savings programme in March 2020. It includes, among others, the postponement of non-essential investments and expenditures, the reduction of overheads and the renegotiation of supplier contracts. An unsecured, revolving credit line was also arranged to give IMMOFINANZ greater financial flexibility. The office business was not affected by the government-ordered, temporary shutdowns, but most of these tenants followed the call to introduce home office as a measure to contain the pandemic. Tenants received support in returning to work with back-to-office plans that included room concepts, distance guidelines, disinfection, protective measures and access rules. A separate task force was installed to manage hygiene procedures for the common areas to ensure the safe use of office and retail space. Project development was faced with temporary limitations on construction and the resulting delays, which differed by country but were not material.

The Covid-19 pandemic was also responsible for price disruptions on the international capital markets, which were also reflected in the development of the IMMOFINANZ share price. The annual low of EUR 11.50 was reached on 30 October 2020 (-51.9% versus the 2019 closing price). As a means of supporting the capital markets and the economy, the ECB resumed its bond purchase programme and injected additional liquidity into the banking sector. The European Union launched an assistance package for the countries most affected by the pandemic, and national governments implemented measures to increase household consumption and support companies. The outlook for the 2021 financial year shows that further negative macroeconomic developments and negative effects of the crisis on Group results cannot be excluded. They involve, among others, a downstream wave of bankruptcies due to the expiration of government assistance. This potential increase in insolvencies is connected with the risk of a deterioration in the financing situation for companies. Banks affected by receivables write-offs could be lost as financing partners, which could lead to a dangerous shortage of liquidity on the capital market.

IMMOFINANZ took a proactive step in July 2020 to strengthen its equity through the placement of shares and a mandatory convertible bond. The EUR 500.0 million benchmark bond issued in October 2020 marked a further step by IMMOFINANZ to increase its financial flexibility and optimise the capital structure.

The expected long-term effects of the Covid-19 pandemic include, for example, changes in consumer behaviour and in the modern working world that will have an impact on the property solutions offered by IMMOFINANZ. In the retail business, this can range from more conscious purchasing behaviour to the avoidance of public areas. In the office business, the increased use of home office and the current recession can lead to changes in the demand for office space. The Executive Board sees IMMOFINANZ well positioned to address these challenges with its cost-efficient STOP SHOP and VIVO! retail concepts and its high-quality, innovative office solutions.

Macroeconomic conditions (2)
Private household consumption was a key driver for economic growth in the individual IMMOFINANZ core markets during the years prior to 2020. Rising unemployment and a growing shift towards savings had a negative effect on consumer spending in 2020, a development which government support measures – like short-time work – were unable to offset. However, the momentum in private consumption will play a decisive role in overcoming the economic effects of the pandemic. This is important for IMMOFINANZ, above all, in the retail business. In the office business, a longer recession or only slight recovery after the pandemic could lead to weaker demand and, as a result, to higher vacancies and/or pressure on rental levels.

Legal proceedings (3)
IMMOFINANZ has settled numerous historical legal disputes in recent years. The proceedings over restitution demands for the VIVO! shopping centers in Cluj and Constanța, Romania, are still in progress. There were no decisive changes in these proceedings during the past year.

Investments (4)
IMMOFINANZ AG acquired 19,499,437 bearer shares in S IMMO AG through share purchase contracts dated 18 April 2018. The transaction closed on 21 September 2018. These shares are listed in the Prime Segment of the Vienna Stock Exchange and are therefore exposed to market price risks. The S IMMO share lost 23.9% of its value during 2020 and closed the year at EUR 16.96. The decline represented an impairment and led to a write-down of EUR -27.1 million to the investment. As of 31 December 2020, the carrying amount of the S IMMO investment equalled EUR 363.6 million. The investment was not financed externally.

Valuation risks (5)
The pandemic has influenced property valuation through the general increase in risk and a subsequent rise in market yields. The retail properties, in particular, were affected by this development. The external appraisals by CBRE reflected slightly higher market yields (increase of up to 50 basis points in the retail segment) as well as changed assumptions concerning re-rentals in the portfolio properties. Revaluation results for the 2020 financial year totalled EUR -166.5 million.

