People's Business

– IMMOFINANZ –

Annual Financial Report 2021

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Dear Shareholders,

2021 was an eventful and challenging financial year, but at the same time very successful. In an environment still heavily influenced by the COVID-19 pandemic, IMMOFINANZ reported excellent results and surpassed the very good pre-crisis level. This proved once again that the portfolio structure is crisis-proof and the consistently implemented strategy is right. Our company is therefore excellently positioned for further growth and the expansion of its leading role throughout Europe.

During 2021 we focused on our corporate responsibility for ESG matters, which has become an integral part of our corporate strategy. We have already taken many steps over the past years towards sustainability, including more green building certifications, energy optimisation measures and the increased use of photovoltaic systems. To ensure that our strategy is in alignment with the latest science-based short-term and long-term goals, we pursue a commitment and validation programme with the internationally recognised Science Based Target initiative (SBTi). This external target validation and the high level of ambition clearly set us apart from competitors.

At the same time, 2021 was also marked by changes in the shareholder structure of IMMOFINANZ and in the corporate bodies, the use of growth opportunities and, towards the end of the year, by the announcement and publication of takeover offers by the CPI Property Group (CPIPG) and S IMMO to the shareholders of IMMOFINANZ.

Intensive focus on takeover offers

The Supervisory Board thoroughly examined the takeover offers as well as the subsequently improved offer by CPIPG, and published comprehensive statements on this topic. In summary, we welcomed any interest by capital market participants in acquiring shares in IMMOFINANZ and considered this a positive signal for the valuable work of the management and the employees of IMMOFINANZ over the past years. However, we came to the conclusion that the offered consideration of EUR 23.00 (cum dividend) is not adequate and does not reflect the actual value of the company and the value-creating growth potential of IMMOFINANZ. After considering all relevant aspects and in agreement with the Executive Board, we refrained from an express recommendation in favour or against accepting the improved offer by CPIPG in our additional statement of 16 February 2022. By now, the takeover offers have either been terminated (partial offer by S IMMO, which sold the IMMOFINANZ shares it held to CPIPG) or are in the additional acceptance period (mandatory offer by CPIPG). As of 3 March 2022, CPIPG holds 55.07% in IMMOFINANZ and therefore a controlling interest. As CPIPG specified in the offer document, it considers this an optimal strategic fit for its business and points out that IMMOFINANZ has an outstanding property portfolio in the Central European region. CPIPG has announced that it will remain an active shareholder of IMMOFINANZ in the long term and support the development and growth of IMMOFINANZ.

The selection and nomination process for the election to the Supervisory Board at the 28th annual general meeting was another focus of our work in the past financial year. The shareholders adopted our proposals by a large margin, thus ensuring a professionally outstanding, diverse and independent composition of the Supervisory Board.

As part of a governance road show in the autumn of 2021, the presidium held talks with investors and proxy advisers. We consider the continuous dialogue with our investors crucial and intend to continue it going forward.

Active role

In our function as the Supervisory Board, we accompanied and supported IMMOFINANZ and its Executive Board in all activities, took on an active role as the Executive Board's sparring partner 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, among them the takeover offers, in 14 meetings during the 2021 financial year. The Supervisory Board acknowledges and accepts its responsibility in full; the attendance of the shareholder representatives equalled 100% in 2021. Detailed statistics on the attendance of the individual members can be found in the corporate governance report starting on page 13.

Outside the framework of these meetings, the Supervisory Board remained in regular contact with the Executive Board and adopted 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 regularly 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, among other things, to the purchases in Croatia in line with the strategy (acquisition of locations for the expansion of the STOP SHOP retail park brand) and Romania (acquisition and conversion of the former Bucharest Financial Plaza into a high-quality and sustainable myhive building), the highly profitable sale of the Cluster Produktionstechnik in Aachen, the takeover offers by CPIPG and S IMMO as well as the review, discussion and approval of the budget for the 2022 financial year.

Changes in the Supervisory Board

In the past financial year Christian Böhm and Nick J. M. van Ommen resigned from the Supervisory Board at their own request after 11 and 13 years respectively and therefore did not stand for re-election at the 28th annual general meeting. On behalf of the entire Supervisory Board, I would like to thank both gentlemen for their commitment and long-standing professional support of IMMOFINANZ. At the 28th annual general meeting, Dorothée Deuring, Gayatri Narayan, Michael Mendel and Stefan Gütter were elected to the Supervisory Board. Along with Sven Bienert, Michael Mendel served as vice-chairman of the Supervisory Board.

The shareholders thus followed the proposal of the Supervisory Board, which was based on a comprehensive selection process together with external experts. This ensured that the necessary, broad-based expertise is always available within the Supervisory Board to optimally exercise its tasks in the interests of the company and shareholders. The selection and nomination process was supported by Korn Ferry, Zurich, a renowned external consulting firm.

At the end of March 2022, i.e. after the end of the reporting period, IMMOFINANZ held an extraordinary general meeting at the request of the majority shareholder CPIPG, with the agenda of elections to the Supervisory Board. Martin Němeček and Miroslava Greštiaková were elected to the Supervisory Board.

In view of the majority interest obtained by CPIPG in IMMOFINANZ, Supervisory Board members Bettina Breiteneder, Sven Bienert, Michael Mendel and Dorothée Deuring announced that they would step down as members of the IMMOFINANZ Supervisory Board and resigned from their functions at the end of the extraordinary general meeting. On behalf of the Supervisory Board, I would like to thank them for their professional work and the support of IMMOFINANZ.

As of 31 March, the Supervisory Board thus consists of the shareholder representatives Miroslava Greštiaková (Chairwoman), Martin Němeček (Vice-Chairman), Gayatri Narayan and Stefan Gütter.

Changes on the Executive Board

In June 2021, Ronny Pecik resigned from the Executive Board after selling his share in RPPK Immo GmbH. With his long-standing experience in management and supervisory board positions, Ronny Pecik provided valuable support in challenging times.

The responsibilities of Ronny Pecik were transferred to the two remaining Executive Board members, Dietmar Reindl and Stefan Schönauer.

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 and ESG Committee and the Personnel and Nominating Committee.

Seven committee meetings were held during 2021, which had an overall attendance rate of 100%. 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 12.

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 2020 and the risk report for 2020 as well as the annual report on internal audits in 2021 and the internal audit planning for 2022.

In its four meetings, the Personnel and Nominating Committee dealt with the selection and nomination process for the election to the Supervisory Board and the remuneration report, which was presented to the annual general meeting for the first time. Other issues involved the termination of the Executive Board contract with Ronny Pecik. Aiming to ensure the best possible appointment to all positions on the IMMOFINANZ Executive Board, the Personnel and Nominating Committee continuously evaluates this matter, weighing IMMOFINANZ's interests, competence profiles and current constellations.

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, including ESG topics, were met by the full Supervisory Board in the past financial year. With the constituent meeting of the Supervisory Board following the annual general meeting 2021, the responsibilities of the Strategy Committee were officially extended to include ESG topics. The resolution on the revised rules of procedure of the Supervisory Board, in particular regarding the design and distribution of responsibilities on ESG, was adopted in the meeting on 29 November 2021.

As in the previous years, the Supervisory Board also completed a routine annual self-evaluation of its working efficiency, above all with regard to its organisation and operating procedures. The focal points included, among others, 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 2021 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 19 October 2021: the annual financial statements of IMMOFINANZ AG as of 31 December 2021 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 213–218).

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 2021, which are considered approved in accordance with § 96 (4) of the Austrian Stock Corporation Act. The consolidated financial statements as of 31 December 2021 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.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board and all employees of our company for their outstanding performance during the past financial year. IMMOFINANZ coped with the pandemic very successfully and proved the sustainability of its business model with strong results; it has a solid position and a conservative capital and financing structure.

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

Vienna, 20 April 2022

Miroslava Greštiaková

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 2021 financial year.

Temporary deviation from C-Rule 16

C-Rule 16 requires the Executive Board to have a chairman. This requirement has not been met since the resignation of Ronny Pecik as CEO on 29 June 2021. The Supervisory Board did not consider it necessary to appoint a CEO after the resignation of Ronny Pecik since the company is excellently positioned with its long-standing, highly experienced Executive Board team. Aiming to ensure the best possible appointment to all positions on the IMMOFINANZ Executive Board, the Personnel and Nominating Committee of the Supervisory Board continuously evaluates this matter, weighing IMMOFINANZ's interests, competence profiles and current constellations.

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

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, Group Marketing & Brand Management, Group Corporate Communications & Public Relations, Group ESG and Group People & Culture. 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 & Tax, Group Legal, Group Procurement & 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.

Ronny Pecik, Chief Executive Officer

- **Member of the Executive Board until 29 June 2021**
- **Born in 1962**

Ronny Pecik resigned from the IMMOFINANZ Executive Board as of 29 June 2021 after selling the shares in IMMOFINANZ attributable to him. His responsibilities were taken over by Dietmar Reindl and Stefan Schönauer.

The Supervisory Board

Bettina Breiteneder, Chairwoman of the Supervisory Board since 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

Bettina Breiteneder resigned from the Supervisory Board at the end of the extraordinary general meeting on 31 March 2022.[3]

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

Sven Bienert resigned from the Supervisory Board at the end of the extraordinary general meeting on 31 March 2022.[3]

Michael Mendel, Vice-Chairman of the Supervisory Board since 19 October 2021

– First appointment in 2021
– Term ends in 2024[2]
– Born in 1957

Experience: extensive expertise in capital markets, CEO, supervisory board functions, finance, accounting, audits and corporate governance

Other functions:
Member of the supervisory board of:
COFAG-COVID-19 Finanzierungsagentur des Bundes GmbH
Bausparkasse Wüstenrot AG
HETA Asset Resolution AG (chairman of the supervisory board)
ECCM Bank plc, Malta (owned by an Austrian entrepreneurial family)

Michael Mendel resigned from the Supervisory Board at the end of the extraordinary general meeting on 31 March 2022.[3]

[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 2024 financial year (32nd AGM in 2025)
[3] Further details can be found in the "Report of the Supervisory Board".

Dorothée Deuring, Member of the Supervisory Board since 19 October 2021

– First appointment in 2021
– Term ends in 2024[1]
– Born in 1968

Experience: extensive expertise in the areas of capital markets, CEO, compliance, finance, accounting, audit, corporate governance and sustainability

Other functions:
AXPO HOLDING AG, Switzerland (Member of the Board of Directors and Audit Committee)
ELEMENTIS PLC, UK (member of the board of directors, audit, nomination and remuneration committee member)
LONZA AG, Switzerland (member of the board of directors, audit chair)

Dorothée Deuring resigned from the Supervisory Board at the end of the extraordinary general meeting on 31 March 2022.[2]

Gayatri Narayan, Member of the Supervisory Board since 19 October 2021

– First appointment in 2021
– Term ends in 2024[1]
– Born in 1986

Experience: extensive expertise in the areas of capital markets, finance as well as digitalisation and ESG

Other functions:
None

Stefan Gütter, Member of the Supervisory Board since 19 October 2021

– First appointment in 2021
– Term ends in 2024[1]
– Born in 1968

Experience: extensive expertise in the areas of capital markets, CEO, finance, accounting, audit and corporate governance

Other functions:
None

[1] End of term: at the end of the annual general meeting which votes on the release from liability for the 2024 financial year (32nd AGM in 2025)
[2] Further details can be found in the "Report of the Supervisory Board".

Werner Ertelthalner, Member of the Supervisory Board

– First appointment in 2021
– Born in 1987

Experience: currently serves as a system specialist consolidation 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.

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.

Rita Macskasi-Temesvary, Member of the Supervisory Board

– First appointment in 2021
– Born in 1985

Experience: currently serves as a development manager 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.

Term ended in 2021

Nick J. M. van Ommen, FRICS Member of the Supervisory Board up to 19 October 2021

– First appointment in 2008
– Term ended 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 board of:
Allianz Nederland Group N.V., Netherlands Allianz Benelux SA, Belgium

Christian Böhm, Vice-Chairman of the Supervisory Board up to 19 October 2021

– First appointment in 2010
– Term ended in 2020[1]
– Born in 1958

Experience: many years of management experience in the financial and insurance sector (pension funds), extensive ESG experience

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

[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)

Gov-Board, GRI 102-22

Supervisory Board committees and attendance

Members of the Supervisory Board Committees

Audit and Valuation Committee	Strategy and ESG Committee	Personnel and Nominating Committee
Dorothée Deuring, Chairwoman (since 19 October 2021), financial expert	**Sven Bienert,** Chairman	**Bettina Breiteneder,** Chairwoman
Stefan Gütter, Vice-Chairman (since 19 October 2021), financial expert	**Bettina Breiteneder,** Vice-Chairwoman (since 19 October 2021)	**Sven Bienert,** Vice-Chairman
Sven Bienert, Vice-Chairman (up to 19 October 2021)	**Dorothée Deuring** (since 19 October 2021)	**Gayatri Narayan** (since 19 October 2021)
Michael Mendel (since 19 October 2021), financial expert	**Michael Mendel** (since 19 October 2021)	**Michael Mendel** (since 19 October 2021)
Christian Böhm, Chairman (up to 19 October 2021), financial expert	**Stefan Gütter** (since 19 October 2021)	**Christian Böhm** (up to 19 October 2021)
Philipp Obermair	**Nick J. M. van Ommen, Vice-Chairman** (up to 19 October 2021)	
Rita Macskasi-Temesvary (since 19 October 2021)	**Christian Böhm** (up to 19 October 2021)	
Werner Ertelthalner (since 19 October 2021)	**Philipp Obermair**	
	Rita Macskasi-Temesvary (since 19 October 2021)	
	Werner Ertelthalner (since 19 October 2021)	

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 2021 financial year, the Supervisory Board had four members who were elected by the annual general meeting (shareholder representatives) and one member delegated by the Works Council. The shareholder representatives Christian Böhm and Nick J.M. van Ommen did not stand for re-election at the annual general meeting on 19 October 2021 at their own request. After the election of four new members, the Supervisory Board consisted of six shareholder representatives and three members delegated by the Works Council at the end of the 2021 financial year. 14 Supervisory Board meetings were held in 2021. These meetings were attended by 100% of the shareholder representatives. Including the eight individual committee meetings, total attendance was also 100%.

		Attendance									
Member	Member since	Meetings (Plenum)	in %	Audit and Valuation Committe e	in %	Strategy and ESG Committe e	in %	Personnel and Nominatin g Committe e	in %	Total presence	Total presence in %
Meetings/year		**14**		**4**		**1**		**3**		**22**	
Bettina Breiteneder, Chairwoman	2019	14/14	100	4/4	100	1/1	100	3/3	100	22	100
Christian Böhm (up to 19 October 2021)	2010	9/9	100	3/3	100			3/3	100	15	100
Sven Bienert, Vice-Chairman	2019	14/14	100	4/4	100	1/1	100	3/3	100	22	100
Nick van Ommen (up to 19 October 2021)	2008	9/9	100	3/3	100					12	100
Dorothée Deuring (since 19 October 2021)	2021	5/5	100	1/1	100	1/1	100			7	100
Gayatri Narayan (since 19 October 2021)	2021	5/5	100	1/1	100					6	100
Michael Mendel, Vice-Chairman (since 19 October 2021)	2021	5/5	100	1/1	100	1/1	100			7	100
Stefan Gütter (since 19 October 2021)	2021	5/5	100	1/1	100	1/1	100			7	100
Average meeting attendance		**66/66**	**100**	**18/18**	**100**	**5/5**	**100**	**9/9**	**100**	**98/98**	**100**

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. On 19 October 2021, Dorothée Deuring took over the chair of this committee from Christian Böhm, who resigned from the Supervisory Board. Dorothée Deuring and Stefan Gütter and Michael Mendel serve as the Audit and Valuation Committee's financial experts based on their 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 2021, whereby all shareholder representatives were in attendance.

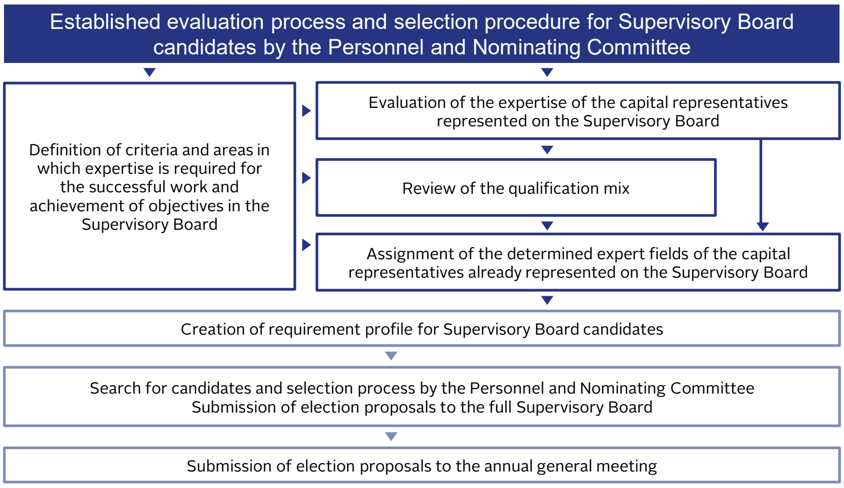
Strategy and ESG Committee

The Strategy and ESG Committee is responsible, above all, for the regular evaluation of the company's strategy and orientation, where environmental/sustainability, social and governance topics (ESG) are an integral part. Until ESG topics were officially added to the responsibilities of the Strategy Committee in October 2021, these responsibilities were fulfilled by the full Supervisory Board. All members attended the committee meeting in November 2021.

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 of the Supervisory Board and at least one member with knowledge and experience in remuneration policy. This committee met three times during 2021; all shareholder representatives attended these meetings.

Gov-Select, GRI 102-24

Succession planning for the Supervisory Board
An established selection process for future candidates is used to ensure the best possible succession in the Supervisory Board. It is shown in the diagram below:



Supervisory Board qualification matrix
The nominations of the candidates proposed for election to the Supervisory Board on 19 October 2021 were the result of an extensive selection procedure, which was carried out in cooperation with external specialists based on a skills matrix for the Supervisory Board. This ensured that the necessary, broad-based expertise is always available within the Supervisory Board to optimally exercise its tasks in the interests of the company and shareholders.

The selection and nomination process was supported by Korn Ferry, Zurich, a renowned consulting firm. Details of the selection process and the skills matrix are provided in the documents of the 28th annual general meeting on the company website. In the selection process, special importance was attached to diversity as well as competence in capital markets, digitalisation, sustainability, marketing and geographical expertise, in particular regarding Eastern Europe.

With the election of the nominated candidates, the Supervisory Board meets full gender diversity among the shareholder representatives, with an equal number of women and men, and consequently has one of the best diversity ratios among all listed companies included in the Austrian ATX.

	Sectoral expertise				Functional expertise					Governance-expertise			GEO
	Real Estate	Capital Markets	Insurance	Finance	CEO/Management/ Division Mgt.	Compliance/Legal	Human Ressources	Accounting/Audit	Marketing	Digital/ Sustainability	Non Executive Dir. Experience	Governance (Corporate)	Geographic Experience
Bettina Breiteneder (Chair)	● Core	● Secondary	● Secondary	● Core	● Core	● Secondary	● Secondary	● Secondary	● Secondary	● Secondary	● Core	● Core	WE EE
Sven Bienert	● Core	● Secondary	● Tertiary	● Core	● Core	● Secondary	● Core	● Core	● Tertiary	● Secondary ● Core	● Core	● Core	WE EE
Michael Mendel	● Secondary	● Core	● Secondary	● Core	● Core	● Core	● Secondary	● Core	● Tertiary	● Secondary	● Core	● Core	WE EE
Dorothée Deuring	● Secondary	● Core	● Secondary	● Core	● Core	● Core	● Secondary	● Core	● Secondary	● Secondary	● Core	● Core	WE EE
Gayatri Narayan	● Secondary	● Core	● Tertiary	● Secondary	● Tertiary	● Secondary	● Tertiary	● Secondary	● Secondary	● Core	● Tertiary	● Secondary	WE EE
Stefan Gütter	● Secondary	● Core	● Secondary	● Core	● Core	● Secondary	● Secondary	● Core	● Secondary	● Secondary	● Secondary	● Core	WE EE

● Core competency ● Secondary competency ● Tertiary/not an apparent competency WE Western Europe EE Eastern Europe

Extensive ESG expertise in the Supervisory Board

The Supervisory Board attaches great importance to ESG as part of the corporate strategy, which is also reflected in the relevant competencies of the Supervisory Board members. With Sven Bienert, one of the leading ESG experts in Europe acted as Chairman of the ESG Committee of IMMOFINANZ in the 2021 financial year. Among other things, Mr. Bienert has been the head of the Centre of Excellence for Sustainability in the Real Estate Industry at the IRE|BS Institute at the University of Regensburg since April 2010. In addition, Mr. Bienert led the CRREM initiative; the tools of this initiative were used to derive science-based decarbonisation pathways for the real estate sector for the first time, with software helping to manage target achievement. As a result, an important standard for the measurement of greenhouse gas emissions in the building sector and the assessment of sustainability of properties was established, which is now globally accepted and used by leading market participants. He is a member of the management board of various industry associations associated with sustainability/ESG, for example the Institute for Corporate Governance of the German Real Estate Industry (ICG), and committees such as the advisory board of the German Sustainable Building Council (DGNB e. V.) as well as a representative of the ZIA sustainability advisory board.

Gov-Board, GRI 102-22

Shareholdings of the Executive Board and Supervisory Board members as of 31 December 2021

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
Dietmar Reindl	7,515
Stefan Schönauer	15,000
Bettina Breiteneder	50,400
Philipp Obermair	150

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 (until 19 October 2021), 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 2021 totalled EUR 189,615.0.

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 to 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 33.9% of the management positions in 2021 (2020: 27.66%) and represented 61.4% of the total workforce (2020: 59.69%). The Executive Board currently has no female members. The Supervisory Board is chaired by Bettina Breiteneder; other members are Dorothee Deuring and Gayatri Narayan. The percentage of women among shareholder representatives has thus significantly increased to 50% (2020: 25%), and to 44.0% (2020: 20%) for the full Supervisory Board. 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 considered in connection with specific appointment decisions or recommendations, which was also reflected in the nomination proposals for election to the Supervisory Board at the 28th annual general meeting. 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.

Gov-Select, 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 2021 did not result in any objections.

Vienna, 20 April 2022

The Executive Board

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 2021 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 2021).

The commercial property markets in Europe set a new record in 2021 with a transaction volume of EUR 358.8 billion (2020: EUR 276.6 billion). This year-on-year increase of more than 25% was supported by new record volumes in Germany, Sweden and Norway. A key factor on the German market was the takeover of Deutsche Wohnen by Vonovia. Office properties remained the most popular asset with an increase of 16% to EUR 43.6 billion, followed by residential properties with a plus of 42% to EUR 40.5 billion. Logistics and industrial properties replaced retail properties on third place with an increase of 48% to EUR 22.3 billion. Transactions in retail properties fell by 11% to EUR 13.1 billion. Of special note here is the recovery in the hotel sector, which was particularly hard hit by the pandemic: transactions rose by 70% to EUR 5.8 billion in 2021.

In all markets, sustainability issues are receiving greater attention from investors, tenants and the general public. An ESG audit now represents an important part of larger real estate acquisition processes. The premiums for sustainable properties are still difficult to estimate but a credible ESG policy is now a decisive factor for many investors.

The following estimates for economic growth in the individual countries during 2022 and 2023 is based on data before Russia's hostile attacks in Ukraine and the sanctions imposed on Russia. The resulting impact could lead to a significant revision of the positive economic outlook and is impossible to estimate at the present time.

Austria

Strong recovery characterised the Austrian economy in 2021. GDP growth reached 5.4% year-on-year despite pandemic-related restrictions during the first six months. Experts see a continued sound increase of 4.9% for 2022 and a more moderate 1.9% in 2023. Rising energy prices drove the inflation rate to an unusually high 3.8% (2020: 1.0%), but forecasts indicate a slight decline over the next two years to 2.5% in 2022 and 2.0% in 2023. Unemployment equalled 4.9% at the end of December 2021 and was substantially lower than the previous year (2020: 6.9%). This downward trend is expected to continue in 2022 and 2023 with an unemployment rate of 4.6% and 4.5%, respectively.

The Austrian property market generated a year-on-year increase of more than 25% in 2021, with a transaction volume that rose to EUR 4.3 billion (2020: EUR 3.3 billion). Growth was based, above all, on the residential and office sectors. Prime yields in the office sector continued along the trend set in previous years with a moderate decline to 3.2% (2020: 3.35%).

OFFICE

Vienna had 11.4 million sqm of modern office space at the end of 2021. The take-up of 169,000 sqm (2020: 205,000 sqm) represented the weakest year for this market since the start of recording. The COVID-19 pandemic has made companies more cautious in renting new space. A lower volume of completions (73,000 sqm; 2020: 121,000 sqm) led to a further slight decline in the vacancy rate to 4.3% (2020: 4.4%). Prime rents equalled EUR 26.0/sqm/month, and average rents ranged from EUR 13.5 to EUR 18.0/sqm/month.

RETAIL

The Austrian retail market covered 13.8 million sqm at the end of 2021, a year that was also influenced by the pandemic and its effect on the retail trade. Retail parks proved to be crisis-resistant: Prime rents rose to EUR 15.0/sqm/month and prime yields declined to 5.0% (2020: 5.2%).

Germany

The easing of pandemic-related restrictions led to a surge in private consumption and, in turn, to quarter-on-quarter growth of 1.4% during the last three months of 2021 (total year 2020: -3.9%). Forecasts point to a year-on-year increase of 2.7% in Germany's GDP for 2021, but supply chain problems for manufacturers are slowing the recovery. GDP growth is still projected to rise by 4.6% in 2022 but could weaken to a plus of 1.7% in 2023. Triggered by the sharp rise in energy prices, inflation rose to 5.7% in December (2020: -0.7%). The inflation rate is expected to remain clearly above 2% this year and only fall below the 2%-mark in 2023. The German employment market shows signs of improvement: The unemployment rate equalled only 3.2% at year-end (2020: 4.0%) and should continue to decline over the next two years.

With a volume of EUR 64.1 billion (2020: EUR 59.7 billion), the commercial property market in Germany generated growth of over 7% despite numerous disruptive factors (pandemic, supply chain problems etc.). Office properties remained the leader on the transaction market with 48%, or EUR 30.7 billion, followed by logistics properties with 15%, or EUR 9.9 billion, and retail properties with 14%, or EUR 8.7 billion. The decline in prime yields for office and logistics properties continued during 2021. A lower supply of premium properties was contrasted by steady high demand. Prime yields equalled 2.40% in Berlin, 2.50% in Munich and 2.75% in Düsseldorf (2020: 2.90%). The transaction volume in Düsseldorf declined to EUR 2.4 billion after four strong years (2020: EUR 3.6 billion).

OFFICE

The Düsseldorf office market reported 9.7 million sqm of modern office space at the end of 2021 as well as an increase in take-up to 314,000 sqm (2020: 275,000 sqm). The space under construction totalled 218,000 sqm and neared the 2020 level (249,000 sqm). Vacancies rose to 9.2% (2020: 8.8%). Steady demand was responsible for a decline in the prime yield from 2.9% in the previous year to 2.75%. Prime rents were stable at EUR 28.5/sqm/month, while average rents increased to EUR 16.5/sqm/month (2020: EUR 15.4/sqm/month).

Romania

The Romanian economy followed the previous year's recession with growth in 2021 that exceeded the pre-crisis level. The GDP was 2.7% higher quarter-on-quarter in the final three months of the year (2020: -2.0%). Strong consumer spending by private households and a public sector investment programme to moderate the effects of the pandemic are expected to support an increase of 5.1% this year and 5.2% in 2023. Rising energy prices were responsible for a spike in the inflation rate to 6.7% at year-end (2020: 1.8%). Projections show only minimal easing in 2022 and a reduction toward earlier levels with 2.9% in 2023. The unemployment rate declined to 5.4% at the end of December (2020: 6.4%) and is projected to continue this trend with a reduction to 4.8% in 2022 and 4.5% in 2023.

The transaction volume on the commercial property market in Romania totalled EUR 920.1 million in 2021, for an increase of 56% over the prior-year value of EUR 589.0 million. Office properties were responsible for most of the transactions, but their dominance with a share of 45% and a volume of slightly over EUR 400 million weakened substantially. Nearly one-third of the transaction volume was attributable to industrial and logistics properties with a volume of more than EUR 270 million. Retail properties ranked third with a share of 19% and an increase to EUR 175 million. Prime yields remained constant for shopping centers at 7.0% (2020: 7.0%) but declined slightly to 6.75% for office properties (2020: 7.0%).

OFFICE

The Bucharest office market had over 3.2 million sqm of modern space at the end of 2021. Completions were substantially higher year-on-year at 245,800 sqm (2020: 155,200 sqm), and an additional 153,700 sqm are currently under construction. Take-up amounted to 280,500 sqm in 2021 (2020: 242,600 sqm), for an increase of roughly 16%, and the vacancy rate rose to 13.1% at year-end (2020: 12.4%). Rents for properties in good locations were stable, while prime rents in the center of Bucharest rose slightly to EUR 18.75/sqm/month and the current average rent equals EUR 17.0/sqm/month.

RETAIL

New retail properties with 103,000 sqm of space were completed in 2021 (2020: 139,000 sqm) and give the country over 4.0 million sqm of modern retail space. The share of retail parks rose to 37%. A further 235,000 sqm (2020: 459,000 sqm) of retail space is currently under construction, with 86% attributable to retail park concepts. Rental levels were stable in 2021; prime rents equalled EUR 70.0/sqm/month in shopping centers and EUR 8.0 to EUR 15.0/sqm/month in retail parks.

Poland

The Polish economy returned to the pre-crisis level in 2021 with a GDP increase of 7.7%. In spite of rising prices, growth is expected to remain high over the coming years due to a declining savings rate and increasing public sector investments. Forecasts show an increase of 5.2% in the GDP for 2022 followed by slower growth of 4.4% in 2023. The inflation rate rose sharply to 8.0% at year-end, compared with 3.4% in the previous year. It is expected to remain high at 5.2% in 2022 before declining to 2.6% in 2023. The unemployment rate improved slightly to 2.9% (2020: 3.4%), with a continuation of the downward trend expected for the coming years.

Real estate totalling EUR 5.71 billion changed hands on the Polish commercial property market in 2021 (2020: EUR 5.3 billion) and topped 2020 results by roughly 7%. Industrial and logistics properties were again the most popular asset class with a volume of EUR 2.9 billion (2020: EUR 2.6 billion) and a market share of 52%. Office properties ranked second but the volume fell to 29%, or EUR 1.7 billion (2020: 38% and EUR 2.0 billion). The transaction volume for retail properties rose slightly to EUR 898 million (2020: EUR 658 million) or 16%. The yields for office properties declined slightly to 4.5% (2020: 4.6%) but remained constant for retail properties at 5.75%.

OFFICE

Office space totalling 324,600 sqm was completed on the Warsaw office market in 2021 (2020: 314,000 sqm), bringing the total supply to 6.0 million sqm. An additional 330,000 sqm are currently under construction and, for the most part, should enter the market in 2022. Take-up rose by 6% to 646,500 sqm in 2021 (2020: 608,000 sqm). The vacancy rate increased to 12.7% at year-end (2020: 9.9%), while prime rents in the Warsaw city center rose slightly to EUR 25.5/sqm/month. Rental prices for prime office properties ranged from EUR 13.0 to EUR 24.0/sqm/month.

RETAIL

The supply of retail space rose by 300,000 sqm in 2021, whereby an increase in the crisis-resistant retail park segment was visible. The country currently has 12.3 million sqm of modern retail space; a further 300,000 sqm are currently under construction and should be completed this year. Prime rents in the retail parks were stable and ranged from EUR 9.5 to EUR 12.0/sqm/month.

Slovakia

The Slovakian economy recovered from the pandemic-related recession in 2021, but supply chain problems slowed any additional improvement. GDP growth equalled 1.1% at the end of 2021 (2020: -2.3%), while 2022 is expected to bring an increase of 5.3% followed by slight weakening to 4.3% in 2023. Inflation rose sharply to 5.1% at year-end (2020: 1.6%) driven by the upward trend in energy costs. Forecasts point to a slight decline to 4.3% in 2022 and a notable easing to 2.2% in 2023. The unemployment rate equalled 6.4% at year-end 2021 (2020: 7.1%) and should remain stable in 2022 and decline to 5.6% in 2023.

The transaction volume on the commercial investment market rose by 48% to EUR 765 million in 2021 (2020: EUR 516 million). In contrast to the international trend, retail properties were the most popular asset class in Slovakia with a market share of 44% and EUR 337 million (2020: EUR 57 million). The demand for industrial and logistics properties was similarly high; the market share equalled 36%, or EUR 275 million (2020: EUR 253 million). The demand for office properties fell sharply to 14% of the transaction volume and EUR 107 million (2020: EUR 191 million). Prime yields declined slightly to 5.25% (2020: 5.5%) in the office segment, remained unchanged at 6.0% in the retail segment, and fell to 7.25% for retail parks.

OFFICE

The market for modern office properties in Bratislava covered 1.99 million sqm at year-end 2021. Completions totalled 63,306 sqm. Roughly 138,000 sqm (2020: 200,000 sqm) are currently under construction, with 113,000 sqm scheduled to come on the market this year. The vacancy rate rose to 11.7% (2020: 11.1%) and take-up increased by 34% year-on-year to 239,000 sqm. Rental levels remained generally stable: Prime rents equalled EUR 17.0/sqm/month and ranged from EUR 12.50 to EUR 15.50/sqm/month in the central business district of Bratislava.

RETAIL

At year-end 2021, Slovakia had 2.39 million sqm of retail space (2020: 2.35 million sqm) and a further 57,522 sqm under development (2020: 150,000 sqm). The rising inflation rate was also reflected in increasing rents during the past year. Prime rents remained constant at 6.0% for shopping centers and declined slightly to 7.25% for retail parks.

Czech Republic

The Czech economy recovered from the COVID-19 pandemic in 2021 and generated GDP growth of 3.6% in the fourth quarter (2020: -5.3%). Due to its strong industrial orientation, the country was harder hit by global supply chain problems. Growth is forecasted to reach 4.4% this year before declining to 3.2% in 2023. Inflation climbed to 5.4% (2020: 2.4%) as a result of the sharp rise in energy prices but is expected to fall to 3.4% this year and to 2.3% in 2023. The employment market is recovering rapidly: The unemployment rate equalled 2.1% at year-end (2020: 3.2%), but forecasts show only slight declines in the coming years.

The transaction volume for Czech real estate investments contracted by more than 30% to EUR 1.9 billion in 2021 (2020: EUR 2.7 billion). Demand was strongest for industrial and logistics properties with a share of 44%, followed by office properties with 26% and retail properties with 15%. Prime yields remained unchanged at 4.25% for office properties and 5.75% for retail properties.

OFFICE

The office market in Prague had approx. 3.7 million sqm of modern space at the end of 2021. Completions totalled 56,800 sqm, and an additional 195,200 sqm (2020: 136,400 sqm) are currently under construction. Take-up rose by 16.0% year-on-year to 387,100 sqm, and the vacancy rate increased to 7.8% (2020: 7.0%). Prime rents rose to EUR 24.0/sqm/month, while average rents at good locations ranged from EUR 16.0 to EUR 18.0/sqm/month. Prime yields were unchanged at 4.25%.

RETAIL

The supply of retail space increased by roughly 45,200 sqm to 2.5 million sqm in 2021. A total of 24,500 sqm are currently under construction. The retail parks in the Czech Republic also benefited from the changes in purchasing behaviour which resulted from the pandemic. Prime rents in the retail parks rose to EUR 17.0/sqm/month and led to a decline in the prime yield to 6.0%. The prime yields for shopping centers were constant at 5.75%.

Hungary

The Hungarian economy continued its robust recovery in 2021 with a 7.1% quarter-on-quarter GDP increase in the final three months of the year (2020: -3.4%). GDP growth is forecasted to slow to 5.4% in 2022 and to 3.2% in 2023. Rising prices for goods and wage increases drove inflation to 7.4% at year-end (2020: 2.8%). A decline to 4.8% is projected for this year, followed by a drop to 3.4% in 2023. The unemployment rate equalled 3.7% at year-end (2020: 4.2%) and is expected to fall to 3.1% in 2022 and to 2.9% in 2023.

Investments on the commercial property market in Hungary totalled EUR 1.17 billion in 2021 (2020: EUR 1.25 billion), whereby local investors were responsible for roughly 70% of the transaction volume. Office properties were the most popular asset class at 82% or EUR 966 million, followed by logistics properties and hotels and retail properties. Prime yields remained stable at 5.25% for office properties and increased to 6.5% (2020: 6.0%) for retail properties.

OFFICE

Take-up on the Budapest office property market rose by roughly 14% to 365,800 sqm in 2021 (2020: 320,000 sqm). Completions totalled 44,500 sqm (2020: 235,000 sqm) and should increase to 302,600 sqm in 2022. The vacancy rate equalled 9.2% (2020: 9.1%). The average rent rose slightly to EUR 13.6/sqm/month. Prime rents ranged from EUR 24.0 to EUR 25.0/sqm/month.

RETAIL

Completions reached a ten-year high of 55,000 sqm in 2021, primarily due to the opening of a larger shopping center. Projects in 2022 are expected to focus on the refurbishment of older retail properties. Prime yields for shopping centers rose to 6.5% (2020: 6.0%). Similar to other markets, footfall and turnover recovered from the sharp drop in 2020.

Adriatic

IMMOFINANZ's Adriatic Region, which included Serbia, Slovenia, Croatia and Italy at the end of 2021, experienced a strong economic recovery during the second half-year. GDP growth in Italy reached 6.4% in the fourth quarter. Based on available third quarter data, Croatia recorded an impressive upturn with a GDP increase of 15.5%. Serbia and Slovenia reported a GDP increase of 7.7% and 5.0%, respectively. The highest inflation was registered in Serbia at 7.9% during December. Inflation rates were similar in the EU member states of Croatia (5.2%), Slovenia (5.1%) and Italy (4.2%). Unemployment was highest in Serbia at 10.7%. The unemployment rate in Italy equalled 9.0%, but this figure represents the national average and includes substantial regional differences. In Croatia, the unemployment rate equalled 7.0% in December but includes strong seasonal effects due to the high level of employment in the tourism sector. Slovenia recorded the lowest unemployment at 4.6% in December 2021.

Among the commercial property markets in this region, Italy is by far the most important with a volume of EUR 10.4 billion in 2021. Prime yields in Italy equalled 2.90% for offices and 6.15% for shopping centers. The transaction volume in SEE is comparatively lower. Properties totalling EUR 950 million were traded, whereby the largest component was recorded in Serbia at EUR 580 million. Croatia was responsible for a volume of EUR 238 million. Prime yields were equivalent at 8.00% in Serbia; they equalled 7.25% for retail properties and 7.75% for offices in Croatia; and 7.25% for retail properties in Slovenia.

Portfolio Report

Innovation, strong earning power and crisis resistance

The development of the IMMOFINANZ property portfolio during the 2021 financial year resulted in an increase to EUR 5.2 billion by the end of December 2021 (31 December 2020: EUR 5.0 billion). The Group's portfolio strategy is based on clearly defined brands as well as flexible and innovative offers with high customer orientation. In this way, IMMOFINANZ meets the needs of tenants and consumers in the retail sector and tenants and their employees in the office sector. The occupancy rate equalled roughly 95% as of 31 December 2021 (31 December 2020: 96%) and remained constant at a high level. The retail properties in the STOP SHOP and VIVO! brands were practically fully rented at almost 99%, and in the office business, the occupancy rate in our myhive brand equalled nearly 91%.

Take-up amounted to approximately 427,500 sqm in 2021, or 22.0% of the total rentable space. In the office properties, the take-up of roughly 150,000 sqm even exceeded the 2019 pre-crisis level.

Waiting lists for flexible myhive solutions

In the office business, the pandemic has increased tenants' wish for greater flexibility. IMMOFINANZ is optimally positioned to address this trend with its flexible myhive office concept and offers tenants a high-quality office environment with a feel-good atmosphere and a lively community with all-inclusive service. Tenants only pay for the space they need and can adjust their requirements on short notice. This flexible myhive office product was rolled out in 2021. Short-term reservations for mycowork and myconference space are currently available at eight locations. Demand is developing very well, and there are already waiting lists at several locations.

In the retail business, nearly 48% of IMMOFINANZ's rented retail space was still temporarily closed at the end of March 2021 due to the wide-ranging COVID-19 containment measures. This situation improved substantially during the second and third quarters and, at the end of September, there were no further pandemic-related closings. The fourth quarter brought an increase in uncertainty throughout IMMOFINANZ's core markets due to the sharp rise in the number of infections. Austria entered another lockdown period on 22 November 2021, which was limited to three weeks and led to temporary retail closings (apart from everyday necessities). However, only about 15% of IMMOFINANZ's retail space was affected by temporary shutdowns at the end of November 2021, which were then gradually reopened.

Higher revenues and strong recovery in visitor traffic

The earlier waves of the COVID-19 pandemic were followed by the very rapid recovery of visitor traffic in the retail parks after the end of the lockdowns. The STOP SHOP retail parks benefited from direct access to the individual shops from the parking areas and their focus on everyday products with an emphasis on the price-conscious segment. Statistics also showed that people shopped less frequently but spent more per visit as a result of the pandemic. Footfall in the STOP SHOPs – including the COVID-19-related shutdown days – was about 1% higher than the previous year but roughly 19% below the 2019 pre-crisis level.

Footfall in the VIVO! shopping centers increased by about 12% compared to 2020 and was roughly 20% lower than the 2019 pre-crisis year. A like-for-like comparison, after an adjustment for the shutdown days, shows that retailers' revenues have again reached the 2019 pre-crisis level (based on a coverage ratio of approximately 60%).

By mid-March 2022, 92.0% of the rents invoiced in 2021 (after the deduction of rental reductions and write-downs) for space in the office and retail properties had been paid (retail: 88.5%; office: 95.5%). This high percentage speaks for IMMOFINANZ's intensive and professional communications with tenants as well as their financial standing and the appropriateness of the temporary support agreements. The rental reductions granted during this period amounted to 6.5% of the contractual rents (retail: 9.6%; office: 3.3%).

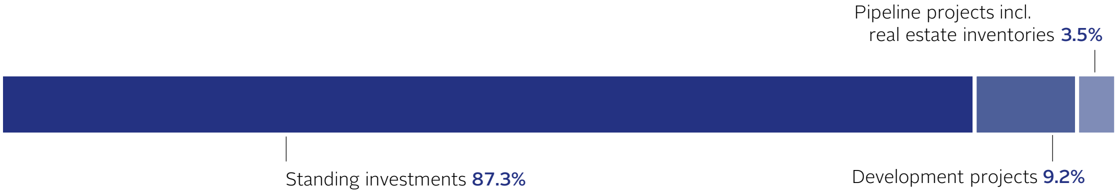
Property portfolio

The IMMOFINANZ property portfolio covered 225 properties* as of 31 December 2021 (31 December 2020: 209) with a combined value of EUR 5,160.8 million (31 December 2020: EUR 4,978.9 million). These properties are located, above all, in the core markets of Austria, Germany, Poland, Czech Republic, Slovakia, Hungary, Romania and Adriatic. Standing investments represent the largest component at EUR 4,506.2 million, or 87.3% of the carrying amount, and 1.9 million sqm which generate steady rental income. Development projects are responsible for EUR 474.3 million, or 9.2% of the carrying amount. Pipeline projects are responsible for EUR 180.3 million, or 3.5%, and include future planned development projects, undeveloped land and real estate inventories.

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. These three brands were responsible for 79.3% of the carrying amount of the standing investment portfolio at the end of December 2021 and 85.2% of rental income (Q4 2021). A further 11.9% of the carrying amount is attributable to office buildings which are rented to single tenants. The largest of these properties are the City Tower in Vienna, which is leased to the Austrian government, and the FLOAT in Düsseldorf.

Structure of the property portfolio

Total carrying amount: EUR 5,160.8 million



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 on the balance sheet also include capitalised rights of use for building rights.

In line with the strategic expansion of business activities in Slovenia, Serbia and Croatia, IMMOFINANZ decided to combine these three countries into a new segment "Adriatic" which has been reported separately since the first quarter of 2021. These three countries were previously included under the "Other countries" segment. IMMOFINANZ entered the market in Italy during July 2021; business activities in this country were also included in the **Adriatic** segment beginning with the third quarter of 2021.

* 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 of the notes to the consolidated financial statements).

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	817.8	91.9	29.7	939.5	18.2
Germany	5	470.0	163.6	0.6	634.2	12.3
Poland	26	980.4	3.3	0.0	983.6	19.1
Czech Republic	20	562.0	2.3	0.0	564.4	10.9
Hungary	23	382.7	72.6	2.7	458.0	8.9
Romania	35	575.1	109.7	86.7	771.6	15.0
Slovakia	21	326.0	0.0	1.2	327.1	6.3
Adriatic[2]	60	392.1	30.9	47.3	470.2	9.1
Other countries[3]	4	0.0	0.0	12.2	12.2	0.2
IMMOFINANZ	**225**	**4,506.2**	**474.3**	**180.3**	**5,160.8**	**100.0**
in %		**87.3**	**9.2**	**3.5**	**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: Serbia, Slovenia, Croatia and Italy
[3] Turkey

Property acquisitions

The strategic expansion of IMMOFINANZ’s flexible international myhive office brand continued during 2021, as announced, and the group acquired the Bucharest Financial Plaza office building from the Erste Group subsidiary Banca Comercială Română in March. Plans include its modernisation and conversion into a high-quality, ESG-compliant myhive building with “Gold” sustainability certification as a minimum. The gross rental space is expected to total approximately 27,700 sqm after the refurbishment. The transaction costs amounted to EUR 36.0 million. The acquisition of four retail parks in Serbia, which was announced in 2020, also closed during the first quarter of 2021. This real estate package in Serbia covers locations in Leskovac, Šabac, Sombor and Zaječar with approximately 29,500 sqm of rentable space.

In July 2021, IMMOFINANZ acquired a fully rented retail park in the north Italian city of San Fiore with almost 27,000 sqm of rentable space which now operates as the STOP SHOP San Fior. The seller was the international investment bank Barings, and the sale price totalled approximately EUR 35.0 million, for a gross purchase return of 8.2%. The transaction closed on 2 July, and the retail park was initially reported under the Adriatic segment in the third quarter of 2021. This acquisition continues the expansion of IMMOFINANZ’s successful and crisis-resistant STOP SHOP retail brand and, with **Italy**, opens a new market in Europe.

IMMOFINANZ secured 22 sites in medium-sized Croatian cities during December as locations for new STOP SHOP retail parks. The purchase price for all sites totalled approximately EUR 80 million. The acquisition was preceded by intensive market and site analyses which indicated strong demand by the Croatian population for decentralised, local supplies. The retail parks planned for these locations will have more than 190,000 sqm of rentable space. The STOP SHOP portfolio in Croatia will grow from the current four standing investments to more than 20 properties over the next three to five years. The investment volume for the new locations is expected to total approximately EUR 250 million.

Investments

Investments in the real estate portfolio totalled EUR 265.7 million in 2021, compared with EUR 162.1 million in the previous year.

Property sales

In spite of the still challenging market environment, properties totalling EUR 328.4 million (including IFRS 5 held-for-sale properties) were sold during 2021. Included here are the Cluster Produktionstechnik office building in Aachen, which was sold to Axa for approximately EUR 124 million (including rights of use), as well as older non-core office properties in Warsaw and Budapest.

Structure of the property portfolio by asset class and classification

Total carrying amount: EUR 5,092.2 million (excluding Others); amounts in MEUR

Selected details on the carrying amount of IMMOFINANZ's property portfolio as of 31 December 2021 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	**59**	**2,713.0**	**437.1**	**60.3**	**3,210.4**	**62.2**
thereof myhive	35	1,789.7	416.2	0.0	2,205.9	42.7
Retail	**147**	**1,793.1**	**36.6**	**52.0**	**1,881.8**	**36.5**
thereof VIVO!/ shopping center	10	669.4	0.0	0.0	669.4	13.0
thereof STOP SHOP/ retail park	131	1,112.7	36.6	36.7	1,185.9	23.0
Others	19	0.0	0.6	68.0	68.6	1.3
IMMOFINANZ	**225**	**4,506.2**	**474.3**	**180.3**	**5,160.8**	**100.0**

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

Standing investments

With an 87.3% 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 steady increase in quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants as well as the continuous improvement of the portfolio as regards sustainability and environmentally friendly criteria in agreement with the Net Zero Emission Strategy and the requirements of the EU Taxonomy.

The 153 standing investments had a combined carrying amount of EUR 4,506.2 million as of 31 December 2021 (31 December 2020: 153 standing investments with a carrying amount of EUR 4,428.5 million). Of this total, 60.2% are attributable to office properties and 39.8% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Poland (EUR 980.4 million), Austria (EUR 817.8 million) and Romania (EUR 575.1 million). The rentable space in this portfolio totalled 1,939,581 sqm at year-end 2021 (31 December 2020: 1,953,460 sqm). The standing investment portfolio has a gross return of 5.9% based on IFRS rental income and a return of 6.3% based on invoiced rents. The difference is explained by the accrual of rental incentives – e.g. the standard market practice of granting rent-free periods or allowances for fit-out costs. These incentives must be accrued on a straight-line basis over the contract term in accordance with IFRS (basis for gross return under IFRS) but are not included in the invoiced rent.

The occupancy rate remained constant at a high level of 95.1% (31 December 2020: 96.0%). According to the EPRA's calculation formula, the vacancy rate equalled 5.1% (31 December 2020: 4.0%). 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 49). Take-up amounted to roughly 427,500 sqm (excluding standing investments in the Other asset class; 2020: 616,000 sqm) despite the still challenging market conditions and represented 22.0% of the total rentable space. The take-up includes 83,200 sqm of new rentals and 344,300 sqm of contract extensions (2020: 65,000 sqm and 551,000 sqm). The average unexpired lease term (WAULT*) weighted by rental income was stable as of 31 December 2021 at 4.3 years (31 December 2020: 4.2 years).

Contract expiration profile: standing investments (total)

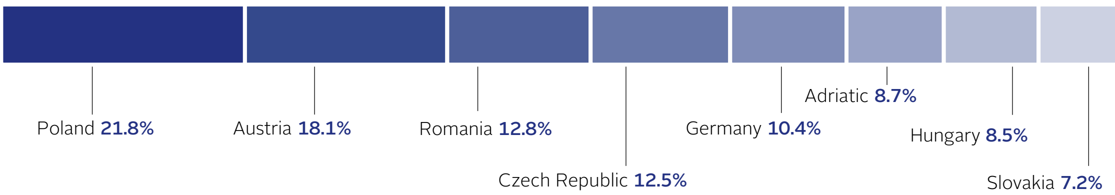
Expiring rental contracts as of the earliest possible contract end in relation to the total rented space (only GLA space[1]):

1 year in %	2 years in %	3 years in %	4 years in %	5 years in %	> 5 years in %	> 10 years in %
12	14	16	16	17	25	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.

Standing investments by core market

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 31 December 2021 by country, based on the carrying amount:



* Average unexpired lease term weighted by rental income, excluding 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	817.8	18.1	237,681	230,470	97.0
Germany	2	470.0	10.4	65,945	51,151	77.6
Poland	24	980.4	21.8	417,464	401,453	96.2
Czech Republic	19	562.0	12.5	220,314	215,443	97.8
Hungary	19	382.7	8.5	225,504	218,277	96.8
Romania	11	575.1	12.8	303,816	269,299	88.6
Slovakia	20	326.0	7.2	188,076	179,141	95.2
Adriatic[1]	34	392.1	8.7	280,782	278,973	99.4
IMMOFINANZ	**153**	**4,506.2**	**100.0**	**1,939,581**	**1,844,206**	**95.1**

Standing investments	Rental income Q4 2021 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	8.6	4.2 (4.6)	328.2	0.8	1.5	40.1
Germany	2.5	2.2 (2.3)	210.7	0.7	0.9	44.8
Poland	15.3	6.3 (7.0)	422.7	1.2	1.9	43.1
Czech Republic	7.4	5.3 (5.6)	307.8	1.2	1.5	54.8
Hungary	7.4	7.7 (8.2)	194.4	1.3	1.8	50.8
Romania	11.1	7.7 (8.4)	0.0	0.0	0.0	0.0
Slovakia	5.4	6.6 (7.1)	177.7	1.2	1.8	54.5
Adriatic[1]	8.4	8.6 (8.6)	98.0	1.8	1.9	25.0
IMMOFINANZ	**66.2**	**5.9 (6.3)**	**1,739.5**	**1.1**	**1.6**	**38.6**
Development projects and pipeline projects	1.4		80.1	1.3	1.7	
Rental income from sold properties and adjustments	0.7		0.0	0.0	0.0	
Group financing	0.0		1,265.3	0.0	2.3	
IMMOFINANZ	**68.3**		**3,084.9**	**1.1**	**1.9**	
Market value property portfolio in MEUR						5,160.8
EPRA NAV S IMMO shares (19.5 million shares)[3] in MEUR						551.4
Cash and cash equivalents[4] in MEUR			-987.1			
Properties/liabilities held for sale (asset & share deals) in MEUR			0.0			9.0
IMMOFINANZ in MEUR			**2,097.8**			**5,721.2**
Net LTV in %						**36.7**

[1] In declining order based on the carrying amount: Serbia, Slovenia, Croatia and Italy
[2] Financing costs based on nominal outstanding liability
[3] 19.5 million S IMMO shares at the EPRA NAV of EUR 28.28 per share as of 30 September 2021
[4] Cash and cash equivalents, incl. cash and cash equivalents from assets held for sale

Like-for-like rental income stable

A like-for-like analysis (i.e. acquisitions, completions and sales are deducted to facilitate comparison with Q4 2020) shows that rental income was very stable in the fourth quarter of 2021 (EUR 63.0 million versus EUR 64.0 million in Q4 2020). Most markets were stable to moderately positive, while the slight decline in the Adriatic region resulted from a positive non-recurring effect in the previous year and does not indicate a downward trend in rental income.

Standing investments like-for-like by core market

Standing investments like-for-like[1]	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rental income Q4 2021 in MEUR	Rental income Q4 2020 in MEUR	Change in rental income in MEUR
Austria	22	737.8	18.0	7.9	7.7	0.3
Germany	1	257.4	6.3	2.1	2.1	0.0
Poland	24	980.4	23.9	15.3	15.3	0.0
Czech Republic	17	534.2	13.0	7.0	6.4	0.6
Hungary	19	382.7	9.3	7.4	6.8	0.5
Romania	11	575.1	14.0	11.1	11.1	0.0
Slovakia	20	326.0	7.9	5.4	6.1	-0.7
Adriatic	27	313.7	7.6	6.7	8.4	-1.7
IMMOFINANZ	**141**	**4,107.3**	**100.0**	**63.0**	**64.0**	**-1.0**
Rental income from properties sold/ acquired, IFRS 15 and IFRS 16 adjustments and development projects				5.3		
IMMOFINANZ				**68.3**		

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 2021 in MEUR	Rental income Q4 2020 in MEUR	Change in rental income in MEUR
Office	**40**	**2,430.3**	**59.2**	**29.1**	**29.5**	**-0.3**
thereof myhive	25	1,507.0	36.7	19.6	19.8	-0.2
Retail	**101**	**1,677.0**	**40.8**	**33.9**	**34.5**	**-0.6**
thereof VIVO!/shopping center	10	669.4	16.3	13.5	13.4	0.0
thereof STOP SHOP/retail park	89	996.5	24.3	20.2	20.8	-0.7
Others	0	0.0	0.0	0.0	0.0	0.0
IMMOFINANZ	**141**	**4,107.3**	**100.0**	**63.0**	**64.0**	**-1.0**

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 42 office standing investments totalled EUR 2,713.0 million as of 31 December 2021 (31 December 2020: 47 standing investments with a carrying amount of EUR 2,749.9 million). These assets represented 60.2% of the standing investment portfolio and 45.5% of the rental income from standing investments in the fourth quarter of 2021. A regional analysis shows the focal points of the IMMOFINANZ office properties in the core markets of Poland (EUR 702.2 million), Austria (EUR 668.8 million) and Germany (EUR 470.0 million).

Following the sale of several office properties in line with the corporate strategy, including Cluster Produktionstechnik in Aachen and four office buildings in Warsaw, the rentable space in the office standing investments amounted to 866,700 sqm (31 December 2020: 940,303 sqm). Based on annualised rents (Q4 2021: EUR 30.1 million), the office portfolio generated a gross return of 4.4% and a return of 5.0% based on invoiced rents. The office properties in the myhive brand represent a carrying amount of EUR 1,789.7 million and generated a gross return of 4.6%, respectively 5.3% based on invoiced rents.

The occupancy rate in the office portfolio equalled 90.6% at the end of December 2021 (31 December 2020: 93.7%), whereby the decline since the beginning of the year was caused primarily by a single tenant in Germany who was severely affected by the COVID-19 pandemic and by reclassifications in Romania (larger modernisation projects and IFRS 5). We were able to find a good solution that allowed us, with low renovation costs, to offer part of this previously occupied space in Germany as a flexible myhive product. Based on the EPRA's calculation formula, the vacancy rate equalled 8.6% (31 December 2020: 5.5%), and the myhive offices had an occupancy rate of 91.0%. Despite the still challenging market environment, take-up in the office business reached roughly 150,000 sqm (2020: 155,000 sqm). Nearly 49,900 sqm represented new rentals, including a 25-year lease for almost 11,000 sqm with the Provita Group, a leading medical center provider in Romania. Contract extensions amounted to 100,100 sqm (2020: 42,500 sqm of new rentals and 112,500 sqm of contract extensions).

The office portfolio has a balanced tenant structure. As of 31 December 2021, the ten largest tenants were responsible for 23.7% of the space in the office standing investments, and no single tenant has rented more than 3.4% of the total space in these properties. The WAULT* equalled 4.0 years as of 31 December 2021 (31 December 2020: 4.4 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 %
14	17	18	16	13	24	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.

An overview of the IMMOFINANZ office properties can be found under https://immofinanz.com/en/office/office-search.