The Covid-19 pandemic led to an increase in market yields, above all in the retail segment, and consequently to the recognition of impairment losses. The 2020 recession and the expiration of government support measures could result in weaker demand for office space and an increase in yields during 2021.

IT risks (6)
IMMOFINANZ has set a goal to digitalise its corporate processes up to the customer. These projects are connected with corresponding risks, which are being addressed with professional project management. The projects scheduled for 2020 were realised as planned, and there are currently no indications of increased risk for the projects planned for 2021. Furthermore, the issues of data protection and cybersecurity represent a focal point of risk analysis. IMMOFINANZ not only addresses these issues through the involved systems, but also gives high priority to employee training. Corporate processes are also being optimised to guarantee the highest possible level of security. Based on the previously established procedures, the risk for critical corporate processes can be considered very low.

Energy efficiency (7)
Energy efficiency in properties is crucial for the reduction of CO_2. IMMOFINANZ's goal is to identify opportunities for savings and continuously improve the portfolio with regard to energy efficiency and the contribution to climate protection. One project group is working to develop measures to make the portfolio climate-neutral over the long term. Preparations have also started to implement the EU's Taxonomy Regulation. The focus on energy-efficient properties and activities which are considered "sustainable" under the EU taxonomy will create numerous opportunities, for example in the areas of tenant satisfaction, financing, positioning on the capital market and the contribution to climate protection.

Climate and environmental risks (8)
Global warming leads to climate change over the long term and, in turn, creates challenges for real estate investors. These challenges include, for example, an increase in serious weather phenomena, like heavy rains, flooding, dryness, hail etc., which can cause damage to IMMOFINANZ's buildings and result in higher insurance premiums. However, climate change also makes it necessary to evaluate the site of every property in light of future conditions and to undertake necessary construction measures today. A further aspect involves the changing regulatory conditions in the real estate sector. The government goal to achieve CO_2 neutrality as well as new legal requirements, like the EU Taxonomy Regulation, require the further improvement of buildings and can question the viability of individual business areas. The goal to realise a circular economy against the backdrop of resource conservation represents a significant challenge for the real estate branch from the current point of view. At the same time, it creates competitive advantages for companies that can offer solutions to these issues.

Portfolio risks (9)
The overall occupancy rate for IMMOFINANZ's portfolio remained high at 96.0% as of 31 December 2020, which represents a decline of 0.8 percentage points since 31 December 2019. The occupancy rate equalled 93.7% (31 December 2019: 95.3%) in the office properties and was constant at a high 98.1% (31 December 2019: 98.3%) in the retail properties.

The development projects currently under realisation by IMMOFINANZ (property under construction) have a combined carrying amount of EUR 300.8 million (31 December 2019: EUR 177.5 million). The outstanding construction costs for these development projects totalled EUR 62.2 million as of 31 December 2020 (31 December 2019: EUR 111.9 million). The pipeline projects, including real estate inventories, had a carrying amount of EUR 191.8 million as of 31 December 2020 (31 December 2019: EUR 173.2 million).

H. Outlook

IMMOFINANZ successfully held the results of asset management stable during the past year despite a crisis-related, significant increase in receivables write-offs. The occupancy rate in our portfolios remained unchanged at a high level of 96.0% at year-end 2020, and FFO 1 from the standing asset business (before tax and including the S IMMO dividend) even improved slightly to EUR 126.1 million.

The worldwide COVID-19 vaccination campaign is making steady progress, but the rate and spread of infections is expected to remain dynamic for the time being. From the current point of view, the end of the second quarter or second half of 2021 could bring a potential improvement in the pandemic – for the moment, uncertainty remains high. Temporary restrictions, for example, as a result of government-imposed curfews, business shutdowns etc., can therefore continue to affect IMMOFINANZ, its tenants, customers and suppliers. It is impossible to conclusively assess the effects of these restrictions, and a forecast for the development of FFO 1 in 2021 will therefore not be issued at the present time. IMMOFINANZ has already implemented a wide range of measures to minimise the potential negative effects of the pandemic on the Group.