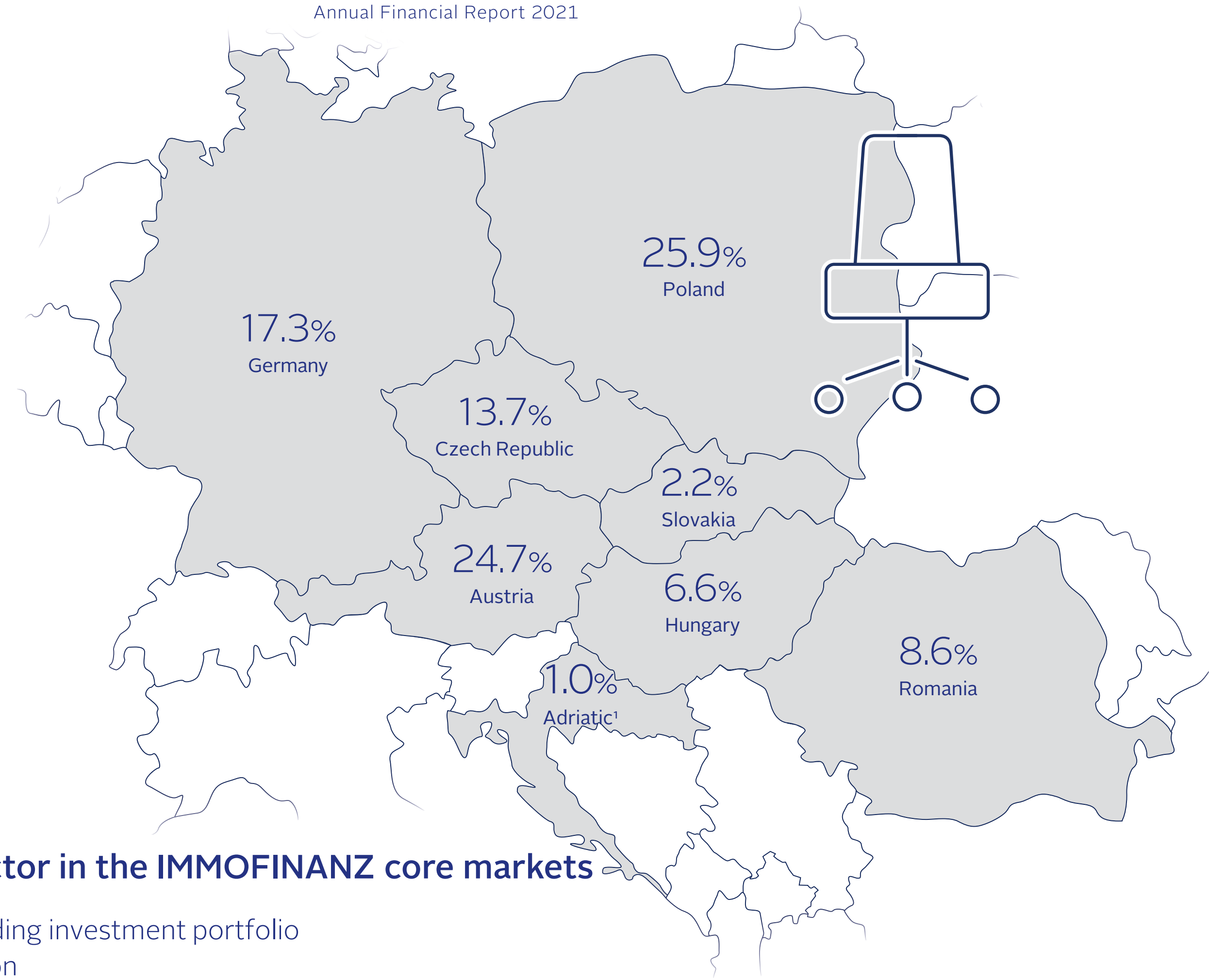
Key data on the office standing investments by category

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	**42**	**2,713.0**	**100.0**	**866,700**	**785,160**	**90.6**
thereof myhive	27	1,789.7	66.0	605,946	551,539	91.0

Standing investments	Rental income Q4 2021 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	**30.1**	**4.4 (5.0)**	**1,154.0**	**1.0**	**1.5**	**42.5**
thereof myhive	20.5	4.6 (5.3)	763.5	1.1	1.7	42.7

[1] Financing costs based on nominal outstanding liability

* 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 2,713.0 million
as of 31 December 2021

Poland

Number of properties	10
Carrying amount in MEUR	702.2
Carrying amount in %	25.9
Rentable space in sqm	232,022
Occupancy rate in %	94.5
Rental inc. Q4 2021 in MEUR	9.5
Gross return in %	5.4

Austria

Number of properties	10
Carrying amount in MEUR	668.8
Carrying amount in %	24.7
Rentable space in sqm	165,129
Occupancy rate in %	95.9
Rental inc. Q4 2021 in MEUR	6.2
Gross return in %	3.7

Germany

Number of properties	2
Carrying amount in MEUR	470.0
Carrying amount in %	17.3
Rentable space in sqm	65,945
Occupancy rate in %	77.6
Rental inc. Q4 2021 in MEUR	2.5
Gross return in %	2.2

Czech Republic

Number of properties	6
Carrying amount in MEUR	372.9
Carrying amount in %	13.7
Rentable space in sqm	107,943
Occupancy rate in %	96.0
Rental inc. Q4 2021 in MEUR	4.1
Gross return in %	4.4

Romania

Number of properties	6
Carrying amount in MEUR	233.4
Carrying amount in %	8.6
Rentable space in sqm	154,216
Occupancy rate in %	78.2
Rental inc. Q4 2021 in MEUR	3.7
Gross return in %	6.3

Hungary

Number of properties	5
Carrying amount in MEUR	178.6
Carrying amount in %	6.6
Rentable space in sqm	89,925
Occupancy rate in %	93.8
Rental inc. Q4 2021 in MEUR	2.8
Gross return in %	6.3

Slovakia

Number of properties	2
Carrying amount in MEUR	58.9
Carrying amount in %	2.2
Rentable space in sqm	35,612
Occupancy rate in %	89.7
Rental inc. Q4 2021 in MEUR	0.9
Gross return in %	5.8

Adriatic[1]

Number of properties	1
Carrying amount in MEUR	28.3
Carrying amount in %	1.0
Rentable space in sqm	15,908
Occupancy rate in %	100.0
Rental inc. Q4 2021 in MEUR	0.5
Gross return in %	7.1

IMMOFINANZ

Number of properties	42
Carrying amount in MEUR	2,713.0
Carrying amount in %	100.0
Rentable space in sqm	866,700
Occupancy rate in %	90.6
Rental inc. Q4 2021 in MEUR	30.1
Gross return in %	4.4

[1] Croatia

Retail standing investments

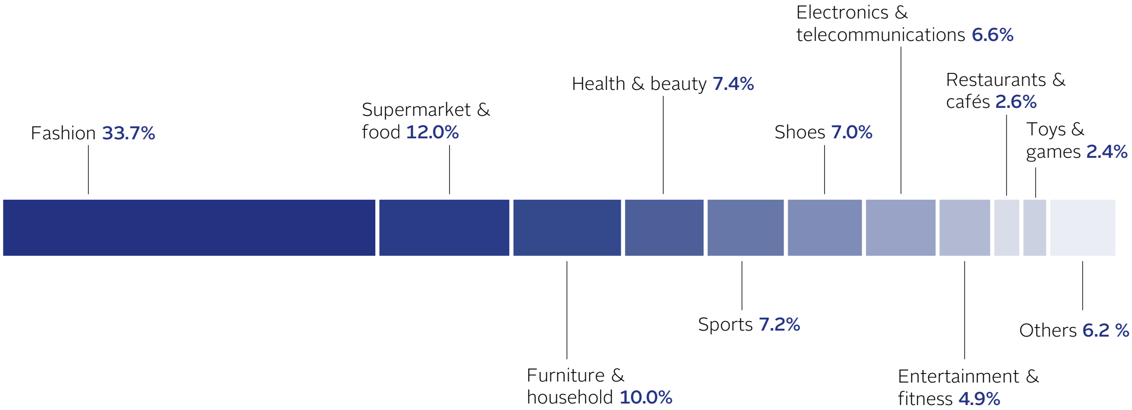
The carrying amount of the 111 standing investments in the retail sector totalled EUR 1,793.1 million as of 31 December 2021 (31 December 2020: 105 standing investments with a carrying amount of EUR 1,671.1 million). These properties represented 39.8% of the standing investment portfolio and generated 54.5% of the rental income from standing investments in the fourth quarter of 2021. The largest regional markets were the Adriatic (Serbia, Slovenia, Croatia and Italy) with EUR 363.8 million, Romania with EUR 341.8 million and Poland with EUR 278.2 million. The STOP SHOP retail parks had a carrying amount of EUR 1,112.7 million and a gross return of 8.1%, respectively 8.2% based on invoiced rents. The VIVO! shopping centers had a carrying amount of EUR 669.4 million; they generated a gross return of 8.1% and an invoiced rental return of 8.5%.

Based on annualised rents (Q4 2021: EUR 36.1 million), the retail portfolio had a gross return of 8.1%, respectively 8.3% based on invoiced rents. The rentable space in this portfolio totalled 1,072,881 sqm (31 December 2020: 1,013,157 sqm). The occupancy rate in the retail properties remained high at 98.7% as of 31 December 2021 (31 December 2020: 98.1%); the STOP SHOP retail parks and VIVO! shopping centers reported occupancy rates of 98.9% and 98.2%, respectively. Take-up in the retail properties amounted to 277,500 sqm in 2021 (2020: 460,900 sqm), whereby 33,300 sqm were attributable to new rentals and 244,200 sqm to contract extensions (2020: 22,500 sqm and 438,400 sqm).

IMMOFINANZ relies on a balanced tenant mix to create an optimal environment for retailers and their customers. All larger 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* rose to 4.6 years as of 31 December 2021 (31 December 2020: 3.9 years).

Branch mix – Retail

Rented space in the standing investments as of 31 December 2021



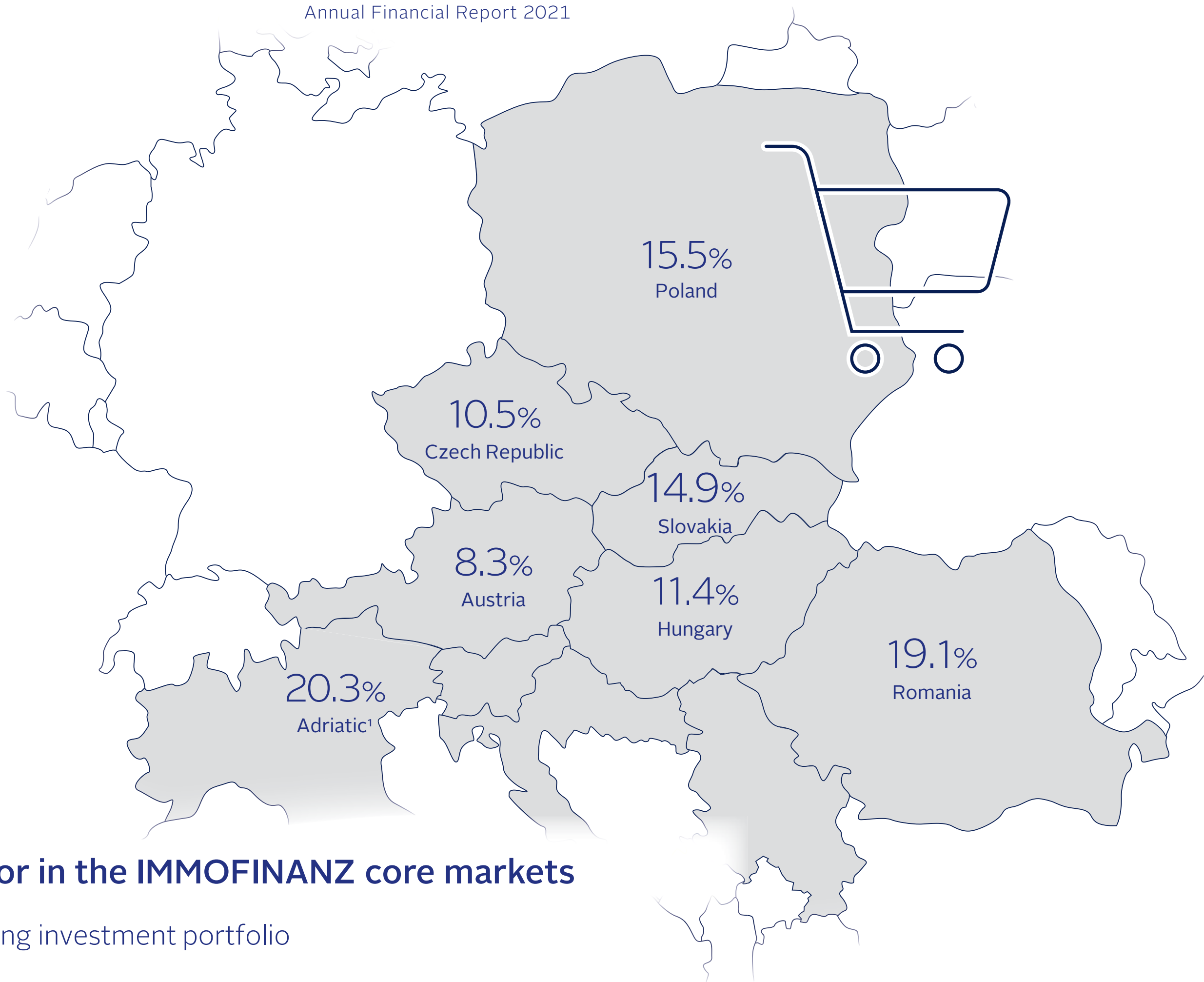
Contract expiration profile: retail standing investments

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 %
10	12	15	15	20	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.

* 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 1,793.1 million
as of 31 December 2021

Adriatic[1]

Number of properties	33
Carrying amount in MEUR	363.8
Carrying amount in %	20.3
Rentable space in sqm	264,874
Occupancy rate in %	99.3
Rental inc. Q4 2021 in MEUR	7.9
Gross return in %	8.7

Romania

Number of properties	5
Carrying amount in MEUR	341.8
Carrying amount in %	19.1
Rentable space in sqm	149,599
Occupancy rate in %	99.4
Rental inc. Q4 2021 in MEUR	7.5
Gross return in %	8.8

Poland

Number of properties	14
Carrying amount in MEUR	278.2
Carrying amount in %	15.5
Rentable space in sqm	185,442
Occupancy rate in %	98.2
Rental inc. Q4 2021 in MEUR	5.9
Gross return in %	8.4

Slovakia

Number of properties	18
Carrying amount in MEUR	267.1
Carrying amount in %	14.9
Rentable space in sqm	152,464
Occupancy rate in %	96.6
Rental inc. Q4 2021 in MEUR	4.5
Gross return in %	6.7

Hungary

Number of properties	14
Carrying amount in MEUR	204.2
Carrying amount in %	11.4
Rentable space in sqm	135,578
Occupancy rate in %	98.8
Rental inc. Q4 2021 in MEUR	4.6
Gross return in %	9.0

Czech Republic

Number of properties	13
Carrying amount in MEUR	189.2
Carrying amount in %	10.5
Rentable space in sqm	112,371
Occupancy rate in %	99.5
Rental inc. Q4 2021 in MEUR	3.3
Gross return in %	7.0

Austria

Number of properties	14
Carrying amount in MEUR	149.0
Carrying amount in %	8.3
Rentable space in sqm	72,551
Occupancy rate in %	99.4
Rental inc. Q4 2021 in MEUR	2.5
Gross return in %	6.6

IMMOFINANZ

Number of properties	111
Carrying amount in MEUR	1,793.1
Carrying amount in %	100.0
Rentable space in sqm	1,072,881
Occupancy rate in %	98.7
Rental inc. Q4 2021 in MEUR	36.1
Gross return in %	8.1

[1] Serbia, Slovenia, Italy and Croatia

An overview of the IMMOFINANZ retail properties can be found under https://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	**111**	**1,793.1**	**100.0**	**1,072,881**	**1,059,047**	**98.7**
thereof VIVO!/shopping center	10	669.4	37.3	312,444	306,879	98.2
thereof STOP SHOP/retail park	99	1,112.7	62.1	750,135	742,177	98.9

Standing investments	Rental income Q4 2021 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	**36.1**	**8.1 (8.3)**	**585.5**	**1.3**	**1.9**	**32.7**
thereof VIVO!/shopping center	13.5	8.1 (8.5)	155.9	1.1	1.7	23.3
thereof STOP SHOP/retail park	22.4	8.1 (8.2)	429.6	1.4	2.0	38.6

[1] Financing costs based on nominal outstanding liability

Development projects

The development projects had a carrying amount of EUR 474.3 million as of 31 December 2021, which represents 9.2% of the total property portfolio (31 December 2020: EUR 358.6 million and 7.2%). This amount includes EUR 460.8 million of active development projects and EUR 13.5 million of projects in the preparation or conception phase, for which outstanding construction costs are not yet available – above all STOP SHOP development projects in Croatia. The expected fair value of the active projects on completion amounts to EUR 686.7 million. The core markets of Germany and Romania represent the focus of these activities based on an expected fair value after completion of EUR 171.6 million and EUR 195.8 million, followed by Austria with EUR 145.7 million.

Current focus of development activities

Romania

Two existing office buildings in the Bucharest IRIDE Business Park are currently undergoing modernisation: one project has been completed, and the second is being adapted into a multidisciplinary hospital for the tenant Provita and is expected to open in April 2022. The Bucharest Financial Plaza, which was acquired in the first quarter of 2021, will be converted into a high-quality, sustainable office property under the flexible, premium myhive brand and will operate as the myhive Victoriei. Completion is expected starting in 2024. The standing investment myhive Victoria Park will be extensively modernised and integrated in the flexible myhive office concept.

Germany

The myhive Medienhafen Alto in the Düsseldorf Medienhafen is designed as a multi-tenant building and offers flexible myhive products. It has roughly 21,700 sqm of rentable space on 16 floors and is scheduled for completion in 2022.

Austria

The three development projects in progress as of 31 December 2021 involve the upgrading of existing office buildings in Vienna. The modernisation of a building at the myhive Wienerberg has been completed, and work on the two other office properties should be finalised in 2023 and 2024.

Hungary

An existing office building in Budapest is also undergoing modernisation.

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 started in summer 2021, and completion is planned for the second quarter of 2022. As a next step, additional STOP SHOP retail parks will be developed in Velika Gorica, Daruvar, Gospić, Pazin and Vinkovci.

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	3	91.8	19.9	53.9	33,076	145.7	6.2	4.2
Germany	1	163.6	35.5	8.0	21,707	171.6	6.5	3.8
Poland	1	2.8	0.6	6.6	6,732	10.0	0.8	8.4
Hungary	1	72.6	15.8	5.2	33,896	77.8	6.2	8.0
Romania	4	109.1	23.7	81.7	77,879	195.8	14.7	7.7
Adriatic[2]	7	20.9	4.5	60.9	55,344	85.8	6.9	8.4
Active projects	**17**	**460.8**	**100.0**	**216.2**	**228,634**	**686.7**	**41.3**	**6.1**
Projects in preparation	7	13.5						
IMMOFINANZ	**24**	**474.3**						

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

Pipeline projects

Pipeline projects include future planned development projects, undeveloped land and/or temporarily suspended projects. These projects had a carrying amount of EUR 180.3 million as of 31 December 2021, or 3.5% of the total property portfolio (31 December 2020: EUR 191.8 million and 3.9%). Romania represented the focal point at EUR 86.7 million. Plans call for the further reduction of pipeline projects – above all land reserves in Romania – through sales in line with IMMOFINANZ's strategy.

Assets held for sale

The assets held for sale totalled EUR 9.0 million as of 31 December 2021 and are not included in this portfolio report (31 December 2020: EUR 168.4 million including capitalised rights of use for building rights). Purchase contracts have already been signed for these properties. Additional details are provided in section 4.9 of the notes to the consolidated financial statements.

Property Valuation

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

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 2021, CBRE was responsible for appraising nearly the entire IMMOFINANZ portfolio (approximately EUR 5 billion). Internal appraisals covered 0.5%.

Development of property valuation in 2021

Revaluation results totalled EUR 121.0 million in 2021, compared with crisis-related write-downs of EUR -166.5 million in the previous year due to the COVID-19 pandemic. In the standing investment portfolio, revaluation results and goodwill amounted to EUR 85.9 million (2020: EUR -156.6 million), or 1.8% of the carrying amount at year-end 2021. Valuation increases in the office segment equalled EUR 65.7 million, or 2.4% of the carrying amount at the end of 2021, whereby the most positive individual effects were recorded from office properties in Düsseldorf, Vienna and Warsaw. In the retail segment, revaluations equalled EUR 21.0 million, or 1.1% of the carrying amount, and were supported by positive effects in the VIVO! shopping centers in Romania and the Czech Republic due to an improvement in the operating environment.

Development of property valuation like-for-like

A like-for-like analysis – i.e. after an adjustment for new acquisitions, completions and sales to improve comparability – shows a positive valuation effect of EUR 88.4 million for 2021 (2020: EUR -145.6 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 2021 in MEUR
Austria	22	737.8	18.0	39.3
Germany	1	257.4	6.3	16.2
Poland	24	980.4	23.9	-1.4
Czech Republic	17	534.2	13.0	9.0
Hungary	19	382.7	9.3	3.7
Romania	11	575.1	14.0	13.5
Slovakia	20	326.0	7.9	-0.3
Adriatic[2]	27	313.7	7.6	8.5
IMMOFINANZ	**141**	**4,107.3**	**100.0**	**88.4**

[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.
[2] In declining order based on the carrying amount: Slovenia, Serbia and Croatia

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 2021 in MEUR
Office	**40**	**2,430.3**	**59.2**	**50.2**
thereof myhive	25	1,507.0	36.7	15.9
Retail	**101**	**1,677.0**	**40.8**	**38.2**
thereof VIVO!/shopping center	10	669.4	16.3	3.4
thereof STOP SHOP/retail park	89	996.5	24.3	34.8
IMMOFINANZ	**141**	**4,107.3**	**100.0**	**88.4**

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

Financing

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 414.1 million was concluded in 2021. That represents 13.4% of the total financial liabilities as of 31 December 2021 and involves extensions as well as new financing.

Financial liabilities* amounted to EUR 3.1 billion as of 31 December 2021 (31 December 2020: EUR 3.2 billion). Cash and cash equivalents, including cash held for sale, totalled EUR 987.1 million (31 December 2020: EUR 1,051.4 million). Net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.1 billion (31 December 2020: EUR 2.1 billion).

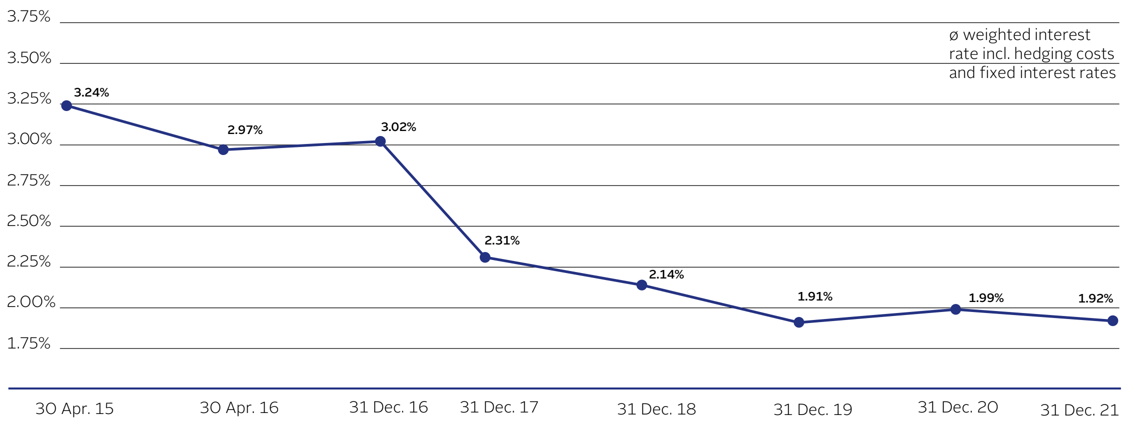
IMMOFINANZ AG concluded an unsecured, revolving corporate credit line of EUR 100.0 million at the end of March 2020 with a term that was extended to 30 June 2023 during the reporting year. It can be used at the company's discretion and gives IMMOFINANZ additional financial flexibility. The credit line was unused as of the reporting date and is therefore available in full.

Robust balance sheet structure

As of 31 December 2021, IMMOFINANZ had a robust balance sheet structure with an equity ratio of 48.1% (31 December 2020: 45.1%) and a net loan-to-value ratio (net LTV) of 36.7% (31 December 2020: 37.8%).

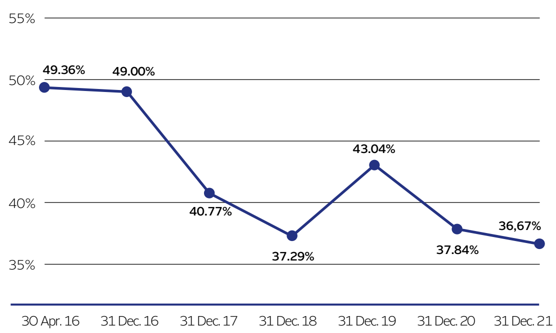
The indicator net LTV compares the carrying amount of financing, less cash and cash equivalents, with the total carrying amount of the properties and the EPRA NAV (EUR 28.28 as of 30 September 2021) for the roughly 19.5 million shares held in S IMMO AG (S IMMO).

Development of average financing costs



* Excluding lease liabilities of EUR 51.7 million in accordance with the application of IFRS 16; including IFRS 5

Development of net LTV



Calculation of net LTV as of 31 December 2021

Amounts in TEUR	
Carrying amount of financing[1]	3,084,912.9
- Cash and cash equivalents[2]	-987,145.2
Net carrying amount of financing	2,097,767.7
Carrying amount of property[3] & EPRA NAV of S IMMO shares[4]	5,721,248.3
Net LTV in %	**36.7**

[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 28.28 per share as of 30 September 2021

Constant financing costs

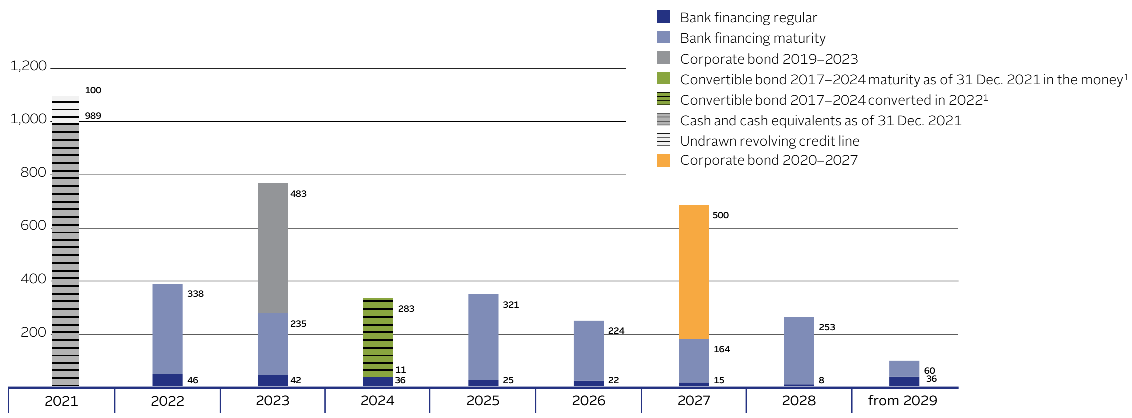
The average financing costs for IMMOFINANZ, including derivatives, equalled 1.92% per year as of 31 December 2021 (31 December 2020: 1.99% per year). The hedging quota remained stable at 88.8% (31 December 2020: 88.6%).

Term structure

The weighted average remaining term of financial liabilities equalled 3.75 years at the end of December 2021 (2020: 4.25 years). The following graph shows the term structure by year as of 31 December 2021. The maturing financing volume for the 2022 financial year amounted only to EUR 338.1 million at year-end 2021. IMMOFINANZ is in regular contact with its financing banks to discuss the premature extension of expiring financing, in particular for the 2022 and 2023 financial years, in order to further optimise the term structure.

Term structure of financial liabilities by financial year as of 31 December 2021

in MEUR



[1] The convertible bond 2017–2024 was "in the money" as of 31 December 2021 and classified as short-term on the balance sheet. A total of EUR 284.8 million had been converted by the end of March 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 1,476.8 million, or 28.6% of the total property portfolio, were not externally financed and therefore unencumbered as of 31 December 2021 (31 December 2020: EUR 1,482.8 million or 28.9%). Including the S IMMO shares (valued at the EPRA NAV as of 30 September 2021), which are also unencumbered, this value increases to EUR 2,028.2 million or 35.5%.

Unencumbered assets by asset class

Unencumbered property portfolio in total: MEUR 1,476.8

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 2021 is as follows:

Weighted average interest rate of the financial liabilities	Outstanding liability in TEUR as of 31 12 2021	Total average interest rate incl. expenses for derivatives in %[1]
Convertible bonds[2]	283,215.7	1.50
Corporate bond	982,115.1	2.56
Bank liabilities[3]	1,819,582.0	1.64
IMMOFINANZ	**3,084,912.9**	**1.92**

[1] Based on nominal remaining debt, excluding mandatory convertible bond
[2] Convertible bond 2017–2024 (coupon reduction to 1.5% following the receipt of an investment grade rating). After conversions, only EUR 9.7 million were outstanding at the end of March. The mandatory convertible bond was subject to early mandatory conversion at the beginning of October 2021.
[3] Including IFRS 5

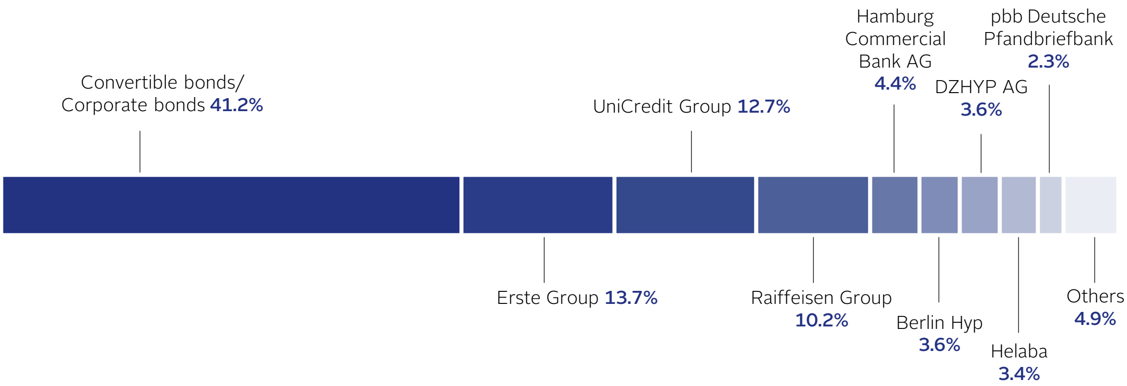
The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 3,084.9 million as of 31 December 2021.

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.

The total volume of refinancing, long-term extensions and new financing from bank liabilities amounted to EUR 414.1 million in 2021 (2020: EUR 425.2 million). Of this total, EUR 278.8 million is attributable to the office asset class and EUR 135.3 million to the retail asset class (2020: EUR 325.2 million and EUR 100.0 million).

Financing sources as of 31 December 2021



Derivatives

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted to EUR 1,394.0 million as of 31 December 2021 (31 December 2020: EUR 1,459.6 million). In total, 88.8% of financial liabilities were hedged against interest rate risk (31 December 2020: 88.6%); 45.0% via interest rate derivatives, while a further 43.8% represent financial liabilities with fixed interest rates.

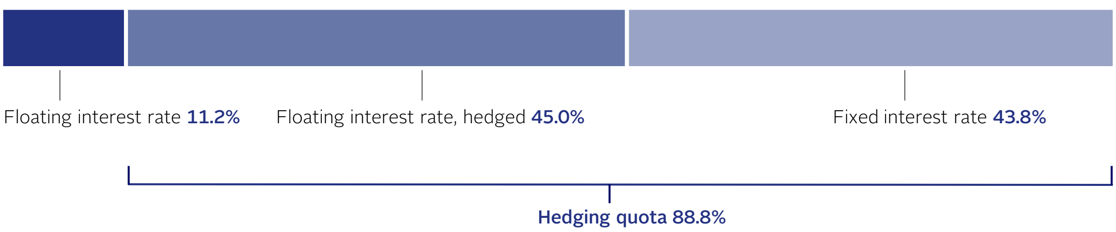
Derivatives[1]	Floating leg	Market value incl. interest & CVA/DVA as of 31 12 2021 in TEUR	Notional amount in TEUR	Average hedged reference interest rate in %
Interest rate swap	3-M-EURIBOR	22.8	1,393,977.3	0.04
IMMOFINANZ		**22.8**	**1,393,977.3**	

[1] Including IFRS 5 (For information on the assets held for sale, see section 4.9 in the notes to 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 2021



Bonds

The outstanding nominal value of the bonds totalled EUR 1,277.3 million as of 31 December 2021 (31 December 2020: EUR 1,397.3 million). It is attributable to the convertible bond issued in January 2017 with a term ending in 2024 (current conversion price: EUR 20.6333), which was almost fully converted in January 2022 following a change of control event, as well as two benchmark corporate bonds that were issued in January 2019 and October 2020.

The mandatory convertible bond 2023 with a volume of EUR 120.0 million which was issued in 2020 was converted prematurely in 2021. On 26 August 2021, IMMOFINANZ announced its intention to exercise its premature mandatory conversion right in accordance with the issue terms for the subordinated mandatory convertible bond. This step was made possible by the increase in the share price. The conversion took place at the applicable conversion price of EUR 17.1472. The shares were delivered from IMMOFINANZ's stock of treasury shares on 5 October 2021. This premature conversion results in future coupon savings of approximately EUR 8.6 million for the company (calculated up to the original end of the bond term in 2023).

Convertible bond 2017–2024

IMMOFINANZ was informed on 3 December 2021 through a voting rights announcement in accordance with § 130 of the Austrian Stock Exchange Act of 2018 that the CPI Property Group ("CPIPG") held an investment, directly and indirectly, of approximately 21.4% in the share capital of IMMOFINANZ AG. This investment gave CPIPG a controlling interest in IMMOFINANZ AG as defined in § 22 in connection with § 27 of the Austrian Takeover Act. The conversion price was therefore temporarily adjusted to EUR 18.8987 in accordance with the issue terms (before the adjustment: EUR 20.6333) up to the control date on 19 January 2022. This adjustment led to conversions with a total nominal value of EUR 282.8 million. The conversions were serviced in the financial year 2022 through the issue of 14,963,965 new shares.

A further EUR 0.5 million were converted in February 2022, and the resulting 24,232 shares were delivered in March 2022. An additional conversion of EUR 1.5 million took place in March 2022, which means only EUR 9.7 million of the convertible bond are currently outstanding. The shares for the conversion in March will be delivered in April 2022.

Bonds	ISIN	Maturity	Coupon in %	Nominal value as of 31 12 2020 in TEUR	Repurchases/ redemptions/ conversions/ new issues 2021 in TEUR	Nominal value as of 31 12 2021 in TEUR
Corporate bond	XS1935128956	27 01 2023	2.63	482,800	0	482,800
Corporate bond	XS2243564478	15 10 2027	2.50	500,000	0	500,000
Convertible bond	XS1551932046	24 01 2024[1]	1.50[2]	294,500	0	294,500
IMMOFINANZ			**2.32**	**1,277,300**	**0**	**1,277,300**
Mandatory convertible bond[3]	AT0000A2HPN2	23 07 2023	4.00	120,000	-120,000	0
IMMOFINANZ			**n. a.**	**1,397,300**	**-120,000**	**1,277,300**

1 End of the bond term in 2024; put option for bondholders 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. This bond underwent mandatory conversion at the beginning of October 2021.

Change of control event – corporate bonds

At the beginning of March 2022, i.e. after the end of the reporting year, the purchase of shares by CPIPG triggered a change of control event as defined in § 5(6)(b) of the bond terms. It entitles the holders of the corporate bond 2019–2023 and the corporate bond 2020–2027 to exercise their put right at 101% of the nominal value plus accrued interest as of the sale date. (Details on the change of control clauses for the bonds are provided under "Information on equity" beginning on page 65.)

In the first quarter of 2019, IMMOFINANZ received a long-term issuer rating of BBB- with stable outlook from S&P Global Ratings. This rating and the outlook were confirmed during the annual review process in January 2022.

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 are calculated on the basis of the consolidated IFRS financial statements:

Financial covenant	Threshold in %	Value as of 31 12 2021 in %
Net Debt to Value Ratio[1]	Max. 60.0	37.3
Secured Net Debt to Value Ratio[1]	Max. 45.0	15.1
Interest Coverage Ratio	Min. 150.0	319.0

[1] The values are based on the latest calculation as per the bond terms on or before 31 December 2021.

Business Development

IMMOFINANZ recorded a significant improvement in its earning power during 2021, even though the markets and business development were still influenced by the COVID-19 pandemic. All operating earnings components increased and – at EUR 210.1 million – the results of operations not only topped the previous year by 46%, but also eclipsed the comparable pre-crisis period in 2019 (+40% versus 2019). This also applies to earnings before tax, which turned strongly positive in comparison with 2020 and totalled EUR 386.3 million (2020: EUR -160.4 million). The pre-crisis level in 2019 was also clearly exceeded here (2019: EUR 350.1 million). Net profit for the 2021 financial year amounted to EUR 345.8 million, compared with a crisis-related, prior-year loss of EUR -165.9 million.

Income statement

All amounts in TEUR	2021	2020
Rental income	284,688	289,549
Results of asset management	**210,959**	**206,438**
Results of property sales	**25,710**	**7,934**
Results of property development	**18,897**	**-24,173**
Other operating income	2,150	2,659
Other operating expenses	-47,654	-48,909
Results of operations	**210,062**	**143,949**
Revaluation result from standing investments and goodwill	**85,893**	**-156,599**
Operating profit (EBIT)	**295,955**	**-12,650**
Financial results	**90,376**	**-147,774**
Earnings before tax (EBT)	**386,331**	**-160,424**
Net profit or loss	**345,837**	**-165,883**

The results of asset management rose by 2.2% to EUR 211.0 million (2020: EUR 206.4 million). This improvement was supported primarily by a reduction in real estate expenses, which fell by 14.5% to EUR 61.4 million (2020: EUR 71.9 million). These costs are still higher than the pre-crisis level due to the pandemic, but the included write-offs of rents receivable, which reflected support by IMMOFINANZ for its tenants during the lockdown periods, were substantially reduced to EUR -11.9 million (2020: EUR -29.2 million). Rental income totalled EUR 284.7 million (2020: EUR 289.5 million) and nearly matched the previous year, whereby the slight difference is chiefly attributable to property sales in the office business.

The results of property sales more than tripled to EUR 25.7 million (2020: EUR 7.9 million), whereby the largest positive effect was the sale of the Cluster Produktionstechnik office building in Aachen for EUR 124.0 million (including rights of use). Overall, properties with a volume of EUR 328.4 million were sold during 2021 in line with the corporate strategy. In addition to the building in Aachen, this mainly involved older non-core office properties in Warsaw and Budapest.

A substantial improvement was also recorded in the results of property development, which turned positive to EUR 18.9 million (2020: EUR -24.2 million). This increase was based, above all, on positive valuation effects from the office development project in Düsseldorf.

Results of operations

Other operating expenses declined by 2.5% to EUR 47.7 million (2020: EUR 48.9 million). The results of operations therefore rose by a strong 45.9% to EUR 210.1 million (2020: EUR 143.9 million).

Revaluation and operating profit

Results from the revaluation of standing investments totalled EUR 85.9 million, following crisis-related write-downs of EUR -156.6 million in the previous year due to the COVID-19 pandemic. Of the total revaluations, EUR 65.7 million are related primarily to office properties in Düsseldorf, Vienna and Warsaw. The revaluations to standing investments in the retail business amounted to EUR 21.0 million and were supported by positive effects from individual VIVO! shopping centers in Romania and the Czech Republic following an improvement in the operating environment.

These factors were responsible for a significant improvement in operating profit (EBIT), which rose to EUR 296.0 million (2020: EUR -12.7 million).

Financial results and taxes

Financing costs amounted to EUR 81.1 million (2020: EUR 64.0 million) and also reflected the year-on-year increase in the financing volume during 2021 – above all due to the issue of a EUR 500 million corporate bond in October 2020. Average financing costs, including hedging, declined to 1.92% per year (31 December 2020: 1.99% per year). Other financial results of EUR 29.3 million (2020: EUR -14.6 million) resulted mainly from the positive valuation of interest rate derivatives (2021: EUR 25.2 million) based on the increase in long-term interest rates.

The share of profit/loss from equity-accounted investments increased substantially to EUR 139.8 million (2020: EUR -69.5 million). Of this total, EUR 134.0 million are attributable to S IMMO (revaluation of EUR 85.3 million to the investment based on the higher share price and the EUR 48.8 million share of earnings)*. Financial results amounted to EUR 90.4 million (2020: EUR -147.8 million).

Net profit

Profit before tax improved significantly to EUR 386.3 million (2020: EUR -160.4 million) and also exceeded the pre-crisis level in 2019 (EUR 350.1 million). After the deduction of EUR 40.5 million (2020: EUR 5.5 million) in income taxes, net profit totalled EUR 345.8 million (2020: EUR -165.9 million; 2019: EUR 352.1 million). That represents earnings per share** of EUR 2.81 (basic), respectively EUR 2.59 (diluted), compared with EUR -1.50 in 2020.

Funds from operations (FFO)

FFO 1 from the standing investment business (before tax) was slightly lower than the previous year at EUR 120.1 million in 2021 (2020: EUR 126.1 million). This decline reflects the increase in financing costs as well as a lower dividend payment from S IMMO (EUR 9.8 million versus EUR 13.7 million). FFO 1 per share equalled EUR 0.97 compared with EUR 1.13 in the previous year, including the higher number of shares (see the following table for the number of shares used in the calculation).

* As of 31 December 2021, S IMMO was included at equity based on an extrapolation of the financial statements as of 30 September 2021 and including additional material effects (among others, based on ad-hoc reports and other published information). (See section 4.5 of the notes to the consolidated financial statements).
** Number of shares included for 2021: 123,293,525 (basic) and 137,069,885 (diluted); number of shares included for 2020: 111,595,279 (basic)

All amounts in TEUR	P&L 2021	Adjustments	FFO 2021	FFO 2020
Results of asset management	**210,959**	**212**	**211,171**	**206,495**
Results of property sales	**25,710**	**-25,710**	**0**	**0**
Results of property development	**18,897**	**-18,897**	**0**	**0**
Other operating income	2,150	-913	1,237	2,109
Other operating expenses	-47,654	7,929	-39,725	-40,287
Results of operations	**210,062**	**-37,378**	**172,684**	**168,317**
Revaluation result from standing investments and goodwill	**85,893**	**-85,893**	**0**	**0**
Operating profit (EBIT)	**295,955**	**-123,271**	**172,684**	**168,317**
Financing costs[1]	-81,079			
Financing income	1,813			
Foreign exchange differences	472			
Other financial results	29,339			
Net profit or loss from equity-accounted investments	139,831			
Financial results	**90,376**	**-152,668**	**-62,292**	**-55,887**
FFO 1 before tax (excluding S IMMO)	**386,331**	**-275,939**	**110,392**	**112,430**
FFO 1 per share before tax (excluding S IMMO) in EUR			**0.90**	**1.01**
Dividends received from S IMMO			9,750	13,650
FFO 1 before tax			**120,142**	**126,079**
FFO 1 per share before tax in EUR			**0.97**	**1.13**
Number of shares (as per EPS formula) for the calculation			123,293,525	111,595,279

Balance sheet

The condensed balance sheet is shown below:

All amounts in TEUR	31 12 2021	in %	31 12 2020	in %
Investment property	4,736,375	75.0	4,680,351	76.2
Property under construction	474,311		358,640	
Real estate inventories	619		619	
Assets held for sale	9,030		168,382	
Other assets	60,783	0.9	63,765	0.9
Equity-accounted investments	521,476	7.5	367,932	5.4
Trade and other receivables	168,968	2.4	144,639	2.1
Cash and cash equivalents	987,146	14.2	1,047,085	15.3
Assets	**6,958,708**	**100.0**	**6,831,413**	**100.0**
Equity	3,350,618	48.1	3,083,707	45.1
Liabilities from convertible bonds	283,216	4.1	291,056	4.3
Financial liabilities	2,853,423	41.0	2,916,051	42.7
Trade and other payables	138,984	2.0	188,958	2.8
Other liabilities	58,254	0.8	89,370	1.3
Deferred tax liabilities	274,213	3.9	262,271	3.8
Equity and liabilities	**6,958,708**	**100.0**	**6,831,413**	**100.0**

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 48.1% which increased in year-on-year comparison (31 December 2020: 45.1%). At 36.7%, the net loan to value ratio reflects a conservative level.

The value of the property portfolio amounted to EUR 5.2 billion and represented 75.0% of total assets as of 31 December 2021. 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 carrying amount of the equity-accounted investments increased to EUR 521.5 million, whereby EUR 514.8 million are attributable to S IMMO AG. The S IMMO investment was written up by EUR 85.3 million in the first quarter of 2021 following an increase in the share price; the share of profit from S IMMO for 2021 equalled EUR 48.8 million. Based on the roughly 19.5 million shares held by IMMOFINANZ, the book value of the S IMMO share equals EUR 26.40 (31 December 2020: EUR 18.65).

Cash and cash equivalents remained at a very high level and totalled EUR 987.1 million at year-end 2021 (31 December 2020: EUR 1,051.4 million including cash held for sale).

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 68) 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

In accordance with the recommendations of the European Public Real Estate Association (EPRA), IMMOFINANZ has published an expanded version of the net asset value indicators (NAV indicators) beginning with the financial statements for 2020. The two previously published indicators – net asset value (NAV) and triple net asset value (NNNAV) were 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 Best Practices Recommendations (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 31 December 2021 and for 31 December 2020 as the comparative date 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 two "old" indicators, NAV and NNNAV, will no longer be reported beginning with the first quarter of 2022.

The EPRA's NTA is the most relevant indicator for IMMOFINANZ's business activities and, consequently, serves as the new primary indicator for net assets.

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 that 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 “in the money” as of 31 December 2021, the debt component of this bond was included in equity as a diluting factor. The bond was not “in the money” as of 31 December 2020, and the calculation of diluted equity therefore included a deduction for the respective equity component.

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 included on the basis of 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 33% 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 31 12 2021	New indicators 31 12 2021		
All amounts in TEUR	**NAV/NNNAV**	**NRV**	**NTA**	**NDV**
Equity excluding non-controlling interests	3,383,544	3,383,544	3,383,544	3,383,544
Hybrid financial instruments (convertible bonds)	283,215	283,215	283,215	283,215
Diluted equity excluding non-controlling interests after an adjustment for convertible bonds and the exercise of options	**3,666,759**	**3,666,759**	**3,666,759**	**3,666,759**
Undisclosed reserves in other non-current investments	0	0	0	0
Deferred tax on non-current investments	0	0	0	0
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	**3,666,759**	**3,666,759**	**3,666,759**	**3,666,759**
Fair value of derivative financial instruments	-96	-96	-96	0
Deferred taxes on derivative financial instruments	2	2	2	0
Deferred taxes on investment property	353,714	353,714	346,420	0
Goodwill resulting from deferred taxes	-23,932	-23,932	-23,932	-23,932
Other goodwill	0	0	0	0
Intangible assets	0	0	-187	0
EPRA NAV (diluted)	**3,996,448**	**0**	**0**	**0**
Fair value of derivative financial instruments	96	0	0	0
Deferred taxes on derivative financial instruments	-2	0	0	0
Effect of fair value measurement of financial liabilities	-23,053	0	0	-23,053
Deferred taxes on the fair value measurement of financial liabilities	5,763	0	0	5,763
Deferred taxes on investment property	-5,429	0	0	0
Effect of fair value measurement of intangible assets	0	0	0	0
Real estate transfer tax and other purchaser's costs	0	193,439	64,537	0
EPRA NNNAV (diluted)	**3,973,823**	**4,189,887**	**4,053,503**	**3,625,538**
Number of shares excluding treasury shares	123,292,767	123,292,767	123,292,767	123,292,767
Potential shares in 1,000[1]	15,583,082	15,583,082	15,583,082	15,583,082
EPRA NAV per share in EUR	**28.78**	**30.17**	**29.19**	**26.11**
EPRA NNNAV per share in EUR	**28.61**			

[1] By end of March 2022, conversion rights had been exercised for 14,988,197 shares.

All amounts in TEUR	Former indicators 31 12 2020 NAV/NNNAV	New indicators 31 12 2020 NRV	NTA	NDV
Equity excluding non-controlling interests	3,107,583	3,107,583	3,107,583	3,107,583
Hybrid financial instruments (convertible bonds)	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 other non-current investments	0	0	0	0
Deferred tax on non-current investments	0			0
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
Other goodwill	0	0	0	0
Intangible assets	0	0	-276	0
EPRA NAV (diluted)	**3,425,761**	**0**	**0**	**0**
Fair value of derivative financial instruments	-29,125	0	0	0
Deferred taxes on derivative financial instruments	5,745	0	0	0
Effect of fair value measurement of financial liabilities[1]	-29,393	0	0	-7,739
Deferred taxes on the fair value measurement of financial liabilities[1]	7,348	0	0	1,935
Deferred taxes on investment property	-8,068			
Effect of fair value measurement of intangible assets	0	0	0	0
Real estate transfer tax and other purchaser's costs	0	183,972	41,081	0
EPRA NNNAV (diluted)	**3,372,268**	**3,590,610**	**3,430,262**	**3,055,940**
Number of shares excluding treasury shares	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**	**24.79**
EPRA NNNAV per share in EUR	**27.35**			

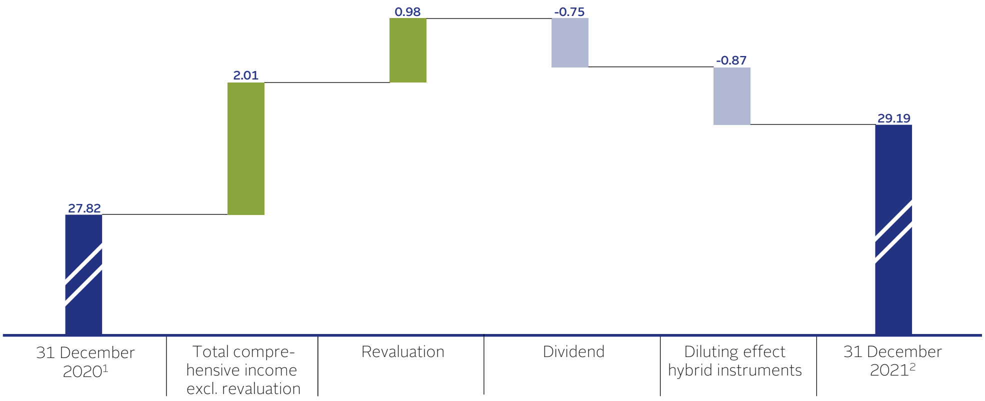
The calculation of the EPRA NAV indicators as of 31 December 2021 – in contrast to 31 December 2020 – included the potential shares which would result from the conversion of the convertible bond 2017– 2024 as a diluting effect because the bond was "in the money" at year-end 2021. A substantial component of the convertible bond was converted after the end of the 2021 financial year (beginning on page 42). In addition, the equity correction to the convertible bond 2017– 2024 resulted in a further diluting effect for the hybrid financial instruments (convertible bonds). The equity component declines to zero over the term of the bond based on the effective interest rate. The mandatory convertible bond 2020–2023 was subjected to mandatory conversion at the beginning of October 2021 and is therefore not included as of 31 December 2021 (see the section on "Financing" for additional details).

The EPRA NTA per share rose by 4.9% to EUR 29.19 as of 31 December 2021, compared with EUR 27.82 at year-end 2020. This increase is primarily attributable to the improvement in net profit and positive revaluation effects (see the following reconciliation).

The IFRS book value per share rose by 8.9% to EUR 27.44 (31 December 2020: EUR 25.20)*.

* Number of shares included for 2021: 123,292,767 (basic); number of shares included for 2020: 123,293,795 (basic)

EPRA NTA bridge



[1] Number of shares as of 31 December 2020: 123,293,795 (basic)
[2] Number of shares as of 31 December 2021: 138,875,849 (diluted)

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	2021	2020
Weighted average number of shares in 1,000	**123,294**	**111,595**
Net profit or loss from continuing operations excluding non-controlling interests	**347,051**	**-167,014**
Revaluation of investment properties and properties under construction	-119,850	177,841
Results of property sales	-25,711	-7,934
Goodwill impairment, negative differences and earn-out effects on income	253	0
Changes in fair value of financial instruments	-31,810	13,838
Taxes in respect of EPRA adjustments	41,400	-40,220
EPRA adjustments in respect of joint ventures and non-controlling interests	-970	927
EPRA earnings	**210,364**	**-22,562**
EPRA earnings per share in EUR	**1.71**	**-0.20**
Company-specific adjustments		
One-time effects in other operating expenses	7,229	6,098
Valuation S IMMO	-85,274	88,618
Foreign exchange gains and losses	-470	1,935
Deferred taxes in respect of company-specific adjustments	20,282	-24,447
Company-specific adjusted EPRA earnings	**152,130**	**49,642**
EPRA earnings per share after company-specific adjustments in EUR	**1.23**	**0.44**

EPRA earnings per share rose significantly to EUR 1.71 in 2021, respectively to EUR 1.23 per share after company-specific adjustments. This increase was based primarily on the improvement in operating results, compared with the previous year which was influenced by non-recurring effects.

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 purchaser's 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	2021	2020
Investment property	4,694,874	4,721,453
Investment property – proportional share of joint ventures	0	1,268
less undeveloped land	-180,051	-197,055
less undeveloped land – proportional share of joint ventures	0	-1,268
Total property portfolio	**4,514,824**	**4,524,398**
Allowance for estimated purchaser's costs	169,742	167,855
Gross value of total standing investment portfolio	**4,684,566**	**4,692,253**
Annualised cash rental income	286,535	290,553
Non-recoverable property operating expenses	-25,159	-26,417
Annualised net rental income	**261,376**	**264,136**
Notional rent expiration of rent-free periods or other lease incentives	19,260	16,119
"Topped-up" net annualised rents	**280,636**	**280,254**
EPRA net initial yield in %	**5.6**	**5.6**
EPRA "topped-up" net initial yield in %	**6.0**	**6.0**

[1] The comparative data were adjusted.

The EPRA NIY remained stable at 5.6% in 2021, while the "topped-up" NIY equalled 6.0%.

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

	31 12 2021				31 12 2020
Standing investments	Rentable space in sqm	Market rent for vacant space in MEUR	Total market rent in MEUR	EPRA vacancy rate in %	EPRA vacancy rate in %
Austria	237,681	0.1	3.2	3.2	4.4
Germany	65,945	0.3	1.5	20.4	0.9
Poland	417,464	0.2	5.8	3.7	3.8
Czech Republic	220,314	0.1	2.8	2.4	3.9
Hungary	225,504	0.1	2.6	3.7	2.5
Romania	303,816	0.4	4.3	8.6	5.6
Slovakia	188,076	0.1	2.2	5.1	7.9
Adriatic[1]	280,782	0.0	2.7	0.9	1.1
IMMOFINANZ	**1,939,581**	**1.3**	**25.1**	**5.1**	**4.0**

[1] Serbia, Slovenia, Croatia and Italy

EPRA vacancy rate by asset class and brand

Standing investments	31 12 2021 Rentable space in sqm	Market rent for vacant space in MEUR	Total market rent in MEUR	EPRA vacancy rate in %	31 12 2020 EPRA vacancy rate in %
Office	**866,700**	**1.1**	**13.1**	**8.6**	**5.5**
thereof myhive	605,946	0.9	9.4	9.1	6.6
Retail	**1,072,881**	**0.2**	**12.0**	**1.3**	**2.1**
thereof VIVO!/shopping center	312,444	0.1	4.7	1.7	3.0
thereof STOP SHOP/retail park	750,135	0.1	7.1	1.1	1.4
IMMOFINANZ	**1,939,581**	**1.3**	**25.1**	**5.1**	**4.0**

The EPRA vacancy rate equalled 5.1% at year-end 2021 (31 December 2020: 4.0%) and, in the office business, rose to 8.6%. The increase over the level at the end of 2020 resulted, for the most part, from a single tenant in Germany who was severely affected by the COVID-19 pandemic and to reclassifications in Romania (larger modernisation projects and IFRS 5). The retail portfolio was nearly fully rented at 1.3%, whereby the STOP SHOP retail parks had the lowest vacancy rate as of 31 December 2021 at 1.1%.

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	2021	2020
Expenses from investment property	-61,402	-71,852
Net operating costs, excluding indirect costs that are recharged through rents but not invoiced separately	-2,372	-1,832
EPRA costs (including direct vacancy costs)	**-63,774**	**-73,684**
Vacancy costs	-8,416	-6,434
EPRA costs (excluding direct vacancy costs)	**-55,358**	**-67,250**
Gross rental income including service fees and service charge cost components	284,687	288,625
Less service fees and service charge cost components of gross rental income	-11,660	-12,251
Gross rental income	**273,027**	**276,373**
EPRA cost ratio (including direct vacancy costs) in %	**23.4**	**26.7**
EPRA cost ratio (excluding direct vacancy costs) in %	**20.3**	**24.3**

The EPRA cost ratio improved to 23.4% (2020: 26.7%) including direct vacancy costs and to 20.3% (2020: 24.3%) excluding direct vacancy costs. This positive development was based, above all, on the reduction of property expenses. The receivables write-offs from asset management included in the calculation, which resulted from IMMOFINANZ's support for its tenants during the lockdown periods, were significantly reduced to EUR -11.9 million (2020: EUR -29.2 million).

For the calculation of the EPRA cost ratio, IMMOFINANZ capitalises only those expenses which will lead to a future economic benefit for the respective property. This is regularly the case for maintenance and expansion costs for real estate assets and for development costs related to property under construction. Overheads and operating costs are generally not capitalised.

EPRA capital expenditure

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

All amounts in TEUR	2021	2020
Acquisitions	123,903	53,530
Development projects	105,456	90,070
Investment property	31,307	17,584
thereof incremental lettable space[1]	0	0
thereof no incremental lettable space[1]	29,111	15,522
thereof tenant incentives[1]	2,195	2,062
thereof other material non-allocated types of expenditure	0	0
EPRA capital expenditure	**260,666**	**161,184**

1 The comparative data were adjusted.
Joint ventures are included in capital expenditure in accordance with the EPRA requirements but are not reported because of missing values.

Capital expenditure totalled EUR 260.7 million in 2021 and was concentrated on properties solely owned by IMMOFINANZ (2020: EUR 161.2 million). These funds were used, above all, for the company's strategic expansion and development projects.

Acquisitions were related mainly to the purchase of retail parks in Italy (San Fiore) and Serbia (Leskovac, Šabac, Sombor and Zaječar).

The investments in development projects concentrated, among others, on the myhive Medienhafen Alto in Düsseldorf and the purchase of an office building in the center of Bucharest, which will be refurbished and transformed into a modern, sustainable myhive building. Additional details on the portfolio can be found in the "Portfolio report".

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 possible 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 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 would endanger the company's standing as a going concern. The level of uncertainty caused by COVID-19 and its impact on the overall risk situation for the company and the entire market environment in 2021 was only marginally lower than the previous year. The potential effects of the COVID-19 pandemic on the 2022 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 functionality 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.

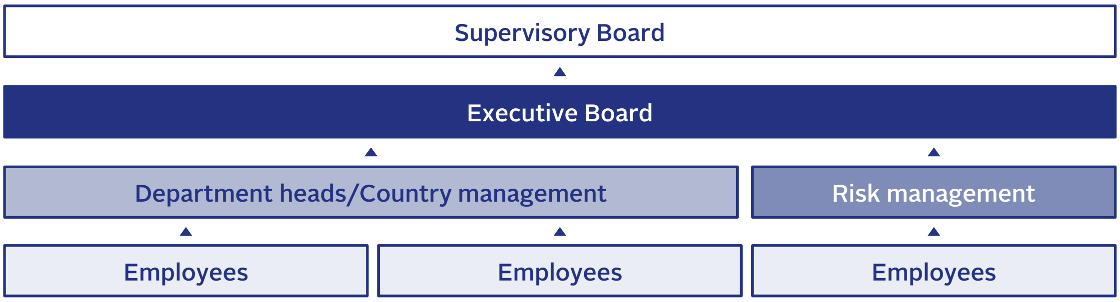
Evaluation of the functionality of the risk management system
Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, evaluated the effectiveness of IMMOFINANZ's risk management system during the period from November 2021 to January 2022. This analysis covered the design and implementation of the measures and organisational procedures instituted by the company, but not their application in the sense of operating effectiveness. The conclusions by Deloitte indicated that the risk management system instituted by IMMOFINANZ as of 31 December 2021 – based on the COSO comprehensive framework for corporate risk management – is 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. The Group's strategic goals are transferred to the operating processes where the measures for the identification, prevention and management of risks are located.

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

Responsibilities and reporting paths

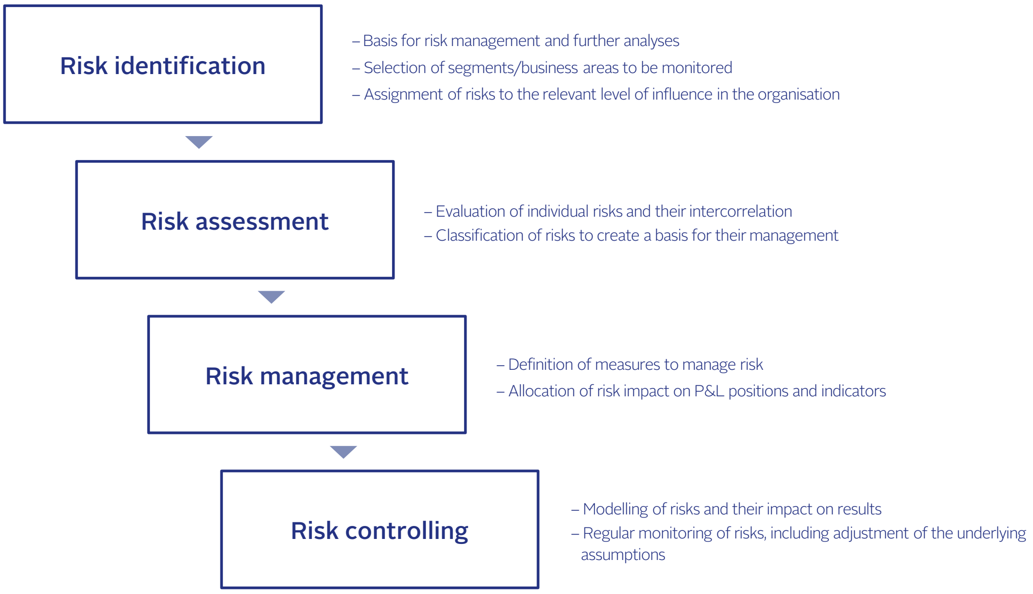


The Executive Board, as a whole, is responsible for risk management in the IMMOFINANZ Group and defines the corporate goals and related risk strategy.

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 units 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 country management. Acute risks are reported immediately to the Executive Board.

Risk management process



Material risk categories

The risk categories relevant for IMMOFINANZ follow the company's value chain and are also focused on environmental, governance and social risks. IMMOFINANZ has defined a broad range of measures to address and counter risks. These measures represent an integral part of all corporate processes and, consequently, form the basis for the reduction of risk.