Expected market environment

The COVID-19 pandemic still had Europe firmly in its grip during the first quarter of 2021. A renewed increase in infections and new, more contagious virus variants have forced many member states of the European Union to re-introduce or strengthen containment measures. The EU-wide vaccination campaign, in contrast, provides grounds for cautious optimism and the potential loosening of restrictions. Experts anticipate a return to growth as soon as the restrictions are eased. According to the EU Commission (winter forecast 2021), the eurozone economy is expected to increase by 3.8% each in 2021 and 2022.

Property portfolio

IMMOFINANZ's standing investment portfolio totalled approximately EUR 4.4 billion as of 31 December 2020: roughly EUR 2.7 billion, or 62%, of office properties and EUR 1.7 billion, or 38%, of retail properties.

In its portfolio strategy, IMMOFINANZ continues to focus on innovative property solutions: myhive for high-quality, flexible offices with a friendly atmosphere and lively community as well as the cost-efficient STOP SHOP and VIVO! retail brands. These real estate products give us an excellent position in both the current crisis environment and the post-pandemic period. The current crisis has accelerated existing trends: In the office business, a digitalisation drive has begun, and tenants' demands for greater flexibility have increased. Our flexible myhive office products are the right answer for these times: tenants only pay for the space they need and can make short-term adjustments to their requirements – and all this in a high-quality office environment with top service, infrastructure and feel-good ambience.

Our plans for the office business include further growth with the myhive brand in the capital cities of our core countries. As an example: in the first quarter of 2021, we acquired an office building at a prime inner city location in Bucharest close to the historical old city. The refurbishment and conversion into a high-quality, modern and sustainable office property is expected to begin in the second half of 2022 after completion of the planning and approval phase. The refurbishment of existing office properties is also currently in progress.

In the retail business, the government-ordered restrictions to contain COVID-19 lasted into the first months of 2021 and had a negative influence on IMMOFINANZ's retail locations in the involved countries. Temporary shutdowns covered nearly 58% of the space in the Group's retail properties at the beginning of April 2021. IMMOFINANZ continues to maintain an active dialogue with its tenants – as was the case during earlier lockdown phases – to jointly master the challenges and takes its responsibility towards the retailers, their employees and their customers very seriously. In the IMMOFINANZ's cost-efficient retail concepts tenants generally benefit from low rents and operating costs, and this creates a clear competitive advantage. In addition, discounters are benefitting from the rising price-consciousness among shoppers, and that is also reflected in our portfolio.

The strategy for the STOP SHOP retail parks includes an increase to roughly 140 locations over the coming years (31 December 2020: 93 STOP SHOP standing investments, or 101 properties including development projects), whereby a focus will be placed on the attractive Adriatic region.

We are also working to increase the sustainability of the buildings in our portfolio and improve our resource efficiency. By summer 2021, we plan to present the details of our strategy to make our portfolio climate-neutral over the long-term.

Financing and the capital market

IMMOFINANZ has a conservative capital and financing structure and is well positioned to react quickly and flexibly to future challenges. Cash and cash equivalents, including cash and cash equivalents held for sale, totalled EUR 1,051.4 million as of 31 December 2020. Furthermore the Group has an unsecured, revolving corporate credit line of EUR 100.0 million at its disposal.

The climate for new financing and the refinancing of individual properties is still considered attractive. The refinancing arranged during the 2020 financial year will secure the current interest rate level over the long-term and further improve the maturity profile. IMMOFINANZ meets regularly with its financing banks to discuss the premature extension of expiring financing, especially for the 2022 financial year, in order to further optimise this maturity profile.

IMMOFINANZ is also in regular contact with its financing banks to react to the special situation caused by the COVID-19 pandemic. Agreements have been proactively reached with the financing banks to waive compliance with the debt service coverage ratio in selected situations during the COVID-19 pandemic. As of 31 December 2020, these waivers covered a credit volume of EUR 274.9 million for office properties in Hungary and retail properties in Slovakia and the Czech Republic.