Risk category	Description	Countermeasures
Business risks	These risks are related to the general framework conditions for business activities and exceed the scope of property-specific risks.	These risks are countered by strategic decisions at the corporate level.
	Financial risks are related to lenders or the terms and conditions for the provision of cash and cash equivalents (see section 7.2 in the notes to the consolidated financial statements).	The continuous monitoring of asset and liability positions as well as proactive analyses form the basis for strategic measures to safeguard financing power.
	Operational risk can arise through detrimental actions by corporate bodies and/or employees to the disadvantage of the company.	The company's activities are separated into individual processes and relevant process steps are controlled internally.
	Other risks represent individual risks with a Group-wide impact.	These risks are countered by strategic decisions at the corporate level.
Risks of improper business practices	IMMOFINANZ is committed to responsible and transparent actions and to compliance with legal rules and regulations. Risks in this area arise from deviations from these general principles.	Guidelines have been issued to cover the actions of corporate bodies and employees in individual areas to prevent these risks from occurring.
Social risks	The company is responsible for its employees as well as other service providers in the broader sense of the term. Risks arising from the company's role as an employer in the broader sense of the term are aggregated in this risk category.	IMMOFINANZ's commitment to compliance with all fundamental and human rights as well as regular surveys of employees' needs represent the cornerstones of risk minimisation in this area.
Environmental and climate risks	Climate risks arise from the meteorological conditions at a property's location. In addition, environmental risks arise from the construction and operation of buildings.	Measures are implemented on a timely basis to prevent any negative effects on a property. When new buildings are constructed, a special focus is also placed on minimising the negative impact on the environment.
	The attainment of climate neutrality and the development of a circular economy are connected with risks arising from the technological and regulatory transition.	IMMOFINANZ takes the necessary steps to support the technological improvement and sustainable management of its buildings. It also supports the creation of a greater awareness for these issues by all stakeholders.
Project development risks	Planning risks are risks which occur during the planning phase of a property. This phase extends from the design to the approval of a project.	Project development risks are prevented by the exact inspection of new locations, the timely involvement of all stakeholders and measures to anticipate future developments.
	Realisation risks represent the risks arising in connection with the construction of a building, beginning with the receipt of the building permit.	Realisation risks are prevented through quality assurance measures in processes as well as measures to externalise risk.
	Marketing risks are related to the commercialisation of a project and are very important in regard to profitability.	Marketing risks are precluded by timely risk and opportunity analyses as well as long-term market monitoring.
Asset management risks	Earnings risks are risks connected with the generation of steady income from the standing investments.	IMMOFINANZ is taking steps to evolve from a conventional landlord to a service provider who reacts early on to market trends.
	Usage risks, as a group, represent the risks involved with the management of a property and, consequently, have a significant influence on the company's earning power.	Active portfolio management and the continuous technical monitoring of properties are designed to reduce usage risks.
	Owners, tenants and facility mangers are exposed to management risks during the ongoing operation of a property.	IMMOFINANZ follows a clear externalisation strategy with regard to management risks.
Portfolio and valuation risks	Portfolio and valuation risks include the factors that would lead to a change in the value of a portfolio.	Active portfolio management and the expertise from long-term market monitoring help IMMOFINANZ to identify potential problems at an early stage.
Transaction risks	Transaction risks are connected with the acquisition and sale of properties and include additional irregularities on the transaction market.	Process measures and regular monitoring of the transaction markets are designed to minimise existing risks. Market problems are managed with risk prevention measures.

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 major legal directives and the business policies defined by the Executive Board.

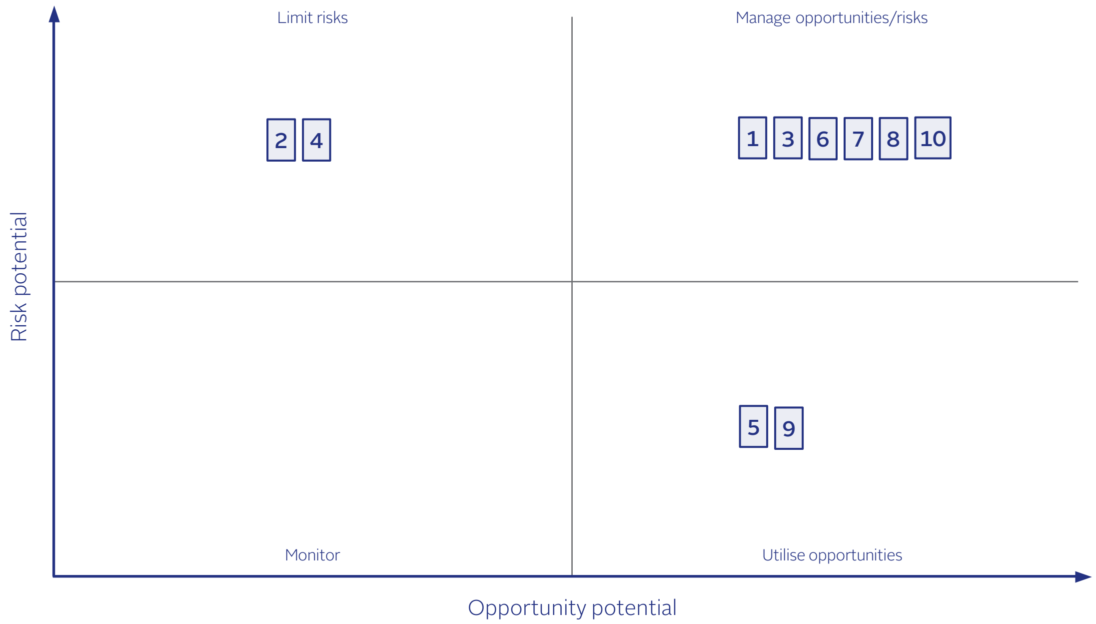
The ICS is integrated in all corporate processes. Its key features involve the appropriate segregation of duties, the application of the four-eyes principle in all order and invoice release procedures, compliance with internal guidelines (e.g. IMMOFINANZ's IFRS accounting manual), the review of accounting 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 assurance. 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 explains its activities and summarises the major audit areas and results.

Opportunity and risk position in 2021

Overview of opportunities and risks as of 31 December 2021



Risks arising from climate change (1)
Real estate is responsible for roughly 40% of global greenhouse gas emissions and, consequently, public interest in reaching climate neutrality in this sector is high. IMMOFINANZ takes its responsibility seriously and continued to focus intensively on this issue during the 2021 financial year. As a result, the Net Zero Emission Strategy was introduced towards year-end. It defines the course that should allow IMMOFINANZ to attain climate neutrality throughout the entire Group by 2040. This strategy includes numerous individual measures and also sets individual focal points for innovation and digitalisation. To reach these goals, IMMOFINANZ plans to offer new services in the future which will require digital solutions for their implementation. The real estate branch is currently in the midst of a disruptive development and business models will change significantly in the coming years.

IMMOFINANZ's standing investment portfolio was the subject of an extensive review in 2021, which identified conventional branch risks as well as opportunities for optimisation in regard to energy. A few, but highly effective measures can help the company reach its goal and achieve a 60% reduction in greenhouse gas emissions by 2030. These measures include the exit from fossil energy carriers as well as the electrification of the portfolio and the use of sustainable sources to meet energy requirements. Given the economies of scale, IMMOFINANZ is optimistic that the costs for the necessary technologies will continue to decline. The Net Zero Emission Strategy will be implemented in agreement with the requirements of the European Union's Taxonomy Regulation, which will lead to a steady increase in the share of "green" revenues and costs for the company in the next years.

Detailed information on the identified individual risks is provided under the following points: valuation risks, energy efficiency, and climate and environmental risks.

COVID-19 (2)

The risk position in 2021 was still 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 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. 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 pandemic containment measure. Tenants received support in returning to work with back-to-office plans that included room concepts, distance guidelines, disinfection, protective measures and access rules.

The growing momentum of vaccination campaigns led to the easing of restrictions in the core markets which, in turn, benefited retail tenants. Containment measures focused less on business closings as the year progressed. Whereas roughly 48% of IMMOFINANZ's retail space was still affected by temporary shutdowns at the end of March 2021, this level had fallen to only 15% by the end of November despite a further lockdown period. All retail areas have been gradually reopened since then. After the emergence of the more contagious omicron variant of the coronavirus in the first quarter of 2022, experts now see an imminent end to the pandemic. The expected long-term consequences of the COVID-19 pandemic include, among others, changes in consumer behaviour and in the modern working world which could have an influence on IMMOFINANZ's property solutions. In the retail business, this could lead to more conscious purchasing behaviour as well as the avoidance of public spaces and stronger use of online retailing. The office business could see a change in the demand for space due to the increased use of home office. With its cost-efficient STOP SHOP and VIVO! retail concepts and high-quality, innovative office solutions, the IMMOFINANZ Executive Board believes the company is well positioned for these possible changes in operating conditions.

Macroeconomic conditions (3)

The COVID-19 pandemic remained the dominant factor in 2021 and had a significant negative influence on business activity during the first months of the year. The progress of vaccination campaigns led to the easing of restrictions and strong economic recovery. Driven by catch-up effects, demand soon exceeded the available supply. However, problems in global supply chains combined with the growing demand for energy carriers led to a noticeable upturn in inflation. The economic recovery had a positive influence on IMMOFINANZ's retail portfolio, but the higher inflation rates led to an increase in the interest curve on the long end. The resulting increase in expected returns will influence property valuation over the medium term and increase the risk of write-downs.

It is currently impossible to estimate the geopolitical developments surrounding the Ukraine crisis, but there is a risk of a substantial, long-term influence on IMMOFINANZ's commercial success.

Legal proceedings (4)
IMMOFINANZ has settled numerous, very old legal disputes in recent years. The court 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 (5)
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. 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 significant improvement in the price of the S IMMO share in the first quarter of 2021 led to the revaluation of this investment. The book value equalled EUR 514.8 million as of 31 December 2021, or 7.4% of IMMOFINANZ's total assets. This investment was not financed externally.

Valuation risks (6)
The valuation of IMMOFINANZ's properties by CBRE in 2021 also focused on ESG issues. Numerous aspects, for example risks arising from climate change, were examined in addition to the social added value of the properties and compliance with human rights. IMMOFINANZ will adapt its properties to meet the climate change through measures like thermal refurbishment, the digitalisation of building technology and many other steps. From the viewpoint of risk assessment, this will counteract the risks associated with rentals, e.g. a decline demand or occupancy, as well as a loss of value in the standing investment portfolio. IMMOFINANZ intends to create the potential for an increase in the value of properties with high ESG standards as part of its sustainable portfolio strategy. That will also create the basis for suitable properties to generate even better rental performance in the coming years.

Revaluation results for the 2021 financial year totalled EUR 121.0 million.

IT risks (7)
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 2021 were realised as planned, with the issues of data protection and cybersecurity representing 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 to critical corporate processes can be considered low.

Energy efficiency (8)
Energy efficiency in properties is crucial for the improvement of the Group's CO_2 footprint. IMMOFINANZ's goal is to identify opportunities for savings and continuously improve the portfolio with regard to energy efficiency and the best possible contribution to climate protection. Measures to achieve climate neutrality by 2040 were defined and are currently being implemented. These goals will be reached through the exit from fossil energy carriers with parallel electrification of the portfolio. The properties will also be optimised as regards the in-house production of energy to reach a maximum level of energy self-sufficiency. These measures, which are related to the implementation of the EU's Taxonomy Regulation, will strengthen the sustainable focus of IMMOFINANZ's portfolio. Energy-efficient properties and activities considered "sustainable" under the EU Taxonomy will create numerous opportunities, for example in the areas of tenant satisfaction, financing, capital market positioning and the contribution to climate protection.

Climate and environmental risks (9)
In view of the high share of global greenhouse gas emissions from the real estate sector, IMMOFINANZ is committed to supporting climate protection. The ambitious Net Zero Emission Strategy was therefore developed and is currently in implementation. The related measures will be particularly efficient in the retail portfolio due to the high degree of standardisation. In the office business, the most appropriate measures from the existing catalogue must be identified and implemented. The Net Zero Emission Strategy will prevent the rising costs from CO_2-pricing and the related negative effects. Moreover, the over-achievement of legal requirements could create additional opportunities for an increase in the value of the standing investment portfolio.

An external climate audit was carried out to identify the effects of climate change on IMMOFINANZ's real estate. The results flowed into the definition of targeted measures for each property. A differentiation was made between elementary events from the long-term effects of climate change. These events (flooding, forest fires, rising sea levels, storms and earthquakes) were previously already managed by the public sector. Existing protective measures were analysed and, where necessary, actions at the property level were evaluated and/or the risk was referred to the public authorities. Measures were also implemented at the individual property level to handle the long-term effects of climate change (rising temperatures and irregular precipitation). These measures range from the adaptation of the building shell or technical facilities to rainwater storage.

Portfolio risks (10)
The occupancy rate in the standing investment portfolio remained constant at a high 95.1% as of 31 December 2021 (31 December 2020: 96.0%). The retail properties were practically fully rented at 98.7%. The occupancy rate in the office portfolio equalled 90.6% at the end of December 2021 (31 December 2020: 93.7%), whereby the decline since the beginning of the year was caused primarily by a single tenant in Germany who was severely affected by the COVID-19 pandemic and by reclassifications in Romania (larger modernisation projects and IFRS 5).

IMMOFINANZ's active development projects (properties under construction) have a combined carrying amount of EUR 460.8 million (31 December 2020: EUR 300.8 million). The outstanding construction costs for these projects totalled EUR 216.2 million at year-end 2021 (31 December 2020: EUR 62.2 million). Pipeline projects, including real estate inventories, had a carrying amount of EUR 180.3 million as of 31 December 2021 (31 December 2020: EUR 191.8million).

Information on Equity

The share capital of IMMOFINANZ AG remained unchanged at EUR 123,293,795.00 as of 31 December 2021 and was divided into 123,293,795 zero par value shares with voting rights, each of which represented a proportional share of EUR 1.00 in share capital.

At the end of March 2022, i.e. after the end of the 2021 financial year, share capital totalled EUR 138,281,992.00 and the number of issued shares equalled 138,281,992. This change resulted from a capital increase from conditional capital of EUR 14,988,197.00, respectively 14,988,197 shares, in the first quarter of 2022 which was carried out to service the conversion rights from the convertible bond 2017–2024. Information on the convertible bonds is provided in the notes to the consolidated financial statements under section 4.13.

Treasury shares

Treasury shares held

The number of treasury shares fell to 1,028 with a proportional share of EUR 1,028.00 in share capital during 2021. That represented approximately 0.00% of share capital at year-end 2021. As of 31 December 2020, IMMOFINANZ held 6,998,228 treasury shares with a proportional share of EUR 6,998,228.00 in share capital, which represented approximately 5.68% of share capital.

Issue of treasury shares following the premature mandatory conversion of the mandatory convertible bond 2020–2023

In connection with the premature mandatory conversion of the mandatory convertible bond 2020–2023, 6,997,200 treasury shares, representing approximately 5.68% of the company's share capital as of 31 December 2021, were issued to the holders of the mandatory convertible bond 2020–2023 in October 2021.

Development of treasury shares during the 2021 financial year

Date	Number of shares	Circumstances/authorisation	Proportional share of share capital as of 31 12 2021 in %	Purchase/sale price in EUR
December 2020	**6,998,228**		**5.7**	**n. a.**
October 2021	-6,997,200	Issuance to bearers due to mandatory conversion of the mandatory convertible bond 2020–2023	5.7	n. a.
December 2021	**1,028**		**0.0**	**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 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 has not been used by 31 December 2021 (see section 7.6 Subsequent events in the consolidated financial statements).

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. In this case, the bondholders are entitled to tender their securities and to demand immediate repayment at the nominal value plus accrued interest as of the tender date. Details on these provisions are provided in the terms and conditions for the convertible bond 2017–2024 (also see section 4.13 in the consolidated financial statements).

The acquisition of an investment of approximately 21.4% by the CPI Property Group S.A. in the share capital of the company triggered a change-of-control event in December 2021. In this connection, conversion rights were exercised at a reduced conversion price for convertible bonds with a nominal value of EUR 282,800,000 and 14,963,965 new shares in the company were issued from conditional capital in January 2022. There were no premature cancellations by bondholders.

Corporate bonds 2019–2023 and 2020–2027

The issue terms of the corporate bond 2019–2023 issued in January 2019 and the corporate bond 2020–2027 issued in October 2020 entitle the bondholders to terminate their bonds and demand immediate repayment at 101% of the nominal value plus accrued interest as of the respective date 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.

The acquisition of a controlling investment by the CPI Property Group S.A. in the share capital of the company at the beginning of March 2022 triggered a change-of-control event for the IMMOFINANZ bonds 2019–2023 and 2020–2027. Each bondholder is entitled up to (and including) 25 April 2022 to demand repayment at 101% of the nominal amount plus accrued interest.

Property financing

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

The acquisition of a controlling and majority investment in the company by the CPI Property Group S.A. at the beginning of March 2022 triggered lenders' cancellation rights for a total credit volume of approximately EUR 1.4 billion. No material real estate financing agreements had been cancelled by the end of March 2022 due to the 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 2021, the corporate credit line had not been used.

The corporate credit line was not cancelled due to the change of control at the beginning of March 2022, respectively, the financing bank waived its cancellation right following the attainment of control by the CPI Property Group S.A.

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 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 equals two years at most.

The acquisition of a controlling investment in the company by the CPI Property Group S.A. at the beginning of March 2022 triggered cancellation rights for the members of the Executive Board in accordance with the change of control clauses in their employment contracts.

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, directors' dealings notifications and other disclosures show the following investments and attributed voting rights which exceeded 4% of share capital as of 31 December 2021:

- Radovan Vitek (through CPI Property Group S.A. and WXZ1 a.s.): 21.40% (total 31.97%, thereof 21.40% from shares and 10.57% from a share purchase contract subject to a condition precedent concluded with RPPK Immo GmbH, which is controlled by Peter Korbačka)

– S IMMO AG (through CEE Immobilien GmbH): 14.23% from shares
– Peter Korbačka (through RPPK Immo GmbH): 10.57% from shares
– Klaus Umek (Petrus Advisers): 5.02% (1.68% from shares and 3.35% from financial/other instruments)

In March 2022, after the end of the 2021 financial year, IMMOFINANZ was informed that the share of voting rights held by the CPI Property Group S.A. – after the purchase of shares and completion of the anticipatory mandatory offer – equalled approximately 55.07% (54.88% from shares and 0.19% from financial/other instruments) of the outstanding share capital of the company at that time (notification on 4 March 2022 and announcement on 7 March 2022 pursuant to the Austrian Takeover Act to complete the purchase of shares). S IMMO AG (through CEE Immobilien GmbH), Peter Korbačka (through RPPK Immo GmbH) and Klaus Umek (Petrus Advisers) no longer held any voting rights following the transfer to the CPI Property Group S.A.

Voluntary Consolidated Non-financial Statement 2021 Financial Year

Dear Reader,

Sustainability and climate are given high priority at IMMOFINANZ and are considered in all our business decisions. We are aware of our responsibility towards people, the environment and future generations and have been addressing sustainable trends in our portfolio strategy for many years. This includes, for example, our premium myhive office brand, which combines high flexibility for tenants with sustainable furnishings, a welcoming atmosphere and community, or the photovoltaic systems installed on the roofs of our properties. The increasing number of sustainability certificates in our portfolio confirms that we are on the right path.

In the past financial year, we took further important steps to increase our contribution towards the fight against climate change. With our Net Zero Emission Strategy, we have set the ambitious goal of becoming emission-free in all areas of our company by 2040. By 2030, we aim to reduce all greenhouse gas emissions by 60% compared to 2019 levels. Our strategy comprises a wide range of measures and technologies which will be embedded and rolled out across business segments throughout the company: At least 5% of the property portfolio will undergo extensive energy efficiency refurbishments each year, our own production of renewable energies will be massively increased and our external electricity supplies will be converted to green electricity. Another central element of the Net Zero Emission Strategy is the adoption of principles of circularity across our business model.

We will also be implementing our sustainability activities in specific real estate projects and will expand our property offer to include affordable and sustainable living. Under the new On Top Living brand, single-storey STOP SHOP retail parks will be overbuilt, thus creating low-cost and resource-conserving residential space. With this product, we will be helping to meet the housing needs of many people and, at the same time, making an important contribution to the fight against climate change, ground sealing and exploding housing costs.

Other important measures taken in the past financial year include conducting an external climate audit for our portfolio and signing up to the United Nations Global Compact, the global network of the United Nations for corporate responsibility in the areas of human rights, labour standards, environmental protection and the universal fight against corruption.

We are prepared to take on responsibility and to actively drive sustainable change in our industry. We consider this not only our duty but also a great opportunity to grow our portfolio performance, to secure competitive advantages in the market und to create long-term value for our company.

The Executive Board of IMMOFINANZ

GRI 102-14

The core business of IMMOFINANZ comprises the management and development of office and retail properties in selected countries of Central and Eastern Europe. According to the portfolio report, the property portfolio consisted of 225 properties with a total value of EUR 5.2 billion as of 31 December 2021, of which 153 are standing investments, 24 development projects and 48 pipeline projects including real estate inventories. Properties held for sale (IFRS 5) are not included. 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 62.2% of the total portfolio value at the end of the 2021 financial year and 45.5% 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 36.5% of the total portfolio value and 54.5% of rental income from standing investments. In the past financial year, IMMOFINANZ also announced the expansion of its property offering to include affordable and sustainable housing. In the On Top Living concept, one-storey STOP SHOP retail parks are overbuilt, creating low-cost and resource-conserving housing. IMMOFINANZ's goal is the continuous expansion of a high-quality, sustainable property portfolio generating strong returns, while achieving climate neutrality along the entire value chain by 2040.

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

myhive Vajnorská – Biodiversity
Our beehives enrich the local ecosystem.

COVID-19

Although COVID-19 and the measures taken to contain the pandemic significantly influenced the 2021 financial year, there was no material detrimental impact on the business model. Building on the measures initiated in 2020, tenants were supported during the difficult phase of closures imposed by authorities. The focus was put on securing strong liquidity in the Group. IMMOFINANZ thereby continued to position itself as a strong partner to its tenants, investors, employees, suppliers and other stakeholders.

Individual solutions were developed with retail tenants to assist them during closing and reopening phases. In the office sector, individual tenants operating in industries that were particularly affected were also given temporary support. As vaccinations progressed, measures were eased in the core markets and retail tenants benefited from this development. Over the course of the year, containment measures focused less and less on closing businesses. While roughly 48% of the retail space offered by IMMOFINANZ was affected by temporary closures at the end of March 2021, only 15% was affected during another lockdown period at the end of November.

In addition, comprehensive hygiene and protection measures for all common areas were implemented to ensure that offices and retail space could be used safely. This included safety concepts and guidelines (for example regarding ventilation), increased cleaning frequency and issuing protective masks and disinfectants. Back-to-office plans with specially developed space utilisation concepts, distancing rules, disinfection, protective measures and access rules were designed to facilitate tenants' return to the office.

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 24.

About this report

In accordance with § 267a (1) of the Austrian Commercial Code, 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. As a company of public interest, IMMOFINANZ nevertheless voluntarily issues a non-financial statement in accordance with § 267a of the Austrian Commercial Code and thus also discloses information pursuant to the EU Taxonomy (beginning on page 114).

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.

At the beginning of each section, a 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 used can be found in the section on reporting standards (beginning on page 70).

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 108 of the non-financial report. This report has been drawn up in accordance with the GRI Standards: Core Option. IMMOFINANZ again received the EPRA Sustainability Best Practices Recommendations Silver Award for its non-financial reporting in the 2020 annual report.

GRI 102-54

Reporting period

The non-financial report covers the period from 1 January to 31 December 2021. The last two financial years (2020 and 2021) are reported with respect to the EPRA sustainability indicators.

GRI 102-50

EPRA reporting standards: introduction

Scope of companies

This report covers IMMOFINANZ AG and all consolidated subsidiaries (see section 8 of the consolidated financial statements). The portfolio comprised 225 properties (excluding assets held for sale) as of 31 December 2021. 181 properties are included in the reporting of environmental data, as there is an established monitoring system for these properties.

The indicators published concentrate on the activities of IMMOFINANZ in Austria, Germany, Poland, the Czech Republic, Romania, Hungary, Slovakia and the Adriatic region (Slovenia, Serbia, Croatia and Italy). The properties are included in the reporting in accordance with the financial control principle.

GRI 102-4, 102-5, 102-6, 102-7, 102-45

Coverage and segment analysis

This report refers to IMMOFINANZ's portfolio and its own business activities. To enable a meaningful analysis, the portfolio has been presented as a whole and split into the two main portfolio segments, "office" and "retail". Further information can be found in the table on pages 80–81. The indicators comprise 71 properties in the office sector with an area of roughly 1 million sqm and 110 properties in the retail segment with an area of roughly 1 million sqm.

IMMOFINANZ aims to increase the coverage rate of buildings in its portfolio to 100%. The table on pages 82–85 shows the coverage per indicator. Should a building not be relevant for a certain type of energy, for example, because it is not supplied with district heat, this building has been removed from the denominator for the purpose of KPI coverage.

Portfolio

The sustainability figures reported for 2021 comprise 181 properties (office and retail) with a total area of roughly 2 million sqm.

Information on the company's own business premises

The consumption figures for the operation of IMMOFINANZ's own office buildings are also reported separately. 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 based on projections using tenant consumption and the percentage of total space utilised by IMMOFINANZ. For this reason, the percentage of the estimated data of own consumption is always shown at 100%, even though the actual proportion of the estimation of portfolio consumption is significantly lower. Buildings which are rented from third parties cannot currently be included in the information presented as there is no access to the consumption data. An expansion of the monitoring system is currently in progress. Own consumption is shown separately on pages 113–114.

Estimated data

The percentage of data that has been estimated is shown in the respective tables on pages 80–85 and 113–114.

Electricity and water

The objective was to use real data for the twelve-month period. Where no data was available for a single month at the beginning or the end of 2021 (for example December 2021), the real data for December 2020 or January 2022 was used. Therefore, in these instances no linear projection was made. In contrast, if no data was available for another month of 2021, a linear projection was made.

Gas and district heating

Due to the difference in energy consumption during the winter and summer months, no linear projection was made for missing monthly data. Rather, reference was made to the relevant prior-year periods (e.g. months).

External audit

This report has not undergone an external audit.

GRI 102-56

Boundaries of reporting – landlord and tenant utility consumption

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.

In the absence of sub-metering, it is currently not possible to separately report the consumption of water/energy obtained by IMMOFINANZ but consumed in tenant areas. Due to this, tenant consumption which was obtained by IMMOFINANZ was indicated in Scope 1 (fuel consumption) and Scope 2 (district heating and electricity) in this year's CO_2 calculation, and no distinction was made between common areas and rented space. A sub-metering project is currently underway with the aim of making this distinction in the next sustainability report possible.

The portfolio data therefore comprises the following areas: common areas and some tenant areas.

Normalisation

For the intensity indicators (energy intensity, water intensity, CO_2 intensity) the area of the buildings for which data is available is used as denominator. The intensity calculated contains the consumption obtained by IMMOFINANZ, but not the consumption obtained by tenants, unless IMMOFINANZ has full control over the consumption (e.g. at myhive locations), where the rent also includes electricity, heating and water.

Milestones and performance narrative

Our goal is to make our property portfolio emission-free by 2040 and thus actively contribute to reducing global warming. In the reporting year we took several steps towards reaching this goal, which included, for example, increasing green building certification, energy optimisation and the increased use of photovoltaic systems. In cooperation with internal experts, we further advanced and presented our detailed Net Zero Emission Strategy including measures for our portfolio. In addition, we are working on completing a comprehensive ESG strategy, which will be published in 2022. Explanations on previous performance and improvement measures can be found in the sections of this report and in the explanatory footnotes to the KPIs. Against the background of the climate neutrality goal, IMMOFINANZ considers improving data collection and energy efficiency top priorities.

Information on indicators

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. 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. For the first time, IMMOFINANZ publishes both the market-based and location-based Scope 2 emissions this year. District heating emissions are also published for the first time this year.

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.

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. It is the basis for the impeccable moral, ethical, and legal conduct of all employees of the Group.

GRI 102-16

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. We are making an important contribution to the fight against climate change with our ambitious Net Zero Emission Strategy. By 2030, we aim to reduce all greenhouse gas emissions by 60% compared the level of 2019. By 2040, we will be emission-free along the entire value chain, meaning that we will clearly exceed the goal set by the European Union to attain climate neutrality by 2050.

We aim to be a strong partner to our customers, ensure a high level of customer satisfaction and support them in difficult situations, for example during the COVID-19 pandemic, by taking joint measures.

Establishment of the ESG committee, the Strategy and ESG committee of the Supervisory Board and the ESG staff function

An ESG committee was established at the beginning of 2021 to improve management of the individual sustainability issues and initiatives. It comprises experts from various areas within the Group, including ESG, Asset Management, Development, People & Culture, Procurement, Compliance, Risk Management, Country Execution, Investor Relations & Corporate Communications and Finance. These experts regularly discuss current projects and issues and work on improving communication relating to sustainability across the entire Group and on a further development and optimisation of the company's sustainability strategy. Updates are provided to the Executive Board at least on a quarterly basis and to the Supervisory Board at least once a year. In the Supervisory Board, ESG topics are discussed in the Strategy and ESG Committee. On IMMOFINANZ's Executive Board, COO Dietmar Reindl is responsible for sustainability issues and major 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. In addition, the new ESG staff function was established in the organisation in February 2022, to which an experienced ESG manager was appointed. She reports directly to COO Dietmar Reindl, coordinates all ESG activities and is responsible for the implementation and further development of the ESG strategy.

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 are 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.

Based on regularly conducted stakeholder analyses, our key stakeholders are tenants, their employees and the visitors to our retail properties, potential tenants, employees, shareholders, investors and analysts, buyers and sellers of commercial properties 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, various workshops, an active intranet platform and the open-door policy practised 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 provide information to our shareholders, investors, analysts, rating agencies and lending banks several 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, 102-43, 102-44

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

IMMOFINANZ is involved in several 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 Places, Austrian Prop Tech Initiative, Austrian Real Estate Asset Management Association, Cercle Investor Relations Austria, European Public Real Estate Association, Handelsverband Austria (the Austrian Retail Association), Institut für interne Revision (Austrian Institute for Internal Audit), LBA Leitbetriebe GmbH, IG Lebenszyklus Bau (life cycle construction), Internationaler Controller Verein (International Association of Controllers), Italian National Association of Shopping Malls, Polish Council of Shopping Centers, PRVA – Public Relations Verband Austria, RICS – Royal Institution of Chartered Surveyors.

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. TU Wien is also working together with the Stanford University department of Mechanical Design in this respect. A cooperation with the Vienna University of Economics and Business (WU Wien) was launched in the first quarter of 2022. The aim of the project is to identify current and future requirements of tenants regarding modern work environments.

GRI 102-13

Materiality analysis

The materiality analysis serves as a means of focusing the non-financial reporting on the key issues of the company and provides guidance for further developing the management of non-financial factors. The material topics of IMMOFINANZ presented in this report were determined as part of the materiality analysis conducted in 2020, the process and results of which are described in detail in the 2020 sustainability report.

Six clusters of topics which are considered to be material for IMMOFINANZ were identified as part of the analysis. The individual clusters contain further material focus areas, which are shown in the following table.

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

Material topics for IMMOFINANZ

	Focus areas
Green buildings and environment	– Energy consumption and greenhouse gas emissions – Sustainable mobility – Building design & life cycle management – Water consumption – Sustainability certifications and environmental performance
Business model and innovation	– Integration of sustainability in governance processes – Climate neutrality – Managing risks and opportunities from climate change – Ecological construction & renovation – Innovation in development projects, renovations and services
Tenants	– Cooperation with and support of tenants – Customer satisfaction – Tenant health & safety – Customer-oriented construction and renovation
Society/Stakeholders	– Cooperation with local communities – Engagement with society
Employees	– Education and training, knowledge transfer – Employee health/occupational safety
Company	– Business compliance & ethics – Data protection – Sustainable supply chain and procurement – Tax integrity – Sustainable value creation

GRI 102-47

Prioritisation matrix
Our prioritisation matrix, which was drawn up as part of the 2020 materiality analysis, is available on our website: https://immofinanz.com/en/sustainability.