S&P Global Ratings confirmed IMMOFINANZ's investment grade rating (BBB-, stable outlook) during its annual review in February 2021. After IMMOFINANZ announced its intention in March 2021 to launch a takeover offer for S IMMO shares, S&P revised its outlook from stable to negative and again confirmed the long-term issuer rating. S&P sees a combination of the two companies' portfolios as positive regarding size and geographical diversification – also with a view towards Germany and Austria. The transaction could, however, impair the key indicators on which the rating is based. Based on these developments, IMMOFINANZ has confirmed its financing strategy, which is designed to ensure sufficient liquidity at all times and to maintain a balanced capital structure and maturity profile and thereby guarantee the Group's position as an issuer in the investment grade range over the long-term.

In order to preserve the company's capital strength against the backdrop of the COVID-19 pandemic, the Executive Board and Supervisory Board made a recommendation to the annual general meeting in October 2020 to waive the dividend for the 2019 financial year. The proposal was subsequently approved. This step was not intended to represent a reversal of IMMOFINANZ's principal commitment to a continuous dividend policy. Therefore, and in view of the Group's solid capital base, the Executive Board will make a recommendation to the 28th annual general meeting on 18 June 2021 to distribute a dividend of EUR 0.55 per share. The annual general meeting will again be held as a "virtual annual general meeting" without the physical presence of shareholders for safety reasons.

Takeover offer for S IMMO shares

IMMOFINANZ has held 19.5 million shares of S IMMO since September 2018. Following a capital increase by S IMMO in January 2020, this represents an amount of 26.5%. On 14 March 2021, the IMMOFINANZ Executive Board and Supervisory Board approved the launch of a voluntary public takeover offer to acquire a controlling interest pursuant to § 25a of the Austrian Takeover Act for the purchase of all outstanding zero par value bearer shares of S IMMO AG. The offer price per share of S IMMO AG was set at EUR 18.04 on a cum-dividend basis and raised to EUR 22.25 per share cum-dividend by way of a resolution on 25 March 2021. That means the offer price per S IMMO share will be reduced by the amount of any dividend per share of S IMMO declared between this announcement and the settlement of an offer, if the settlement of an offer takes place after the relevant dividend record date.

The completion of the offer will be subject to the condition precedent that the annual general meeting of S IMMO AG approves an amendment to the articles of association to cancel the section on the maximum voting right and that this amendment to the articles of association is filed with the commercial register. The completion of the offer is also subject to merger control clearance, above all in Austria, Germany, Romania, Slovakia and Hungary, as well as standard market requirements. IMMOFINANZ AG reserves the right to undertake parallel transactions to obtain a controlling interest in S IMMO AG (conversion into a mandatory offer bid). In this case, the voluntary public takeover offer to acquire a controlling interest will be converted ex lege into a mandatory takeover offer, whereby in particular the statutory minimum acceptance threshold for the offer will no longer apply.

IMMOFINANZ seeks to combine the two companies. A combination would create a stronger position in the core markets of both companies and strengthen the position on the capital market through the realisation of synergies.

This outlook reflects the Executive Board's assessments as of 12 April 2021 and includes statements and forecasts concerning the future development of IMMOFINANZ. The forecasts represent estimates that are based on the information available at the present time. If the underlying assumptions do not occur or risks – as indicated in the risk report – materialise, actual results could differ from the statements made here. This annual report does not represent a recommendation to buy or sell IMMOFINANZ AG securities.

Significant events occurring after the end of the reporting year are discussed on pages 225 and 226.

Vienna, 12 April 2021

The Executive Board

Ronny Pecik
CEO

Stefan Schönauer
CFO

Dietmar Reindl
COO

Auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IMMOFINANZ AG, Vienna (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the shares in and receivables due from subsidiaries

Audit matters and related information

(See the information in the notes under section 2 on financial assets and receivables, under section 3 on non-current assets and receivables, and under section 4 on other operating expenses, other interest and similar income and expenses as well as expenses from financial assets.)