Sustainability management in terms of the 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:

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

SDG	Sub-goal	Indicator	Area of activity
3 GOOD HEALTH AND WELL-BEING	**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 AFFORDABLE AND CLEAN ENERGY	**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 DECENT WORK AND ECONOMIC GROWTH	**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 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**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 CLIMATE ACTION	**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 PARTNERSHIPS FOR THE GOALS	**17.1** Strengthen mobilisation of domestic resources	**204-1** Proportion of spending on local suppliers	Sustainable value creation Sustainable procurement

GRI 102-12

Green buildings and environment

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

The acute climate crisis and the associated environmental effects are the most urgent challenges of our times. As one of the leading commercial property groups in Central Europe with a portfolio totalling EUR 5.2 billion, IMMOFINANZ is aware of its responsibility and has been addressing sustainable trends in its portfolio strategy for years. Likewise, our stakeholders also attach great importance to environmental issues. In the future, tenants will place an even stronger focus on sustainable and energy-efficient properties which meet the criteria of the EU Taxonomy – with potential effects on occupancy, rental income and valuation of the properties.

Focus area	Description	Sustainability and Diversity Improvement Act 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

Targets and responsibilities

We are making an important contribution to the fight against climate change with our Net Zero Emission Strategy. By 2030, we aim to reduce all greenhouse gas emissions by 60% compared to the level of 2019. By 2040, we will be emission-free along the entire value chain, meaning that we will clearly exceed the goal set by the European Union to attain climate neutrality by 2050.

We ensure 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. Increasing sustainability certifications, sustainable energy management and building design as well as life cycle management are the focus areas relating to the material topic "green buildings and environment".

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, based on 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.

In addition, sustainability certifications for development projects and standing investments will be increased. The certifications reduce environmental risks and help to increase the degree of more environmentally friendly space utilisation as well as improving efficiency.

Measures and due diligence processes

As buildings are a major producer of GHG emissions, IMMOFINANZ takes measures on an ongoing basis to ensure and improve the energy efficiency of its standing investments and avoid greenhouse gas emissions as far as possible. Information is also provided on this topic in the risk report, beginning on page 60. 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, using insulating construction materials which prevent heat loss and have a cooling effect, and 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

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 corresponding 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.

IMMOFINANZ is currently preparing to enable the digital capture of all energy flows with a management system, which will collect and record electricity, cooling, heating, water and other data centrally. The recorded data can then be linked in real time to enable meaningful, reliable analyses at the touch of a button. Specific measures are derived from the optimisation potential identified to increase energy efficiency and consequently reduce energy costs on a sustained basis. The digitalisation of the collection of consumption data – both at the building level and the tenant level – is scheduled to be completed by the 2025 financial year and represents a significant contribution to our future ESG reporting.

In addition, IMMOFINANZ has started implementing non-potable water facilities in the portfolio. As a result, rainwater is used for irrigation at individual STOP SHOP locations. Moreover, the first test pilot for an urban forest project based on the Miyawaki afforestation method was launched at a STOP SHOP in Serbia 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 the 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.

Sustainable energy management

EPRA/GRI Code	Unit	Indicator	Scope
Total energy consumption			
GRI 302-1 (2016)	kWh	Energy	Total landlord-obtained energy
			Total tenant-obtained energy[1]
	Coverage landlord-obtained in %		
Electricity consumption			
Elec-Abs	kWh	Electricity	Total landlord-obtained electricity
			Total tenant-obtained electricity[1]
Landlord-obtained		*% from renewable sources*	
		Coverage	
		Share of projections in %[2]	
Elec-LfL[3]	kWh	Electricity	Total landlord-obtained electricity
			Total tenant-obtained electricity[1]
Landlord-obtained		*Coverage*	
		Share of projections in %[2]	
District heating/cooling consumption			
DH&C-Abs	kWh	District heating	Total landlord-obtained district heating
			Total tenant-obtained district heating[1]
Landlord-obtained		*% from renewable sources*	
		Coverage	
		Share of projections in %[2]	
DH&C-Lfl[3]	kWh	District heating	Total landlord-obtained district heating
			Total tenant-obtained district heating[1]
Landlord-obtained		*Coverage*	
		Share of projections in %[2]	
Fuel consumption			
Fuels-Abs	kWh	Natural gas	Total landlord-obtained natural gas
			Total tenant-obtained natural gas[1]
Landlord-obtained		*% from renewable sources*	
		Coverage	
		Share of projections in %[2]	
Fuels-Lfl[3]	kWh	Natural gas	Total landlord-obtained natural gas
			Total tenant-obtained natural gas[1]
Landlord-obtained		*Coverage*	
		Share of projections in %[2]	
Energy intensity			
Energy-Int CRE 1	kWh/sqm	Energy per square meter of rented space	Total landlord-obtained energy
			Total tenant-obtained energy[1]
	Rented space in sqm		

[1] IMMOFINANZ currently has no access to tenant-obtained data; consequently, only landlord-obtained data is used in the evaluation. Therefore, data of tenants with direct purchases are not included.
[2] "Share of projections in %" was calculated based on consumption.
[3] This calculation only includes properties which were fully owned by IMMOFINANZ in both periods.

Total portfolio consumption			thereof office			thereof retail		
2021	2020	Change in %	2021	2020	Change in %	2021	2020	Change in %
437,968,145	418,255,456	4.7	271,007,660	247,003,194	9.7	166,960,485	171,252,261	-2.5
n. a.			n. a.			n. a.		
99.4	96.3	n. a.	98.6	100.0	n. a.	100.0	86.7	n. a.
276,596,056	274,910,425	0.6	157,619,422	140,712,076	12.0	118,976,634	134,198,349	-11.3
n. a.			n. a.			n. a.		
30.6	6.1		32.2	10.0		28.4	0.2	
176/181	149/168	n. a.	67/71	62/63	n. a.	109/110	87/105	n. a.
3.4	5.3		2.3	8.6		4.9	1.7	
269,045,410	256,603,173	4.8	150,593,129	122,404,824	23.0	118,452,281	134,198,349	-11.7
n. a.			n. a.			n. a.		
159/163	137/163	n. a.	52/56	46/56	n. a.	107/107	91/107	n. a.
3.3	5.6		2.1	1.9		4.9	9.0	
77,765,081	65,074,479	19.5	65,265,354	55,329,145	18.0	12,499,727	9,745,334	28.3
n. a.			n. a.			n. a.		
41.0	n. a.		47.7	n. a.		5.9	n. a.	
64/108	52/168	n. a.	38/46	32/63	n. a.	26/62	20/105	n. a.
18.9	13.5		21.0	13.5		8.3	13.7	
71,097,056	57,520,382	23.6	58,643,400	47,775,048	22.7	12,453,656	9,745,334	27.8
n. a.			n. a.			n. a.		
56/94	46/94	n. a.	31/34	26/34	n. a.	25/60	20/60	n. a.
20.4	14.5		23.1	14.6		7.9	13.7	
83,607,008	78,270,552	6.8	48,122,884	50,961,973	-5.6	35,484,124	27,308,578	29.9
n. a.			n. a.			n. a.		
0.0	n. a.		0.0	n. a.		0.0	n. a.	
79/123	74/168	n. a.	28/36	31/63	n. a.	51/87	43/105	n. a.
10.5	1.4		4.7	1.2		18.3	1.8	
82,825,618	67,700,512	22.3	47,341,505	40,391,934	17.2	35,484,113	27,308,578	29.9
n. a.			n. a.			n. a.		
75/113	68/113	n. a.	25/28	25/28	n. a.	50/85	43/85	n. a.
10.6	1.7		4.8	1.6		18.3	1.8	
213	232	-8.1	267	246	8.7	160	214	-25.1
n. a.			n. a.			n. a.		
2,054,656	1,804,217	13.9	1,013,229	1,004,085	0.9	1,041,427	800,194	30.1

CO_2 footprint

EPRA/GRI Code	Unit	Indicator	Scope
Greenhouse gas emissions			
GHG-Dir-Abs GRI 305-1 & GRI 305-2	t CO_2e	Scope 1 emissions[1]	Total landlord-obtained not sub-metered
		Scope 2 emissions[1]	Total landlord-obtained not sub-metered (location-based)
			Total landlord-obtained not sub-metered (market-based)[2]
GHG-Indir-Abs GRI 305-3 (2016)	t CO_2e	Scope 3 emissions[1]	Total landlord-obtained energy sub-metered to tenants[3]
			Total tenant-obtained
			Other scope 3[4]
		Total[5]	Scope 1 + Scope 2[1]
		Total	Scope 1 + Scope 2 + Scope 3[1]
	Number of applicable properties	GHG disclosure coverage	
	sqm of applicable properties		
	in %	Proportion of GHG estimated	
GHG-Int CRE 3	kg CO_2e/sqm	Scope 1 + 2 emissions per sqm[1, 6]	
		Scope 3 emissions per sqm[1, 6]	
Rented space in sqm			

[1] Regarding allocation to scopes, all CO_2e values were allocated to the company for the 2021 financial year: Scope 1 (direct greenhouse gas emissions in the company) and Scope 2 (indirect greenhouse gas emissions by energy suppliers). In order to improve comparability, the figures for 2020 (originally presented under Scope 3) have been adjusted accordingly. IMMOFINANZ plans to increase the number of available sub-meters, enabling a better distinction between Scopes 1, 2 and 3 for the portfolio in the future.
[2] Market-based emissions were not published in 2020. IMMOFINANZ has reported "market-based" information for the first time in 2021.
[3] IMMOFINANZ plans to report Scope 3 for the entire portfolio in the future. At present, it is not possible to split consumption into Scopes 1, 2 and 3 based on sub-metering data.
[4] The total of Scope 1 + 2 + 3 cannot be reported in 2021 because IMMOFINANZ does not publish Scope 3 for the entire portfolio.
[5] The increased rate of data collection compared to 2020 explains the increase in CO_2e emissions.
[6] With regard to CO_2e intensity, only properties using at least one energy source were included in the calculation of rented space for the 2021 financial year. There is only one property which does not show any real energy values for 2021.

	Total portfolio consumption			thereof office			thereof retail		
	2021	2020	Change in %	2021	2020	Change in %	2021	2020	Change in %
	16,885	15,889	6.3	9,719	10,345	-6.1	7,166	5,544	29.3
	122,061	121,185	0.7	69,077	60,631	13.9	52,984	60,555	-12.5
	90,318	n. a.	n. a.	45,988	n. a.	n. a.	44,329	n. a.	n. a.
		n. a.			n. a.			n. a.	
		n. a.			n. a.			n. a.	
		n. a.			n. a.			n. a.	
	138,946	137,074	1.4	78,796	70,976	11.0	60,150	66,099	-9.0
		n. a.			n. a.			n. a.	
	180	168	7.1	70	63	11.1	110	105	4.8
	2,028,035	1,804,217	12.4	986,608	1,004,085	-1.7	1,041,427	800,194	30.1
		n. a.			n. a.			n. a.	
	69	76	-9.8	80	71	13.0	58	83	-30.1
		n. a.			n. a.			n. a.	
	2,028,035	*1,804,217*	*12.4*	*986,608*	*1,004,085*	*-1.7*	*1,041,427*	*800,194*	*30.1*

Water consumption

EPRA/GRI Code	Unit	Indicator	Scope
Water consumption			
GRI 303-1 (2016) Water-Abs	Liter[1]	Water from municipal sources	Landlord-shared services
			(Sub) metered exclusively to tenants
			Total landlord-obtained water
			Total tenant-obtained water
		Total water consumption	
Landlord-obtained	*Coverage*		
	Share of projections in %		
Water-Lfl[2]	Liter[1]	Water from municipal sources	Total landlord-obtained water
			Total tenant-obtained water
Coverage			
Share of projections in %			
Water intensity[3]			
CRE 2	Liter/sqm/year	Liter per sqm of rented space	Total landlord-obtained water
Rented space in sqm			

[1] As in the previous year, IMMOFINANZ has reported water consumption in liters rather than cubic meters to ensure consistency with the KPIs for water intensity, which was also calculated in liters.
[2] This calculation only includes properties which were fully owned by IMMOFINANZ in both periods.
[3] Where no consumption data was available for individual spaces (buildings) for the calculation of water intensity for 2021, this space in sqm was deducted from the denominator in order to obtain a more accurate intensity value. This explains why the calculation of water intensity shows a different number for space than the calculation of energy intensity.

	Total portfolio consumption			thereof office			thereof retail		
	2021	2020	Change in %	2021	2020	Change in %	2021	2020	Change in %
	728,863,492	793,398,000	-8.1	288,250,788	378,845,000	-23.9	440,612,704	414,553,000	6.3
	n. a.			n. a.			n. a.		
	728,863,492	793,398,000	-8.1	288,250,788	378,845,000	-23.9	440,612,704	414,553,000	6.3
	n. a.			n. a.			n. a.		
	728,863,492	*793,398,000*	*-8.1*	*288,250,788*	*378,845,000*	*-23.9*	*440,612,704*	*414,553,000*	*6.3*
	160/181	*134/168*	*n. a.*	*54/71*	*47/63*	*n. a.*	*106/110*	*87/105*	*n. a.*
	23.6	14.4		34.8	22.9		16.3	6.6	
	722,319,130	759,916,000	-4.9	281,749,824	345,363,000	-18.4	440,569,306	414,553,000	6.3
	n. a.			*n. a.*			*n. a.*		
	152/163	*123/163*	*n. a.*	*47/56*	*38/56*	*n. a.*	*105/107*	*85/107*	*n. a.*
	23.6	14.7		35.1	24.3		16.3	6.8	
	355	*440*	*-19.3*	*284*	*377*	*-24.6*	*423*	*518*	*-18.3*
	2,054,656	1,804,217	13.9	1,013,229	1,004,085	0.9	1,041,427	800,194	30.1

Results and performance indicators

Sustainable energy management

After auditing 28 standing investments in the 2020 financial year, 21 standing investments in Austria, Hungary and Poland with total rentable space of approximately 232,000 sqm were audited as planned in 2021; subsequently, both constructional and technical building optimisations will be implemented supported by energy analyses. The target for the 2022 financial year is to subject at least another 15 standing investments to such an audit.

The expansion of energy data management enabled the coverage rate, in terms of building space covered by the data, to be increased in 2021. This trend can be seen most clearly in the like-for-like indicators, where the number of buildings included increased or at least stayed the same in relation to the total number. For electricity (like-for-like), data was collected for 159/163 buildings this year, compared with 137/163 in the previous year.

Total consumption shows a slightly increasing tendency of 4.7%. This is, however, attributable to the higher coverage (data from more buildings). A higher occupancy rate in the office sector (as a result of the vaccination campaigns, etc.) may also have played a role. Overall, energy intensity decreased significantly by 8.1%, which is due to energy efficiency measures and the fact that the areas associated with the consumption were more accurately recorded.

Details on energy consumption can also be found in the table on pages 80–81.

Sustainability certifications

Development projects and standing investments in the office and retail sectors are to be certified in accordance with environmental standards. For office buildings this involves BREEAM and LEED certifications and for shopping centers primarily certification according to BREEAM. 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 de facto become the yardstick for defining the environmental impact of a building.

As planned, the proportion of certified space was further increased overall in the 2021 financial year. Several office buildings in Bratislava, Budapest, Bucharest and Warsaw, for example, received BREEAM certifications of the categories "Excellent" and "Very Good".

The certified space at the end of 2021 totalled approximately 768,320 sqm or 36.6% of the total area of the standing investment portfolio (compared with 632,900 sqm or 30% at the end of December 2020). This corresponds to an increase by 22.8% compared to the previous year. At the end of 2021, an additional 28 properties with total space of 307,118 sqm were in the process of being certified or undergoing preparations for certification. The certificates for these buildings are expected to be issued during the course of the year. At the end of 2021, approximately 82.5% of the rentable space was certified or undergoing preparation for certification.

Sustainability certifications		LEED Gold		BREEAM very good		BREEAM excellent		Total certified buildings		
EPRA Code		2021	2020	2021	2020	2021	2020	2021	2020	Change in %
Cert-Tot CRE 8	Number of certified buildings	6	7	21	20	6	3	33	30	10.0
	Certified area in sqm	138,158	147,764	423,203	377,097	206,959	108,009	768,320	632,870	21.4
	Share of certified area in the standing investment portfolio in %[1]	6.6	7.0	20.2	17.8	9.9	5.1	36.6	29.8	n. a.

[1] In contrast to the data provided in the portfolio report, the certified area shown above also includes the space in properties held for sale. As properties in developments were included in total space for the first time in 2021, the calculation of the prior year was adjusted accordingly, which leads to minor deviations in the share of certified area in the standing investment portfolio compared to the 2020 report.

Business model and innovation

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

We focus on preventive measures, usage of environmentally friendly technologies and the continuous, systematic 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. Climate neutrality, managing risks and opportunities from climate change, ecological construction and renovation, innovation in development projects and the integration of sustainability into IMMOFINANZ's governance processes are therefore focus areas of the material topic "Business model and innovation".

Focus area	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 (e.g. due to climatic changes) and consideration of potential changes in regulatory requirements such as the EU Taxonomy 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 achieving climate neutrality by 2040.	Environmental issues
Ecological construction & renovation	Sustainable portfolio orientation focusing 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
Integration of sustainability into governance processes	Consideration of sustainability in IMMOFINANZ's strategic focus, exercising 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 and services	Promotion of innovation in project development, renovation and management e.g. with respect to working practices, technology and encouraging creativity.	Environmental issues Social issues

Targets and responsibilities

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 and modernising buildings today, it must be ensured that they can cope with the impact from global warming while minimising their own greenhouse gas emissions.

Further development of our energy and sustainability management and the consistent implementation of our Net Zero Emission Strategy are strategic goals for the coming years. This strategy includes solid and specific targets and milestones. Important goals are to reduce all climate-damaging greenhouse gas emissions (e.g. CO_2, methane etc.) by 60% below the 2019 level by 2030 and to make the common areas and portfolio space managed by IMMOFINANZ emission-free. The entire value chain is projected to be emission-free by 2040, i.e. including construction and refurbishing measures. Tenants will be supported in reaching net zero emission status. To this end, all greenhouse gas emissions will be significantly reduced, and technologically unavoidable residual emissions will be neutralised through compensation measures. The roadmap will be reviewed at five-year intervals up to 2040 to drive the related measures, utilise opportunities and give customers, tenants and investors a clear impression of the status of target attainment.

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, the Strategy and ESG Committee established by the Supervisory Board and the sustainability expertise of the Supervisory Board members are provided in the corporate governance report beginning on page 9.

Measures and due diligence processes

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.

Approach to climate risks and opportunities

An external climate audit regarding the impact of climate change on IMMOFINANZ's property locations was conducted in the past year. Based on the results, targeted measures to mitigate risks are taken for every single property (see risk report page 63).

102-11

Climate neutrality

IMMOFINANZ is implementing a large-scale programme of measures to reduce greenhouse gas emissions in order to meet the ambitious goals of its Net Zero Emission Strategy. Each year, at least 5% of the property portfolio will undergo extensive energy efficiency refurbishment. IMMOFINANZ will also significantly increase its own renewable energy production by installing photovoltaic equipment on the rooftops of the STOP SHOP retail parks and equipping all new locations exclusively with photovoltaic systems. Depending on their location, properties will be upgraded with photovoltaic equipment where possible.

External electricity supplies will be converted to renewable energy sources and the use of fossil fuels will be terminated. Only energy-saving lighting systems will be installed throughout the entire portfolio in the future, and refrigerants with a high greenhouse gas potential will be replaced. In addition, the use of smart technologies for all properties will be massively expanded, including the digitalisation of consumption in all areas. IMMOFINANZ is in close contact with its tenants and will support them in converting to sustainable utilisation.

Ecological construction and renovation, and innovation in development projects

IMMOFINANZ also implements its sustainability activities in specific property projects in the office, retail and residential segments. This includes, for example, the expansion of the portfolio to include sustainable and affordable housing with On Top Living and the myhive Urban Garden in Vienna, which was started in the past year.

IMMOFINANZ is creating affordable, sustainable living space with its On Top Living concept. Up to 12,000 apartments will be built in modular wood construction on top of the single-storey STOP SHOP retail parks in the coming years. These apartments will meet the highest sustainability and energy-saving standards and will be affordable for many people. This resource-conserving approach will make an important contribution to the fight against climate change, ground sealing and exploding housing costs.

The myhive office brand will be expanded to include an "urban garden" concept. It is characterised by numerous green areas, state-of-the-art energy-saving technologies, and sustainability certification. Green facades, terraced landscapes, gardens and green oases in the offices will create a feel-good atmosphere and an attractive microclimate for tenants.

Results and performance indicators

IMMOFINANZ is implementing comprehensive measures to reduce greenhouse gases in order to meet the ambitious goals of its Net Zero Emission Strategy, which it presented at the end of 2021. Starting in the coming financial year, we plan to report the progress made in savings in comparison with the 2019 base year. Likewise, in the area of innovative product developments, the progress of the pilot projects, such as On Top Living and myhive Urban Garden, and their subsequent roll-out will be reported.

For the environmental indicator tables, please see pages 80–85.

Tenants

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

Tenant loyalty, driven by strong customer satisfaction, and attracting new tenants are key strategic focus areas. IMMOFINANZ's brands serve as a commitment to service and quality in this respect. Other focus areas assigned to this material topic include investing in the quality of properties and strong customer orientation with a diverse range of services.

GRI 102-6

Focus area	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 and 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 play a central role in this process.	Social issues
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

Targets and responsibilities

The diversity of our portfolio is reflected in the breadth of our tenant mix in the office and retail segments. 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, regardless of whether they are individual entrepreneurs or large corporations. 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. In another important step, we are working on the introduction of green leases for our portfolio.

Measures and due diligence processes

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. We therefore aim to ensure that tenants and other users of our property portfolio have a safe environment, and 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, which are reviewed regularly.

Additionally, health & safety audits form part of our comprehensive Technical Building Audits. In this process, a certain number of buildings undergo a multi-stage audit conducted by an external expert each year. In 2021, 21 of 181 standing investments underwent a corresponding audit.

We are in close contact with our facility managers and conduct audits which also cover health & safety aspects with respect to the individual properties, in addition to energy management. These range from the proper functioning of heating, ventilation and air conditioning and ensuring swift repairs of defects to fire safety and evacuation measures. The property managers are responsible for monitoring that these measures are properly implemented.

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

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.

GRI 102-15

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! for comprehensive shopping centers. In the past financial year, we announced the expansion of our portfolio to include sustainable and affordable housing with the On Top Living brand. All our 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).

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. It 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. This enables event registrations, suggestions, preferences or damage reports to be simply and quickly communicated.

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. The 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 tenants – it will also enable users to manage everything over their smartphones in the future: access, booking, networking, events, payments and much more.

COVID-19

As described on pages 24–25, COVID-19 and the related closures imposed by authorities particularly affected our tenants in the retail sector. We developed individual solutions with them to assist them in dealing with the crisis. We granted temporary rent reductions, which resulted in an overall increase in receivables write-offs from asset management compared with the pre-crisis level (2021: EUR -11.9 million; 2020: EUR -29.2 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 95.1% 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.

Results and performance indicators

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.

Our occupancy rate is at a very high level of 95.1%; in the retail segment we are nearly fully rented at 98.7%. Roughly 92.0% of the contract rents invoiced in 2021 (after rent reductions and write-offs) for space in retail and office properties had been paid by the end of March 2022. This high percentage demonstrates the intensive and professional communication of IMMOFINANZ with its tenants and the appropriateness of the temporary support agreements. The rental reductions granted during this period amounted to 6.5% of the contractual rents (retail: 9.6%; office: 3.3%).

In addition to individual talks with tenants, regular tenant surveys have been conducted for a number of years in order to assess customer satisfaction in the office sector. 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 two financial years due to the COVID-19 pandemic. We also consult all tenants in regular surveys.

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

[1] Retail in relation to total rentable space
[2] Office rentable space myhive in relation to total office space

Comty-Eng, GRI 413-1GRI 403-2, 403-6

Society/Stakeholders

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

In addition to the strong focus on the satisfaction of our tenants, engagement with our communities, which comprise all the people who work and shop at our properties or live in the vicinity, also plays an important role for IMMOFINANZ. The cooperation with local communities and engagement with society were identified as particularly important focus areas for the material topic of engaging with society and IMMOFINANZ's stakeholders.

Focus area	Description	Sustainability and Diversity Improvement Act issues
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
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

Targets and responsibilities

We aim to always view our properties in the context of their surroundings and people living there. The integration of a property into its immediate surroundings and the quality of implementing this integration increase the value of the respective premises and, consequently, of the individual properties. The associated measures affect both day-to-day operations of the respective property and development projects.

Measures and due diligence processes

In our development projects, our development team cooperates with all relevant local stakeholders and thereby with the people who live in vicinity to a new project. In most instances this forms part of a formal process involving the local public authorities.

In the day-to-day operations of the property, the respective myhive community managers or the center management and asset management are responsible for developing offers specific to the location. In addition, we provide WiFi free of charge at our retail properties.

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

Moreover, many of our VIVO! shopping centers supported vaccination campaigns by setting up vaccination facilities at the shopping centers or by providing parking lots. During the summer months, several retail parks offered open air cinemas in their parking lots, enabling people living in the region to enjoy a safe cinema experience.

At myhive Medienhafen in Düsseldorf, we organised a charity auction to support emerging young artists. As part of a longer-term exhibition, we also gave numerous artists the opportunity to present their works free of charge at myhive Warsaw Spire in Warsaw. Furthermore, we regularly offer pop-up stores, for example at our myhive Wienerberg location, to bring some variety to the property and to offer the community something new.

Results and performance indicators

IMMOFINANZ regularly supports non-profit projects and associations in the countries in which we are active. As part of our 2021 Christmas campaign, we made donations in the countries in which we operate to institutions and charitable organisations that support children and older people, including the Children's Hospice network in Vienna and retirement homes in Croatia and Serbia. Overall, donations totalled EUR 120,000 in 2021.

From the end of February 2022, the focus was on extensive relief efforts and donations relating to the war in Ukraine.

We are working on developing further indicators related to our engagement with society and will integrate them into reporting in accordance with our comprehensive ESG strategy in the future.

STOP SHOP Sremska Mitrovica | RS – Community
Open air cinemas at different STOP SHOP locations across Serbia

Employees

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

The expertise and commitment of 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, where talented employees can unlock their full potential, throughout the Group. Especially in times of overall uncertainty, our positioning as a stable employer that is resilient to crises is particularly important. The focus areas of this material topic comprise the education and training of our employees, their health and safety, provision of an adequate work-life balance as well as diversity and equal opportunities. 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.

Focus area	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 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.	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

Targets and responsibilities

IMMOFINANZ strives to create the best possible conditions for its employees to optimally develop their potential, strengths and skills. We lead our employees with trust and respect and consider uniform standards in their treatment important. The People & Culture department is responsible for strategic personnel development and further development of the corporate culture in close cooperation with the Executive Board. 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.

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 2021 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.

Emp-Dev, GRI 404-3

Measures and due diligence processes

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

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 in 2021.

COVID-19
In the past financial year, the main impact of the pandemic on our employees again 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.

Prior to the pandemic, virtually all employees were already technically in a position 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 did not make use of state-funded short-work schemes in relation to the COVID-19 pandemic. Rather, there was a small increase in the workforce (see employee structure below).

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 2022, 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.

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. Designed as a rotation programme, it focuses on knowledge transfer in the operational business area and the finance departments.

The Leadership Curriculum is a Group-wide series of training courses for managers. In a number of different modules, employees receive training 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 provisions to enter into company agreements in the event that a reorganisation with increased headcount reduction becomes necessary. The last such company agreement was 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.

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 its 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 other sports events (during the pandemic on a virtual route), coaching vouchers and various voluntary employee benefits.

To support our employees' healthcare needs, we offer preventive healthcare services and have cooperation arrangements with medical facilities. In addition to meeting all legal requirements, responsibilities include carrying out vaccination programmes, medical check-ups, eye tests and providing advice on preventive healthcare. In this way, typical illnesses associated with office work can be prevented in good time. In the 2021 financial year, the absence rate due to sickness declined to 1.71%, which may have been due to the increased safety measures (distancing rules, etc.) taken in the course of the pandemic.

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 the Head of People & Culture 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.

GRI 403-1-7

Results and performance indicators

Employee structure

As of 31 December 2021, IMMOFINANZ had 365 employees (31 December 2020: 325). The average number of employees during the year* was 349 (2020: 317). Overall, employees from 18 countries work at IMMOFINANZ. The average age was 36.5 years (2020: 37.4 years). The proportion of women increased slightly compared to the prior year and stood at 61% as of 31 December 2021 (31 December 2020: 60%).

GRI 102-7

Total number of employees by employment type[1]	2021	2020	Change in %
Full-time	**317**	**290**	**9.3**
thereof female	181	165	9.7
thereof male	136	125	8.8
Part-time	**48**	**35**	**37.1**
thereof female	43	29	48.3
thereof male	5	6	-16.7

[1] 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.

* Calculation based on absolute number of employees at the end of the month/number of months.

IMMOFINANZ was locally represented by employees in ten countries in 2021. Around half of the employees are based in Austria and the remainder are based in Central and Eastern Europe. The majority (2021: 87%) 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 – employment contracts are therefore to a very high extent for an unlimited duration. In the 2021 financial year, the proportion of temporary employees was 6% of the total headcount.