The carrying amount of the shares in subsidiaries totals EUR 2,776 million and was reduced through impairment losses of EUR 76 million in 2020. The carrying amount of the loans granted to subsidiaries amounts to EUR 153 million. The receivables due from subsidiaries total EUR 509 million and were reduced through impairment losses of EUR 30 million in 2020.

The valuation of the shares in, loans granted to and receivables due from subsidiaries is a very complex procedure because of the Group's corporate and financing structure. In addition to the basis data generated by the accounting system, a standardised valuation model is used to determine the earnings-based fair values of the properties, the effects of future tax payments and any other factors relevant for valuation. These effects and factors are dependent to a significant degree on management's estimates of future market developments and are therefore connected with increased valuation uncertainty.

Therefore, we have defined the valuation of the shares in, loans granted to and receivables due from subsidiaries as a key audit matter.

Audit procedures

Our audit procedures to evaluate the appropriateness of the valuation for the shares in, loans granted to and receivables due from subsidiaries included, above all, the following activities:

- An analysis of the appropriateness of the calculation logic underlying the valuation model used by the client.
- An evaluation of the completeness and correctness of the transfer of the basis data, the fair values of the properties and the future tax payments generated by the accounting system into the calculations used for impairment testing.
- A critical assessment of the key assumptions and estimates used to calculate the fair values of the properties and the amounts of future tax payments.
- An analysis of the material impairment losses and revaluations with regard to the causes of the year-to-year changes in the valuation of shares in, loans granted to and receivables due from subsidiaries.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements nor the consolidated financial statements, the management report nor the consolidated management report and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the management report we refer to the section "Report on the Audit of the Management Report".

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

In our opinion, the management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the financial statements.

Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on 1 October 2020 and commissioned on 10 June 2020 by the supervisory board – under the reservation of the order from the annual general meeting - to audit the financial statements for the financial year ending 31 December 2020. We have been auditing the Company uninterrupted since the financial year ending 30 April 2011.

We confirm that our opinion expressed in the section "Report on the Audit of the Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Company in conducting the audit.

Vienna, 12 April 2021

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Friedrich Wiesmüllner
Certified Public Accountant

This report is a translation of the audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.

Financial calendar 2021

31 May 2021[1]	Announcement of results for the first quarter of 2021
1 June 2021	Interim financial statements on the first quarter of 2021
8 June 2021	Record date for participation in the 28th annual general meeting
18 June 2021	28th annual general meeting
22 June 2021	Expected ex-dividend date
23 June 2021	Expected date for the determination of dividend rights (record date)
24 June 2021	Expected dividend payment date
30 August 2021[1]	Announcement of results for the first half of 2021
31 August 2021	Financial report on the first half of 2021
29 November 2021[1]	Announcement of results for the first three quarters of 2021
30 November 2021	Interim financial statements on the first three quarters of 2021

[1] Publication after the close of trading on the Vienna Stock Exchange

Imprint

Photos: IMMOFINANZ AG, katsey (portraits Executive Board), Christian Stemper, APA-Fotoservice/Pacewicz, APA-Fotoservice/Mika Volkmann, Raphael Moser/Optical Engineers, FOTABANANA, staudinger-franke, Monkey Business Images/Shutterstock.com, sirtravelalot/Shutterstock.com, Dragan Grkic/Shutterstock.com, Klaus Vyhnalek
Concept and realisation: be.public Corporate & Financial Communications and Rosebud, Inc., produced inhouse using firesys GmbH (pages 2–247)

Disclaimer

We have prepared this report and verified the data herein with the greatest possible caution. However, errors arising from rounding, transmission, typesetting or printing cannot be excluded. This report contains assumptions and forecasts that were based on information available at the time this report was prepared. If the assumptions underlying these forecasts are not realised, actual results may differ from the results expected at the present time. This report is published in German and English, and can be downloaded from the investor relations section of the IMMOFINANZ website. In case of doubt, the German text represents the definitive version. This report does not represent a recommendation to buy or sell shares in IMMOFINANZ AG.

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

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