Employees by employment contract (permanent/temporary)	2021		2020		Change in total in %
	Total number	Share in %	Total number	Share in %	
By region					
Austria	166	45.5	158	48.6	5.1
thereof permanent	162	47.2	156	48.4	3.8
thereof temporary	4	18.2	2	66.7	100.0
Germany	16	4.4	13	4.0	23.1
thereof permanent	14	4.1	13	4.0	7.7
thereof temporary	2	9.1	0	0.0	-
Czech Republic	20	5.5	19	5.8	5.3
thereof permanent	19	5.5	19	5.9	0.0
thereof temporary	1	4.5	0	0.0	-
Serbia	13	3.6	12	3.7	8.3
thereof permanent	12	3.5	12	3.7	0.0
thereof temporary	1	4.5	0	0.0	-
Croatia	13	3.6	1	0.3	> +100.0
thereof permanent	13	3.8	1	0.3	> +100.0
thereof temporary	0	0.0	0	0.0	-
Hungary	24	6.6	21	6.5	14.3
thereof permanent	24	7.0	21	6.5	14.3
thereof temporary	0	0.0	0	0.0	-
Poland	45	12.3	43	13.2	4.7
thereof permanent	41	12.0	42	13.0	-2.4
thereof temporary	4	18.2	1	33.3	> +100.0
Romania	42	11.5	41	12.6	2.4
thereof permanent	38	11.1	41	12.7	-7.3
thereof temporary	4	18.2	0	0.0	
Slovakia	23	6.3	17	5.2	35.3
thereof permanent	17	5.0	17	5.3	0.0
thereof temporary	6	27.3	0	0.0	-
Italy	3	0.8	0	0.0	-
thereof permanent	3	0.9	0	0.0	-
thereof temporary	0	0.0	0	0.0	-
By gender					
Permanent	343	-	322	-	6.5
thereof female	210	-	193	-	8.8
thereof male	133	-	129	-	3.1
Temporary	22	-	3	-	> +100.0
thereof female	14	-	1	-	> +100.0
thereof male	8	-	2	-	> +100.0

GRI 102-8

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		2021	2020
GRI 102-41	Percentage of total employees covered by collective bargaining agreements in %	45.5	48.6

GRI 102-41

Training

As in past years, IMMOFINANZ provided numerous education and training opportunities for its employees in the 2021 financial year. The People & Culture department is responsible for the coordination of ongoing employee development and draws up succession plans for key positions in core areas. In the 2021 financial year, around 5,487 hours of training were completed across the Group, equivalent to 15 hours per employee (HC). The largest proportion of training hours – around 32% – was spent on language courses (2020: 41%), followed by external training and seminars. The decline compared with 2020 may be attributable to the pandemic.

		2021		2020		
EPRA/ GRI Code	Training hours	Total hours	Hours per employee	Total hours	Hours per employee	Change in hours/HC in %
		5,487	**15.0**	**7,566**	**23.3**	**-35.4**
	By gender					
	Female	3,779	16.9	5,277	27.2	-38.0
	Male	1,708	12.1	2,289	17.5	-30.7
Emp-Training	**By age group**					
GRI 404-1	< 30 years	1505	16.5	1,857	30.4	-45.7
	30-50 years	3,761	15.0	5,503	22.2	-32.5
	> 50 years	221	9.6	206	12.9	-25.4
	By employee category					
	Management	959	15.5	795	13.7	12.8
	Non-management	4,528	14.9	6,771	25.4	-41.2

Occupational health and safety

EPRA Code	Occupational health and safety employees[1]	2021	2020
	Number of work-related injuries[2]	1	0
	Injury rate in %[3]	0.00	0.00
H&S-Emp	Total lost days[4]	0	0
	Lost day rate in %[5]	0.04	0.00
	Absences in days[6]	1,469	593
	Absentee rate in %[7]	1.71	1.74
	Work-related fatalities	0	0

[1] Limited comparability of indicators since the basis for 2020 was employees only in Austria (51% of the total workforce). In 2021, the assessment and reporting were done Group-wide.
[2] Minor accident in 2021 in the office, which did not lead to any lost days
[3] Number of occupational accidents/total hours worked
[4] Number of days lost due to occupational accidents
[5] Number of days lost due to occupational accidents/total hours worked
[6] Number of absence days (work-related accidents and illness)
[7] Number of absence days due to illness/total days worked

Attractive employer

The initiatives in the area of human resources are met with approval. On kununu, the largest employer evaluation platform in Europe with around 5.2 million ratings of more than 1 million companies (as of March 2022), IMMOFINANZ receives an above-average rating.

kununu scores in comparison	Ranking	Points
IMMOFINANZ	✪✪✪✪	**4.1**
Branch average (Properties/Facility Management)	✪✪✪	3.4

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

EPRA/ GRI Code	New employees[1] New employees hired	2021 Total number	 Rate of new hires in %	2020 Total number	 Rate of new hires in %	Change in total in %
		92	**25.2**	**49**	**15.1**	**87.8**
	By gender					
	Female	58	25.9	33	17.0	75.8
	Male	34	24.1	16	12.2	112.5
	By age group					
	< 30 years	46	50.5	19	31.2	142.1
	30-50 years	44	17.5	28	11.3	57.1
	> 50 years	2	8.7	2	12.5	0.0
Emp-Turnover	**By region**					
GRI 401-1	Austria	33	19.9	20	12.7	65.0
(2016)	Germany	6	37.5	4	30.8	50.0
	Czech Republic	5	25.0	3	15.8	66.7
	Hungary	10	41.7	2	9.5	400.0
	Poland	8	17.8	9	20.9	-11.1
	Romania	8	19.0	3	7.3	166.7
	Serbia	4	30.8	5	41.7	-20.0
	Croatia	12	92.3	0	0.0	-
	Slovakia	5	21.7	3	17.7	66.7
	Italy[2]	1	33.3	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.
[2] Italy: new employees hired refers to an internal posting

In 2021 there was a slight increase in the number of employees leaving the company, resulting in an increase by 3.6 percentage points in the employee turnover rate compared to the prior year.

EPRA/ GRI Code	Employee turnover Employee departures[1]	2021 Total number	 Turnover rate in %	2020 Total number	 Turnover rate in %	Change in total in %
		59	**16.2**	**45**	**12.6**	**31.1**
	By gender					
	Female	35	15.6	32	15.0	9.4
	Male	24	17.0	13	9.0	84.6
	By age group					
	< 30 years	19	20.9	10	13.2	90.0
	30-50 years	38	15.1	35	13.2	8.6
	> 50 years	2	8.7	0	0.0	
Emp-Turnover	**By region**					
GRI 401-1	Austria	24	14.5	15	9.0	60.0
(2016)	Germany	5	31.3	4	25.0	25.0
	Czech Republic	5	25.0	5	22.0	0.0
	Hungary	5	20.8	3	13.0	66.7
	Poland	12	26.7	5	10.0	140.0
	Romania	3	7.1	9	20.0	-66.7
	Serbia	4	30.8	3	20.0	33.3
	Croatia	0	0.0	0	0.0	
	Slovakia	1	4.4	1	6.0	0.0

[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 the 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.

GRI Code	Parental leave	2021	2020	Change in total number of employees in %
GRI 401-3	**Total number of employees that were entitled to parental leave**	**344**	**315**	**9.2**
	thereof female	207	194	6.7
	thereof male	127	121	5.0
	Total number of employees that took parental leave	**34**	**25**	**36.0**
	thereof female	33	25	32.0
	thereof male	1	0	n. a.
	Total number of employees that returned to work in the reporting period after parental leave ended	**9**	**14**	**-35.7**
	thereof female	8	14	-42.9
	thereof male	1	n. a.[1]	n. a.
	Total number of employees that returned to work after parental leave ended that were still employed twelve months after their return to work	**23**	**7**	**228.6**
	thereof female	21	7	200.0
	thereof male	2	n. a.[1]	n. a.
	Return to work rate in %	**82**	**70**	**17.1**
	thereof female	80	70	14.3
	thereof male	100	n. a.[1]	n. a.
	Retention rate in %	**74**	**64**	**15.6**
	thereof female	72	64	12.5
	thereof male	100	n. a.[1]	n. a.

[1] No men took parental leave.

GRI 401-3

In the 2021 financial year, the proportion of women in management positions rose from 27.7% to 33.9%. Women account for 67.4% of non-management positions. After the gender pay ratio was reported for the first time throughout the Group for the 2020 financial year, analyses and adaptations were made in 2021. As a result, the gender pay gap was significantly improved for both managers and non-managers. The indicator represents the ratio of the total average remuneration of female employees (per category of employee). It is analysed regularly and work is being undertaken on measures to support alignment.

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 2021.

GRI 406-1

EPRA/ GRI Code	Employee diversity	2021 Total number of employees	2021 Total number in %	2020 Total number of employees	2020 Total number in %	Change in total number of employees in %
	Employees in governance bodies[1]					
	By gender					
	Female	0	0.0	0	0.0	-
	Male	2	100.0	3	100.0	-33.3
	By age group					
	< 30 years	0	0.0	0	0.0	-
	30-50 years	1	50.0	1	33.3	0.0
	> 50 years	1	50.0	2	66.7	-50.0
	Employees with management responsibilty[2]					
	By gender					
	Female	21	33.9	13	27.7	61.5
Diversity-Emp	Male	41	66.1	34	72.3	20.6
GRI 405-1	**By age group**					
	< 30 years	1	1.6	1	2.1	0.0
	30-50 years	56	90.3	43	91.5	30.2
	> 50 years	5	8.1	3	6.4	66.7
	Non-management employees[3]					
	By gender					
	Female	203	67.4	181	65.1	12.2
	Male	98	32.6	97	34.9	1.0
	By age group					
	< 30 years	90	29.9	60	21.6	50.0
	30-50 years	194	64.5	205	73.7	-5.4
	> 50 years	17	5.7	13	4.7	30.8

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

EPRA/GRI Code	Gender payment gap	2021 Share of women in %	2021 Pay ratio	2020 Share of women in %	2020 Pay ratio
	Employees by categories				
Diversity-Pay	Employees in governance bodies[1]	0.0	n. a.	0.0	n. a.
GRI 405-2	Employees with management responsibilty[2]	33.9	1.22	27.7	1.36
	Non-management employees[3]	67.4	1.15	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

Company

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

Focus area	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, Policy Statement on Respecting Human Rights, 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.	Social issues
Sustainable supply chain 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. Set out in writing in the Policy Statement on Respecting Human Rights and, in the future, in the Supplier Code of Conduct.	Social issues Fight against corruption and bribery
Tax integrity	Transparent disclosure of tax strategy, compliance with taxation law requirements and cooperative working relationship with tax authorities.	Fight against corruption and bribery

Targets and responsibilities

Various Group directives relating to the above-mentioned 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. It was subject to revision in 2021.

The **Policy Statement on Respecting Human Rights** contains the clear commitment to and support of internationally recognised human rights.

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 7).

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.

Respect of human rights
We act in accordance with the principles of responsible corporate management, which also includes a clear commitment to and the support of internationally recognised human rights. In particular, we are committed to our social and societal responsibility through our membership in the United Nations Global Compact.

In the past year we introduced a due diligence procedure to identify potential and actual human rights issues along the entire value chain and to derive measures. Based on this, we created a Policy Statement on Respecting Human Rights and revised our Code of Conduct.

GRI 102-17

Measures and due diligence processes

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. The above-mentioned directives mitigate these risks. There are no indications of systematic corruption risks at the present time. Awareness is also raised among employees through regular training measures.

The process to identify actual and potential human rights abuses along the value chain will be conducted regularly in the future. The danger of employee risks with respect to human rights abuses is to be considered low due to the prevailing legal situation in the countries in which IMMOFINANZ operates. We counter the risk of human rights abuses in the supply chain based on the internal Group **procurement directive**, which defines the procedures and rules for procurement for IMMOFINANZ.

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.

Sustainable value growth
IMMOFINANZ's business model is oriented towards long-term, sustainable value creation aligned with environmental, economic and social considerations. In this context, please refer to the income statement, FFO, personnel expenses and the indicators for employees, economy and society.

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 were likewise given training on compliance basics using an e-learning tool. This also addressed the recognition of and response to possible money laundering activity. In addition, in 2021 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 and 2020, 100% of the employees as well as the Executive Board received training on compliance issues in the 2021 financial year. Anti-corruption training is mandatory for all employees and is conducted annually.

GRI 205-2, 205-3

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, the IT directive and cybersecurity 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 of extensive changes to existing systems or if new applications are introduced, internal and external reviews are conducted. For the 2021 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. This strategy is monitored by the COO and regularly approved by the entire Executive Board in the case of significant tax-relevant business transactions.

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 customised reporting process was implemented in order to meet the requirements of the DAC 6 EU Directive in accordance with the Mandatory Disclosure Regime (MDR). 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 now only includes a very low number of 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. The goal is 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

Results and performance indicators

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 2021 financial year there were no known cases of corruption.

GRI 415-1

Sustainable supply chain and procurement

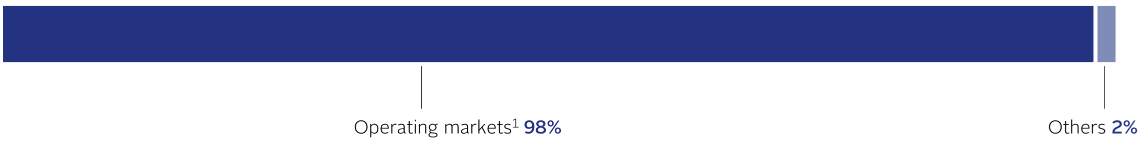
The process of selecting business partners is based on the internal Group **procurement directive,** which defines the procedures and specifications for IMMOFINANZ's procurement activities. It places emphasis on diligent and responsible supplier selection based on the Code of Conduct. The minimisation 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 a supplier relationship management tool will contribute significantly to improving management of our supplier networks.

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 2021 financial year, IMMOFINANZ, as an international Group, worked with suppliers from 26 countries. In order to ensure that procurement practices are sustainable and to maintain long-term, partnership-based relationships with our suppliers, 98% 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, Serbia, Croatia, Slovenia and Italy 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 2021 IMMOFINANZ obtained services and products from a total of 3,243 suppliers with a total order volume of more than EUR 180.2 million, of which 98% was accounted for by suppliers in the operating markets. There were no significant changes in the composition of the supply chain in 2021.

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

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 70.

EPRA Code		Reference	Comment
Green buildings and environment			
Elec-Abs	Total electricity consumption	80–81, 113	
Elec-LfL	Like-for-like total electricity consumption	80–81	
DH&C-Abs	Total district heating & cooling consumption	80–81, 113	
DH&C-LfL	Like-for-like total district heating & cooling consumption	80–81	
Fuels-Abs	Total fuel consumption	80–81, 113	
Fuels-LfL	Like-for-like total fuel consumption	80–81	
Energy-Int	Building energy intensity	80–81, 113	
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	82–83, 114	Regarding allocation to scopes, all CO_2e values were allocated to the company in the 2021 financial year because sub-metering is not in place in all properties. This results in a shift in values in 2021 from Scope 3 to Scope 1 (direct greenhouse gas emissions in the company) and Scope 2 (energy indirect greenhouse gas emissions). The values were adjusted accordingly for 2020.
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	82–83, 114	
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	82–83, 114	
Water-Abs	Total water consumption	84–85, 113	Water is drawn exclusively from municipal utility companies.
Water-LfL	Like-for-like total water consumption	84–85	
Water-Int	Building water intensity	84–85, 113	
Cert-Tot	Type and number of sustainably certified assets	86	Minor change in calculation of the share of certified areas in the standing investment portfolio. Further details can be found on page 86.
Tenants			
Comty-Eng	Community engagement, impact assessments and development programmes	90–93	
H&S-Asset	Asset health and safety assessments	90–91	There is no standardised recording of assessments at the present time; the reporting is under development. A description is provided on pages 90–91.
H&S-Comp	Asset health and safety compliance	74	There is no standardised recording of non-compliance incidents at the present time; the reporting is under development. A description is provided on page 74.
Employees			
Diversity-Emp	Employee gender diversity	102	
Diversity-Pay	Gender pay ratio	102	
Emp-Training	Training and development	99	
Emp-Dev	Employee performance appraisals	97	
Emp-Turnover	Employee turnover and retention	100	
H&S-Emp	Employee health and safety	99	

EPRA Code		Reference	Comment
Company			
Gov-Board	Composition of the highest governance body	7–11, 15	
Gov-Select	Nominating and selecting the highest governance body	12–14, 17	
Gov-Col	Process for managing conflicts of interest	16	

GRI index

This non-financial statement 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. This report has been produced in line with GRI Core. This document refers to the selected GRI Standards disclosures listed in the following index:

GRI Standard	Disclosure		Reference	Comments and omissions
GRI 101				
Foundation 2016				
GRI 102				
General Disclosures 2016				
Organisational profile				
	GRI 102-1	Name of organisation	68–69	
	GRI 102-2	Activities, brands, products and services	68–69	
	GRI 102-3	Location of headquarters	128	
	GRI 102-4	Location of operations	71	
	GRI 102-5	Ownership and legal form	64–67	
	GRI 102-6	Markets served	90	
	GRI 102-7	Scale of the organisation	97	
	GRI 102-8	Information on employees and other staff	97–98	
	GRI 102-9	Supply chain	106–107	
	GRI 102-10	Significant changes to the organisation and its supply chain	107	
	GRI 102-11	Precautionary approach or principle	57–63	
	GRI 102-12	External initiatives	76–77	
	GRI 102-13	Membership of associations	75	
Strategy				
	GRI 102-14	Statement from the senior decision-maker	68	
	GRI 102-15	Key impacts, risks and opportunities	79, 90–91, 96	
Ethics and integrity				
	GRI 102-16	Values, principles, standards and norms of behaviour	73	
	GRI 102-17	Mechanisms for advice and concerns about ethics	103–104	
Governance				
	GRI 102-18	Governance structure	7–17	

GRI Standard		Disclosure	Reference	Comment/Omission
GRI 101				
Foundation 2016				
GRI 102				
General Disclosures 2016				
Stakeholder engagement				
	GRI 102-40	List of stakeholder groups	74–75	
	GRI 102-41	Collective bargaining agreements	98–99	
	GRI 102-42	Identifying and selecting stakeholders	74	
	GRI 102-43	Approach to stakeholder engagement	74–75	
	GRI 102-44	Key topics and concerns raised	74	
Reporting practice				
	GRI 102-45	Entities included in the consolidated financial statements	71	
	GRI 102-46	Defining report content and topic boundaries	75	
	GRI 102-47	List of material topics	76	
	GRI 102-48	Restatements of information	86	Minor change in the calculation of the share of certified areas in the standing investment portfolio. Further details can be found on page 86.
	GRI 102-49	Changes in reporting	75	
	GRI 102-50	Reporting period		1 January to 31 December 2021
	GRI 102-51	Date of most recent report		12 April 2021
	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	70–71	
	GRI 102-55	GRI content index	109–112	
	GRI 102-56	External audit	72	Not applicable: this report did not undergo an external audit
Green buildings and environment				
GRI 103: Management approach		**103-1** Explanation of the material topic and its boundary	78	
		103-2 The management approach and its components	78–79	
		103-3 Evaluation of the management approach	80–86	
GRI 302: Energy 2016		**302-1** Energy consumption within the organisation	80–81, 113	
		302-3 Energy intensity	80–81	
G4 Sector disclosures: construction and real estate		**CRE 1** Building energy intensity	80–81	
GRI 303: Water 2018		**303-3** Water withdrawal	84–85, 113	Water is drawn exclusively from municipal utility companies.
G4 Sector disclosures: construction and real estate		**CRE 2 Building water intensity**	84–85, 113	
GRI 305: Emissions 2016		**305-1** Direct GHG emissions (Scope 1)	82–83, 114	
		305-2 Energy indirect GHG emissions (Scope 2)	82–83, 114	
		305-3 Other indirect GHG emissions (Scope 3)	82–83	
		305-4 GHG emissions intensity	114	
G4 Sector disclosures: construction and real estate		**CRE 3** Greenhouse gas emissions intensity from buildings	82–83, 114	
G4 Sector disclosures: construction and real estate		**CRE 8** Type and number of sustainability certifications, ratings and labelling schemes for new construction, management, occupation and redevelopment	86	

GRI Standard	Disclosure	Reference	Comment/Omission
Business model and innovation			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	87–88	
	103-2 The management approach and its components	87–88	
	103-3 Evaluation of the management approach	89	
Own indicator	**Climate neutrality:** Implementation of the ESG & Net Zero Emission Strategy	88	KPI is under development. The ESG strategy will be published in 2022.
Own indicator	**Creation of sustainable housing:** measured against square meters	88–89	KPI is under development.
Tenants			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	90–91	
	103-2 The management approach and its components	90–91	
	103-3 Evaluation of the management approach	92–91	
GRI 413: Local communities 2016	**413-1** Operations with local community engagement, impact assessments, and development programmes	92–93	
GRI 416: Customer health and safety 2016	**416-1** Assessment of the health and safety impacts of product and service categories	90–91	
Own indicator	Percentage of buildings with tenant survey or community management	93	
Society/Stakeholders			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	93–94	
	103-2 The management approach and its components	93–94	
	103-3 Evaluation of the management approach	93–94	
Own indicator	Donations volume	93–94	
Employees			
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 401: Employment 2016	**401-1** New employee hires and employee turnover	100	
	401-3 Parental leave	101	
GRI 403: Occupational health and safety 2018	**403-1 to 403-7** Management approach	96–97	
GRI 404: Training and education 2016	**404-1** Average hours of training per year and employee	96, 99	
	404-3 Percentage of employees receiving regular performance and career development reviews	95	
GRI 405: Diversity and equal opportunity 2016	**405-1** Diversity of governance bodies and employees	102	
	405-2 Ratio of basic salary and remuneration of women to men	102	
GRI 406: Non-discrimination 2016	**406-1** Incidents of discrimination and corrective actions taken	101	

GRI Standard	Disclosure	Reference	Comment/Omission
Company			
GRI 103: Management approach	**103-1** Explanation of the material topic and its boundary	103–106	
	103-2 The management approach and its components	103–106	
	103-3 Evaluation of the management approach	103–106	
GRI 102: General disclosures 2016	**102-9** Supply chain	106–107	
	102-10 Significant changes to the organisation and its supply chain	106–107	
	102-12 External initiatives	76–77	
	102-13 Membership of associations	75	
GRI 204: Procurement practices 2016	**204-1** Proportion of spending on local suppliers	107	
GRI 205: Anti-corruption 2016	**205-2** Communication and training about anti-corruption policies and procedures	104	
	205-3 Confirmed incidents of corruption and actions taken	103	
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 2021 based on anti-competitive behaviour, cartel or monopoly building.
GRI 207: Tax 2019	**207-1** Taxes	106	This indicator was reported for the first time in 2020 and is under development.
	207-2 Tax governance, control, and risk management	106	
GRI 415: Public policy 2016	**415-1** Political contributions	106	
GRI 418: Customer privacy 2016	**418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data	105	

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 therefore collected and reported separately.

Energy			Own office locations		
EPRA/GRI Code	Unit	Indicator	2021	2020	Change in %
Total energy consumption					
GRI 302-1 (2016)	kWh	Total energy consumption[1, 2, 3]	3,482,504	2,672,449	30.3
Fuel consumption					
GRI 302-1 (2016)	kWh	Natural gas	398,232	356,749	11.6
	% from renewable sources		*n. a.*	*n. a.*	
	Coverage		*4/5*	*n. a.*	
	Share of projections in %		*2.0*	*n. a.*	
	kWh	Petrol	78,343	67,774	15.6
	kWh	Diesel	488,547	476,763	2.5
Electricity					
GRI 302-1 (2016)	kWh	Electricity[1, 2]	2,035,217	1,237,343	64.5
	% from renewable sources		*0.6*	*n. a.*	
	Coverage[2]		*10/11*	*n. a.*	
	Share of projections in %		*0.2*	*n. a.*	
District heating/cooling consumption					
GRI 302-1 (2016)	kWh	District heating[1, 3]	469,526	533,820	-12.0
	% from renewable sources		*0.6*	*n. a.*	
	Coverage		*7/8*	*n. a.*	
	Share of projections in %		*55.4*	*n. a.*	
Energy intensity[4]					
Energy-Int GRI 302-5	kWh/sqm	Energy per sqm	276	317	-12.9
	Coverage		*11/11*	*09/11*	*n. a.*
	Share of projections in %[4]		*100.0*	*100.0*	*n. a.*

Water				Own office locations		
EPRA/GRI Code	Unit	Indicator	Scope	2021	2020	Change in %
Water consumption						
GRI 303-1 (2016) Water-Abs	Liter	Water from municipal sources/ total space	Total space	6,800,238	5,078,357	33.9
Water-Int	Liter/ sqm	Water from municipal sources/ total space	Total space	647	602	7.4
	Coverage			*10/11*	*09/11*	
	Share of projections in %			*100.0*	*100.0*	

[1] The majority of the increase in electricity and district heating consumption is due to higher coverage and to recording the electricity consumption of electric cars for the first time.
[2] Electricity coverage includes 10 of 11 buildings. However, it must be noted that the electricity total also includes the electricity consumption of electric cars.
[3] Regarding district heating, the share of renewable sources in own consumption is significantly higher than in the total portfolio. This is because two buildings in Germany obtain a large part of district heating, which is considered 100% renewable.
[4] Total energy consumption not including fuels (petrol, diesel, and electricity for electric cars) was used as a basis for energy intensity and share of projections.

Emissions				Own office locations		
EPRA/GRI Code	Unit	Indicator	Scope	2021	2020	Change in %
Total energy consumption[3]						
GHG-Dir-Abs GRI 305-1 (2016)	t CO_2e	Scope 1	Total space	264	248	6.5
GHG-Indir-Abs GRI 305-2 (2016)	t CO_2e	Scope 2 (location-based)	Total space	748	344	117.5
		Scope 2 (market-based)	Total space	338	n. a.	n. a.
		Scope 3	Total space		n. a.	
		Scope 1 + 2 (location-based)	Total space	1,012	592	71.0
GHG-Int CRE 3	kg CO_2e/sqm	Scope 1 + 2 (location-based)	Total space	79	70	12.6
Coverage				*11/11*	*09/11*	*n. a.*

Taxonomy Regulation of the European Union

Overview of the EU Taxonomy

With the entry into force of Regulation (EU) 2020/852 (EU Taxonomy)* on 12 July 2020, capital market-oriented companies subject to non-financial disclosure obligations (governed by the Sustainability and Diversity Improvement Act in Austria) are required to disclose the proportion of their taxonomy-eligible (covered by taxonomy) and taxonomy-aligned economic activities as of the reporting year 2021.

The EU Taxonomy is a classification system that defines environmentally sustainable economic activities and specifies the corresponding limit values. The regulation is therefore an important tool to create transparency with regard to sustainability and to guide investments towards sustainable transformation in line with the European Green Deal.

At present, the EU Taxonomy covers the highest emission sectors and economic activities, including the real estate sector. Accounting for 40% of energy consumption and 36% of greenhouse gas emissions** (for the construction, use, renovation and demolition phases), buildings play a key role within the EU in achieving climate neutrality by 2050 and have great potential to reduce greenhouse gas emissions.

Although IMMOFINANZ is not required to prepare a non-financial report pursuant to § 243b of the Austrian Commercial Code (UGB), we have opted for the preparation of a voluntary non-financial statement and, consequently, the disclosure of information pursuant to the EU Taxonomy on a voluntary basis. We welcome the EU Taxonomy as an important control instrument to present our own Net Zero Emission Strategy and the related measures in a transparent manner. It is to be expected that as the portfolio's energy efficiency keeps improving, the CO_2 footprint will decrease continuously, and the percentage of green buildings (according to the EU Taxonomy) is likely to increase in the coming years. The EU Taxonomy will enable IMMOFINANZ in the future to present revenues from sustainable buildings, and investments leading to achieving the sustainability strategy, in a standardised framework (see page 78 of the non-financial statement for 2021).

* Delegated Act C(2021)2800 Annex I to Regulation (EU) 2020/852 of the European Commission (https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0021.02/DOC_2&format=PDF)
** https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en

For information purposes

For the purpose of general information, the main and most important regulations are listed in the following:

Taxonomy Regulation

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Delegated Act on technical screening criteria

Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

Delegated Act on the presentation of KPIs

Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Regulatory requirements and procedures

Within the EU Taxonomy Regulation, the European Union commits to six environmental objectives to which a significant and ecologically sustainable contribution can be made. These objectives are:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy, waste prevention and recycling
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

At the time of the preparation of this report, only the Delegated Act on the assessment for the first two environmental objectives (climate change mitigation and climate change adaptation) has been defined. Another act for the remaining environmental objectives is expected for the second quarter of 2022.

An economic activity qualifies as environmentally sustainable if it contributes substantially to at least one of the environmental objectives, does not significantly harm any other environmental objective (do no significant harm, “DNSH”) and the economic activity is carried out in compliance with certain social minimum safeguards. Whether a substantial contribution is made to an environmental objective and no significant harm is done to the environmental objectives will be determined based on the technical screening criteria defined in detail by the EU Commission.

Pursuant to Art. 8(2) of the EU Taxonomy Regulation, non-financial undertakings are required to disclose the following information in their non-financial statements:

- The proportion of their turnover from products or services associated with environmentally sustainable economic activities,
- the proportion of their capital and operational expenditures related to assets or processes associated with environmentally sustainable economic activities.

Pursuant to Art. 10(2) of the Delegated Act on the presentation of KPIs, the EU Commission facilitates disclosure in the first year of application. Accordingly, reporting entities only have to disclose the proportions of taxonomy-eligible and taxonomy-non-eligible economic activities in their total turnover, capital expenditure (CapEx) and operational expenditure (OpEx) in the first year. Therefore, the quantitative presentation of the financial performance indicators is limited to the presentation of these proportions in the 2021 reporting year. Mandatory application of the technical screening criteria and the corresponding disclosure of Taxonomy compliance will start for the 2022 reporting year.

In a multi-stage process supported by external specialists, IMMOFINANZ assessed the applicability of the economic activities for section "7. Construction and real estate activities" of the Climate Delegated Act in the context of its business model and narrowed them down accordingly. The decisive factor for narrowing down the economic activities was a narrow interpretation of the economic activities described in the EU Taxonomy and the related revenue generation of IMMOFINANZ.

Taxonomy eligibility of IMMOFINANZ

The analysis and evaluation of economic activities has demonstrated that IMMOFINANZ can present the economic activity "7.7 Acquisition and ownership of buildings" as taxonomy-eligible for 2021. The economic activity is described as follows in the Climate Delegated Act (Annex I): "Buying real estate and exercising ownership of that real estate"* and corresponds to the core business activity of IMMOFINANZ.

Since the economic activity 7.7. refers to the exercise of ownership of real estate in its designation, description and definition of technical screening criteria, neither revenue, CapEx nor OpEx from letting undeveloped land are subsumed under this economic activity.

The corresponding performance indicators were assessed along the regulatory requirements of Annex I of the Delegated Act supplementing Art. 8 taking into account the facilitated reporting obligation for the 2021 reporting year. In the following, the proportion of economic activities covered ("taxonomy-eligible") and not covered ("taxonomy-non-eligible") by Taxonomy and the related performance indicators are reported.

IMMOFINANZ acknowledges that the EU Taxonomy Regulation is subject to regular amendments, clarifications and other directives; in addition, no industry-specific best practice has developed so far. Therefore, a conservative approach to the evaluation of performance indicators has been chosen. According to the present status of interpretation, revenues can be assigned to the environmental objective "climate change mitigation" pursuant to ANNEX 1 in the context of IMMOFINANZ; therefore, double counting pursuant to Art. 1.2.2.2 (c) of Annex I of the Delegated Act supplementing Art. 8 is excluded.

Derivation of key performance indicators

In accordance with the Delegated Act supplementing Art. 8 of the EU Taxonomy, the key performance indicator **turnover** is based on the consolidated revenues of IMMOFINANZ AG (see consolidated income statement in the consolidated financial statements) and mainly consists of rental income and operating costs charged to tenants. Other income which is not part of revenues is not covered by the definition of turnover in accordance with the EU Taxonomy and has therefore not been included in the denominator to calculate the proportion of taxonomy-eligible and taxonomy-non-eligible turnover.

In accordance with the definition pursuant to the Delegated Act supplementing Art. Art 8 of the EU Taxonomy, the calculation of **capital expenditure (CapEx)** is based on additions to investment property, tangible assets, intangible assets and rights of use (see notes to the consolidated financial statements, additions to investment property according to Table 4.1.1 and additions to property under construction according to Table 4.2 plus additions to other tangible assets and other intangible assets). Moreover, investments in taxonomy-eligible single measures which lead to the reduction of greenhouse gas emissions or to improved energy efficiency are summed up under CapEx. These include, for example, investments in photovoltaic systems. In addition to such one-off investment costs, selected acquisitions of buildings can lead to fluctuations in the presentation of capital expenditures.

* https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1.0021.02/DOC_2&format=PDF

The following types of expenses were classified as **operational expenditures (OpEx)** in accordance with Art 8 of the EU Taxonomy: maintenance and fit-out costs (see notes to the consolidated financial statements Table 5.1.3.).

Proportion of taxonomy-eligible economic activities for turnover, CapEx and OpEx

	2021		
	Total in MEUR	Proportion of taxonomy-eligible economic activities in %	Proportion of taxonomy-non-eligible economic activities in %
Turnover	375.1	99.7	0.3
Capital expenditures (CapEx)	266.4	81.8	18.2
Operational expenditures (OpEx)	21.5	98.7	1.3

In accordance with the description of economic activity 7.7., which refers to exercising ownership of real estate, the proportion of taxonomy-non-eligible capital expenditures includes the acquisition of undeveloped land in Croatia (EUR 45.4 million) as well as additions to other intangible assets and other tangible assets.

Minimum safeguards

Starting from the disclosure of Taxonomy alignment, economic activities can only be classified as sustainable within the EU Taxonomy if, in addition to contributing substantially to at least one environmental objective and meeting the DNSH criteria of all other environmental objectives, social minimum standards are also complied with. These minimum safeguards are based on the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights including the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the eight core conventions of ILO and the International Charter of Human Rights.

IMMOFINANZ implemented the revision of the following steps in 2021: The Code of Conduct was extended with regard to human rights topics, the requirements for human rights due diligence were defined and a Supplier Code of Conduct is in the process of being completed. The requirements of the minimum safeguards were incorporated and integrated into the revision.

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 is reflected in the research and development contract concluded between IMMOFINANZ and the Vienna University of Technology (TU Wien) on the subject of office solutions. The Vienna University of Technology is also working on this assignment together with the Mechanical Design Department of Stanford University.

Outlook

The past financial year clearly showed that IMMOFINANZ implemented the right measures during the pandemic and confirmed that the Group has emerged stronger from this crisis. Although the markets generally remained under the influence of the COVID-19 pandemic and the related containment measures during the first half of 2021, IMMOFINANZ not only generated significant earnings growth, but – with key indicators like the results of operations and EBT – even exceeded the very good pre-crisis level in 2019.

Infections are currently on the rise in several of our core countries, and especially in Austria, but most governments have taken steps to ease the corona restrictions. The warmer spring and summer weather is expected to bring about a substantial flattening of the infection curves – before the autumn and winter bring a new wave of infections. The emergence of further virus mutations can also not be excluded.

Expected market environment

The COVID-19 pandemic continues to represent a risk for the 2022 financial year. Experts originally projected very sound growth for the economies in our core countries (generally between 4% and 5% for 2022), but it is expected that these forecasts will be substantially undermined by Russia's invasion of Ukraine at the end of February 2022. The International Monetary Fund (IMF) issued a statement in mid-March that the Ukraine conflict could trigger fundamental changes in the global economic order. In addition to short-term consequences like rising inflation and weaker growth, longer-term effects are conceivable if energy trading shifts, supply chains change, payment networks crumble and countries rethink their currency reserves. The IMF has already signalised a reduction in its previous forecast for global growth in 2022.

These geopolitical and macroeconomic developments are a source of increasing uncertainty, and it is impossible to conclusively evaluate the resulting effects. IMMOFINANZ – with its flexible and crisis-resistant real estate products – believes it is optimally positioned for the future, also in an environment that is characterised by greater uncertainty.

Property portfolio and sustainability

IMMOFINANZ's standing investment portfolio totalled approximately EUR 4.5 billion as of 31 December 2021: roughly EUR 2.7 billion, or 60%, of office properties and EUR 1.8 billion, or 40%, of retail properties.

In its portfolio strategy, IMMOFINANZ continues to focus on clearly defined brands and innovative property solutions: myhive for high-quality, flexible offices with a friendly atmosphere as well as the cost-efficient STOP SHOP and VIVO! retail brands. We are also working on the expansion of our property offering to include affordable and sustainable housing. Our recently introduced "On Top Living" brand involves the build-over of single-storey STOP SHOP retail parks to create low-cost, resource-conserving residential space. With this product, we will meet people's housing needs and, at the same time, make an important contribution to the fight against climate change, ground sealing and exploding housing costs. We see a potential here for roughly 12,000 smart, climate-friendly apartments over the medium term.

Our plans call for further portfolio growth towards the EUR 6 billion-mark in 2022. In the office business, this involves further expansion with myhive in the capital cities of our core countries. The number of STOP SHOP retail parks is scheduled to increase from the current level of 100 to roughly 140 locations by 2024. The country focus here is on the Adriatic region, including Italy and Croatia, CEE, and selective projects in Western Europe. The acquisition of more than 20 sites at the end of 2021 creates the basis for the country-wide establishment of our STOP SHOPs in Croatia and, in March 2022, we took the next step to develop the Italian growth market with the acquisition of a 33,000 sqm retail park in Udine.

As part of our ambitious Net Zero Emission Strategy, we are also working to further improve the sustainable quality of the buildings in our portfolio and to increase resource efficiency. The climate and sustainability have top priority for IMMOFINANZ. This is reflected in our goal to make our company emission-free in all areas by 2040. Our strategy includes a wide variety of measures: Extensive energy efficiency upgrades will be carried out in at least 5% of the portfolio properties each year, our own renewable energy production will be massively expanded, and our external electricity supplies are being converted to green electricity. On the rooftops of the STOP SHOP retail parks, for example, additional photovoltaic equipment will be installed during the year and all new locations will operate exclusively with photovoltaics. The currently very high energy prices create a further incentive to expand climate-neutral solar energy generation as quickly as possible.

We see this not only as an important contribution in the fight against climate change, but also as a great opportunity and competitive advantage for IMMOFINANZ. That also applies to financing. The enormous increase in the demand by banks and debt investors for sustainability-oriented investments will support this rapid expansion and also strengthen IMMOFINANZ's competitive position.

Financing and the capital market

IMMOFINANZ has a very solid capital and financing structure with an equity ratio of 48.1%, a net loan-to-value ratio of 36.7%, and cash and cash equivalents of EUR 987.1 million at the end of December 2021. Moreover, the Group has an unsecured, revolving corporate credit line of EUR 100.0 million at its disposal.

Our goal is to continue this conservative financial policy: Gearing, based on the net LTV, is planned to remain below 45% over the medium term and the investment grade rating (BBB-, stable outlook from S&P Global Ratings) will be retained.

The environment for new financing and refinancing at the property level is still considered attractive. The refinancing arranged in 2020 and 2021 will secure the current interest rate level over the long term and improve the maturity profile. IMMOFINANZ meets regularly with its financing banks to discuss the premature extension of expiring financing, in order to further optimise this maturity profile.

IMMOFINANZ is ideally positioned for continued growth. Our forecast for 2022 shows pre-tax FFO 1 of more than EUR 135 million – assuming moderate influence from the COVID-19 pandemic – and we want to distribute 70% of this FFO 1 as dividends to our shareholders for the 2022 financial year.

However, an additional fact to consider is that the CPI Property Group (CPIPG) attained a controlling influence over IMMOFINANZ in March 2022 with over 50% of the shares. That triggered a change-of-control event for existing bank financing (with an outstanding credit volume of EUR 1,363.7 million as of 31 December 2021) and for the two corporate bonds with terms ending in 2023 and 2027 (outstanding nominal volume of EUR 982.8 million as of 31 December 2021). It entitles the financing banks to call their loans prematurely if they do not agree with the change-of-control event. The bondholders are entitled to exercise their right to sell and can put their bonds to the company for repayment at 101% of the nominal value plus unpaid, accrued interest up to 25 April 2022 (details on the change-of-control clauses can be found under "Information on equity" beginning on page 65). Depending on the volume of the sale rights exercised by bondholders up to 25 April and the cash outflows for the necessary repayment of bank financing, IMMOFINANZ could see an additional substantial increase in liquidity requirements over the short term until the redeemed bonds and bank financing can be replaced with new instruments. That, in turn, can have an effect on the planned portfolio growth and on further capital market guidance for the 2022 financial year.

Bondholders had exercised their sale rights for a volume of EUR 56.6 million as of 6 April 2022. This leads to short-term outflow of liquidity totalling EUR 57.6 million. All of the financing banks have issued declarations of consent, where necessary, to the change-of-control event. These declarations are, in part, still conditional and dependent on a know-your-customer process which is currently in progress. IMMOFINANZ considers it probable that all related conditions will be met. To date, no bank financing has been called prematurely due to the change-of-control event.

A final estimate of the total liquidity requirements for the repayment of bank financing and the corporate bonds is not possible at the present time. Therefore, the recommendation for the distribution of profit for the 2021 financial year will be communicated on a timely basis before the annual general meeting in July 2022.

As regards the investment in S IMMO, IMMOFINANZ continues to hold all options open.

Takeover offer by the CPI Property Group

A notification of shareholdings from 4 March 2022 indicates that the CPI Property Group (CPIPG) holds an investment of 55.07% in IMMOFINANZ. The statutory extension period for the mandatory takeover offer to IMMOFINANZ investors runs until 28 May 2022. In its offer document, CPIPG stated its intention to provide strong and sustainable support for future strategic measures implemented by IMMOFINANZ in accordance with the Austrian Corporate Governance Code and other rules and regulations in close cooperation with management and other stakeholders for the benefit of IMMOFINANZ.

This outlook reflects the Executive Board's assessments as of 8 April 2022 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 notes to the consolidated financial statements.

Vienna, 8 April 2022

The Executive Board

Stefan Schönauer
CFO

Dietmar Reindl
COO

Consolidated Financial Statements

Consolidated Balance Sheet

All amounts in TEUR	Notes	31 12 2021	31 12 2020
Investment property	4.1	4,736,375	4,680,351
Property under construction	4.2	474,311	358,640
Other tangible assets		5,836	5,313
Intangible assets	4.4.1	24,120	24,460
Equity-accounted investments	4.5	521,476	367,932
Trade and other receivables	4.6	38,663	56,917
Income tax receivables		8	514
Other financial assets	4.7	17,382	12,524
Deferred tax assets	4.8	6,380	9,016
Non-current assets		**5,824,551**	**5,515,667**
Trade and other receivables	4.6	130,305	87,722
Income tax receivables		7,057	11,938
Assets held for sale	4.9	9,030	168,382
Real estate inventories	4.10	619	619
Cash and cash equivalents	4.11	987,146	1,047,085
Current assets		**1,134,157**	**1,315,746**
Assets		**6,958,708**	**6,831,413**
Share capital	4.12	123,294	123,294
Capital reserves	4.12	4,565,709	4,702,527
Treasury shares	4.12	-23	-156,328
Accumulated other equity		-190,119	-194,682
Retained earnings		-1,115,317	-1,367,228
Equity attributable to owners of IMMOFINANZ AG		**3,383,544**	**3,107,583**
Non-controlling interests		-32,926	-23,876
Equity		**3,350,618**	**3,083,707**
Liabilities from convertible bonds	4.13	0	281,806
Financial liabilities	4.14	2,441,603	2,818,552
Trade and other payables	4.15	28,006	59,032
Income tax liabilities		2	2
Provisions	4.16	16,776	17,196
Deferred tax liabilities	4.8	274,213	262,271
Non-current liabilities		**2,760,600**	**3,438,859**
Liabilities from convertible bonds	4.13	283,216	9,250
Financial liabilities	4.14	411,820	97,499
Trade and other payables	4.15	110,978	129,926
Income tax liabilities		10,719	7,482
Provisions	4.16	30,757	19,827
Liabilities held for sale	4.9	0	44,863
Current liabilities		**847,490**	**308,847**
Equity and liabilities		**6,958,708**	**6,831,413**

Consolidated Income Statement

All amounts in TEUR	Notes	2021	2020
Rental income	**5.1.1**	**284,688**	**289,549**
Operating costs charged to tenants	5.1.2	88,656	85,329
Other revenues		1,707	2,823
Revenues		**375,051**	**377,701**
Expenses from investment property	5.1.3	-61,401	-71,849
Operating expenses	5.1.2	-102,691	-99,414
Results of asset management	**5.1**	**210,959**	**206,438**
Results of property sales	**5.2**	**25,710**	**7,934**
Results of property development	**5.3**	**18,897**	**-24,173**
Other operating income	5.4	2,150	2,659
Other operating expenses	5.5	-47,654	-48,909
Results of operations		**210,062**	**143,949**
Revaluation result from standing investments and goodwill	**5.7**	**85,893**	**-156,599**
Operating profit (EBIT)		**295,955**	**-12,650**
Financing costs	5.9	-81,079	-63,990
Financing income	5.9	1,813	2,209
Foreign exchange differences		472	-1,937
Other financial results	5.9	29,339	-14,560
Net profit or loss from equity-accounted investments	5.8	139,831	-69,496
Financial results	**5.9**	**90,376**	**-147,774**
Earnings before tax (EBT)		**386,331**	**-160,424**
Current income tax	5.10	-10,487	-11,862
Deferred tax	5.10	-30,007	6,403
Net profit or loss from continuing operations		**345,837**	**-165,883**
Net profit or loss from discontinued operations	2.4	0	0
Net profit or loss		**345,837**	**-165,883**
thereof attributable to owners of IMMOFINANZ AG		**347,051**	**-167,014**
thereof attributable to non-controlling interests		**-1,214**	**1,131**
Basic earnings per share in EUR	**5.11**	**2.81**	**-1.50**
Diluted earnings per share in EUR	**5.11**	**2.59**	**-1.50**

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	2021	2020
Net profit or loss		**345,837**	**-165,883**
Other comprehensive income (reclassifiable)			
Currency translation adjustment		-2,256	-5,354
thereof changes during the financial year		-7,687	-5,687
thereof reclassification to profit or loss	2.3 / 2.4	5,431	333
Other comprehensive income from equity-accounted investments	4.5	966	535
thereof changes during the financial year		1,712	494
thereof reclassification to profit or loss		-392	0
thereof income taxes		-354	41
Total other comprehensive income (reclassifiable)		**-1,290**	**-4,819**
Other comprehensive income (not reclassifiable)			
Financial instruments at fair value through other comprehensive income	7.1.2	-311	-505
thereof changes during the financial year		-415	-674
thereof income taxes		104	169
Other comprehensive income from equity-accounted investments	4.5	25,651	-24,787
thereof changes during the financial year		34,202	-33,049
thereof income taxes		-8,551	8,262
Total other comprehensive income (not reclassifiable)		**25,340**	**-25,292**
Total other comprehensive income after tax		**24,050**	**-30,111**
Total comprehensive income		**369,887**	**-195,994**
thereof attributable to owners of IMMOFINANZ AG		**371,101**	**-195,085**
thereof attributable to non-controlling interests		**-1,214**	**-909**

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	2021	2020
Earnings before tax (EBT)		386,331	-160,424
Revaluations of investment properties	5.7	-120,976	166,464
Goodwill impairment and subsequent price adjustments		254	-45
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.3	-61	227
Write-downs and write-ups on receivables and other assets		11,667	29,387
Net profit or loss from equity-accounted investments	5.8	-139,512	69,496
Foreign exchange differences and fair value measurement of financial instruments		-25,222	15,173
Net interest income/expense		82,102	62,206
Results from deconsolidation	2.3 / 2.4	-28,911	-243
Other non-cash income/expense/reclassifications		-12,384	-562
Gross cash flow before tax		**153,288**	**181,679**
Income taxes paid		-5,995	-4,644
Gross cash flow after tax		**147,293**	**177,035**
Change in real estate inventories		110	2,712
Change in trade and other receivables		-16,537	-13,218
Change in trade payables and other liabilities		72,351	-4,759
Change in provisions		13,930	-13,892
Cash flow from operating activities		**217,147**	**147,878**
Acquisition of investment property and property under construction		-141,859	-127,510
Business combinations and other acquisitions, net of cash and cash equivalents (EUR 19.0 mill.; 2020: EUR 1.5 mill.)		-102,534	-29,444
Consideration transferred/paid from disposal of discontinued operations, net of cash and cash equivalents	6.	97	-812
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents (EUR 7.8 mill.; 2020: EUR 0.6 mill.)	6.	139,527	17,830
Acquisition of other non-current assets		-3,871	-7,731
Disposal of investment property and property under construction		103,908	70,954
Disposal of other non-current assets		0	922
Dividends received from equity-accounted investments	4.5	13,189	16,778
Interest or dividends received from financial instruments		1,050	1,089
Cash flow from investing activities		**9,507**	**-57,924**
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		213,408	766,344
Proceeds from issue of mandatory convertible bonds, less transaction costs	4.13	0	118,563
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-325,800	-436,695
Proceeds from capital increase, less transaction costs	4.13	0	233,959
Derivatives		-13,702	-11,321
Interest paid		-57,058	-48,259
Payments on mandatory convertible bond		-5,765	0
Distributions/Dividend	4.12	-92,470	0
Transactions with non-controlling interest owners		-8,504	-36
Cash flow from financing activities		**-289,891**	**622,555**
Net foreign exchange differences		-1,035	-6,232
Change in cash and cash equivalents		**-64,272**	**706,277**
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		1,047,085	341,161
Plus cash and cash equivalents in disposal groups		4,333	3,980
Cash and cash equivalents at the beginning of the period	6.	1,051,418	345,141
Cash and cash equivalents at the end of the period	6.	987,146	1,051,418
Less cash and cash equivalents in disposal groups	4.9	0	4,333
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		**987,146**	**1,047,085**

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 31 December 2020		**123,294**	**4,702,527**	**-156,328**
Other comprehensive income	**4.12**		**19,487**	
Net profit or loss				
Total comprehensive income			**19,487**	
Conversion mandatory convertible bond			-156,305	156,305
Distributions/Dividend	4.12			
Transactions with non-controlling interest owners				
Disposal of non-controlling interests				
Balance on 31 December 2021		**123,294**	**4,565,709**	**-23**
Balance on 31 December 2019		**112,085**	**4,465,194**	**-250,378**
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Issue of shares		11,209	158,290	
Sale of treasury shares	7.2.5c		-29,590	94,050
Issue of mandatory convertible bond and partial repurchase of convertible bond 2017–2024			108,633	
Transactions with non-controlling interest owners				
Balance on 31 December 2020		**123,294**	**4,702,527**	**-156,328**

Accumulated other equity							
Revaluation reserve	IAS 19 reserve	Hedge accounting reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
-12,522	-408	-3,843	-177,909	-1,367,228	3,107,583	-23,876	3,083,707
5,853		1,381	-2,671		24,050		24,050
				347,051	347,051	-1,214	345,837
5,853		1,381	-2,671	347,051	371,101	-1,214	369,887
					0		0
				-92,470	-92,470		-92,470
				-2,670	-2,670	-5,834	-8,504
					0	-2,002	-2,002
-6,669	-408	-2,462	-180,580	-1,115,317	3,383,544	-32,926	3,350,618
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

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 9, 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 2021. 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 2021:

– 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 2021:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	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 (14 January 2021)	1 January 2021	Yes
IFRS 16	COVID-19-related rent concessions after 30 June 2021	31 May 2021 (31 August 2021)	1 April 2021	No

IFRS 16: Leasing
The changes to IFRS 16 created 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. This practical expedient was initially available for rent concessions that led to a reduction of lease payments due on or before 30 June 2021. The IASB released a further change in May 2021 which permitted the application of the practical expedient to reduced lease payments that were originally due on or before 30 June 2022. The application of this option for the simplified recording of rent concessions by IMMOFINANZ in 2021 involved immaterial amounts. The related rent concessions totalled EUR 0.9 million and were related solely to leases for building rights that are measured at fair value in accordance with IAS 40. The rent concessions for leases of building rights are recorded directly in equity without recognition to profit or loss.

IFRS 9, IAS 39 and IFRS 7: Reform of reference interest rates
The supplement to IFRS 9, IAS 39 and IFRS 7 includes additional provisions which describe the possible effects of the reference interest rate reform. 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. IMMOFINANZ did not apply this revision in 2021.

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 2021 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				
IAS 37	Onerous contracts – costs for fulfilling a contract	14 May 2020 (28 June 2021)	1 January 2022	No
IFRS 3	Change to IFRS 3 – reference to the conceptual framework	14 May 2020 (28 June 2021)	1 January 2022	No
IAS 16	Change to IAS 16 – property, plant and equipment – proceeds before intended use	14 May 2020 (28 June 2021)	1 January 2022	No
IFRS 4	Extension of the exemption from applying IFRS 9	25 June 2020 (15 December 2020)	1 January 2023	No

IMMOFINANZ is evaluating the applicable changes to these standards and will apply them as of the mandatory application date. The revised standards are not expected to have a material effect on the consolidated financial statements of IMMOFINANZ.

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 12	Change to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	7 May 2021	1 January 2023	No
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 2020	**194**	**2**	**7**	**203**
Companies initially included				
Other acquisitions	9	-2	0	7
New foundations	3	0	0	3
Companies no longer included				
Sales	-9	0	0	-9
Mergers	-7	0	0	-7
Liquidations	-14	0	0	-14
Balance on 31 December 2021	**176**	**0**	**7**	**183**
thereof foreign companies	126	0	0	126
thereof in liquidation	7	0	0	7
thereof intragroup merger resolution adopted	1	0	0	1

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

For eight of the 14 companies liquidated in 2021, 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 2021 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 2021.

2.2 Consolidation methods

2.2.1 Basis of 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 landowning 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 2021 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:

All amounts in TEUR	2021
Investment property (see 4.1)	164,226
Property under construction (see 4.2)	806
Other tangible assets	44
Receivables and other assets	6,131
Deferred tax assets	7,191
Investment properties held for sale	74,991
Assets held for sale	1,497
Cash and cash equivalents held for sale	2,764
Cash and cash equivalents	5,035
Financial liabilities	-15,065
Trade payables	-551
Other liabilities	-78,555
Income tax liabilities	-34
Deferred tax liabilities	-19,253
Liabilities held for sale	-32,206
Net assets sold	**117,021**
Consideration received in cash and cash equivalents	147,170
Outstanding purchase price receivables	1,873
Less net assets sold	-117,021
Less non-controlling interests	2,002
Reclassification of foreign exchange differences to profit or loss	-5,431
Results from deconsolidation	**28,593**
Consideration received in cash and cash equivalents	147,170
Less cash and cash equivalents sold	-7,799
Net inflow of cash and cash equivalents	**139,371**

2.4 Foreign currency translation

2.4.1 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.

2.4.2 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 the financial year.

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 2021	Closing rate on 31 12 2020	Average rate 2021	Average rate 2020
BGN	1.95580	1.95580	1.95580	1.95580
HRK	7.51717	7.53690	7.52551	7.52745
RON	4.94810	4.86940	4.92017	4.83702
RSD	117.58210	117.58020	117.57344	117.57452
TRY	15.23350	9.11310	10.67922	8.04456

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 eight regional core markets (Austria, Germany, Poland, Czech Republic, Slovakia, Hungary, Romania and Adriatic). Within the core markets, rental income is reported by asset class (office, retail and others) together with the income from the non-performance-related components of operating costs. 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, the myhive location in Vienna's Ungargasse and the Bureau am Belvedere. This portfolio also includes individual retail properties under the STOP SHOP brand.
- Germany: This portfolio includes the FLOAT office complex as well as the myhive Medienhafen Largo and Alto office properties.
- Poland: This country represents a further focal point for the office standing investments. The major office locations include the Warsaw Spire, the myhive Park Postępu, the myhive IO-1 building and the myhive Nimbus Office in Warsaw. The Polish portfolio also includes ten STOP SHOP retail parks as well as VIVO! shopping centers in Lublin, Stalowa Wola, Piła and Krosno.
- Czech Republic: The portfolio mix in the Czech Republic includes, among others, the Na Příkopě and BB Centrum Gamma office properties and the myhive Palmovka and Pankrác House in Prague. Other important properties are the VIVO! Hostivař shopping center and retail parks under the STOP SHOP brand.
- Slovakia: The core business in Slovakia lies primarily in the retail asset class with the VIVO! Bratislava and the 16 STOP SHOP retail parks. The portfolio also includes the myhive Vajnorská office properties.
- Hungary: This portfolio covers a mix of office properties like the myhive Átrium Park and the myhive Haller Gardens as well as several retail parks under the STOP SHOP brand.
- Romania: The business segment Romania covers office properties like the myhive S-Park, the myhive Metroffice and the IRIDE Business Park as well as retail properties like the STOP SHOP Botosani retail park and the VIVO! Cluj-Napoca, VIVO! Constanta, VIVO! Baia Mare and VIVO! Pitesti shopping centers. This portfolio also includes several properties in the Other asset class.
- Adriatic: The expansion of business activities in Serbia, Croatia and Slovenia led to the aggregation of these markets, which have been reported as the Adriatic segment since the first quarter of 2021. These three countries were previously included under the segment "Other countries". The Italian market was added to this segment following IMMOFINANZ's market entry in Italy during the second quarter of 2021. The Adriatic portfolio includes over 30 STOP SHOP retail parks as well as the Grand Centre Zagreb office property and one property in the other asset class that is located in Croatia.
- Other Countries: This segment includes land in Turkey (other asset class).

3.5 Information on key customers

IMMOFINANZ had no individual customers who accounted for 10% or more of revenues in the 2021 or 2020 financial year.

3.6 Segment reporting

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

	Austria		Germany	
All amounts in TEUR	**2021**	**2020**	**2021**	**2020**
Office	21,028	21,907	18,062	19,419
Retail	11,410	11,274	0	0
Other	3,264	3,794	2,313	2,354
Income from non-performance-related components of operating costs	720	700	793	859
Rental income	**36,422**	**37,675**	**21,168**	**22,632**
Operating costs charged to tenants	10,329	9,198	6,224	5,348
Other revenues	840	105	3	0
Revenues	**47,591**	**46,978**	**27,395**	**27,980**
Expenses from investment property	-15,207	-14,139	-2,575	-5,382
Operating expenses	-12,411	-11,565	-6,134	-6,128
Results of asset management	**19,973**	**21,274**	**18,686**	**16,470**
Results of property sales	**2,575**	**-723**	**28,738**	**10,442**
Results of property development	**-6,407**	**-11,778**	**43,121**	**-6,901**
Other operating income	490	389	106	62
Other operating expenses	-2,267	236	-4,884	-3,133
Results of operations	**14,364**	**9,398**	**85,767**	**16,940**
Revaluation result from standing investments and goodwill	**45,496**	**-16,128**	**32,725**	**2,012**
Operating profit (EBIT)	**59,860**	**-6,730**	**118,492**	**18,952**
	31 12 2021	**31 12 2020**	**31 12 2021**	**31 12 2020**
Investment property	871,099	763,325	470,000	542,954
Property under construction	91,930	150,510	163,600	94,756
Goodwill	0	0	0	0
Investment properties held for sale	0	0	0	0
Real estate inventories	0	0	559	559
Segment assets	**963,029**	**913,835**	**634,159**	**638,269**
	2021	**2020**	**2021**	**2020**
Segment investments	**18,533**	**43,377**	**21,488**	**35,859**

	Poland		Czech Republic	
All amounts in TEUR	**2021**	**2020**	**2021**	**2020**
Office	33,749	38,298	14,621	14,294
Retail	22,325	22,004	13,903	12,189
Other	4,448	5,415	1,618	1,607
Income from non-performance-related components of operating costs	3,473	3,816	280	248
Rental income	**63,995**	**69,533**	**30,422**	**28,338**
Operating costs charged to tenants	20,173	21,427	8,557	8,193
Other revenues	278	1,624	58	186
Revenues	**84,446**	**92,584**	**39,037**	**36,717**
Expenses from investment property	-13,425	-13,604	-4,580	-4,356
Operating expenses	-23,816	-25,186	-8,805	-8,513
Results of asset management	**47,205**	**53,794**	**25,652**	**23,848**
Results of property sales	**2,020**	**-1,115**	**1,877**	**-232**
Results of property development	**-481**	**-360**	**-103**	**-19**
Other operating income	360	847	47	73
Other operating expenses	-2,796	-3,164	-1,278	-1,663
Results of operations	**46,308**	**50,002**	**26,195**	**22,007**
Revaluation result from standing investments and goodwill	**-1,391**	**-67,179**	**9,996**	**-1,166**
Operating profit (EBIT)	**44,917**	**-17,177**	**36,191**	**20,841**
	31 12 2021	**31 12 2020**	**31 12 2021**	**31 12 2020**
Investment property	1,006,944	1,001,664	562,159	569,883
Property under construction	3,279	610	2,326	0
Goodwill	32	32	7,056	7,056
Investment properties held for sale	0	136,485	0	0
Real estate inventories	0	0	0	0
Segment assets	**1,010,255**	**1,138,791**	**571,541**	**576,939**
	2021	**2020**	**2021**	**2020**
Segment investments	**9,050**	**7,678**	**3,075**	**28,168**

All amounts in TEUR	Slovakia 2021	Slovakia 2020	Hungary 2021	Hungary 2020
Office	3,129	3,102	10,541	12,697
Retail	18,015	18,327	15,955	15,575
Other	519	493	1,737	2,134
Income from non-performance-related components of operating costs	749	762	1,482	1,711
Rental income	**22,412**	**22,684**	**29,715**	**32,117**
Operating costs charged to tenants	8,347	8,360	9,589	10,235
Other revenues	75	89	21	67
Revenues	**30,834**	**31,133**	**39,325**	**42,419**
Expenses from investment property	-7,743	-8,122	-5,980	-5,209
Operating expenses	-8,130	-8,015	-11,666	-12,210
Results of asset management	**14,961**	**14,996**	**21,679**	**25,000**
Results of property sales	**-4**	**69**	**-4,229**	**389**
Results of property development	**-64**	**-171**	**-618**	**-3,160**
Other operating income	199	102	20	31
Other operating expenses	-1,441	-1,285	-1,463	-1,455
Results of operations	**13,651**	**13,711**	**15,389**	**20,805**
Revaluation result from standing investments and goodwill	**-344**	**-8,680**	**3,638**	**-13,192**
Operating profit (EBIT)	**13,307**	**5,031**	**19,027**	**7,613**
	31 12 2021	**31 12 2020**	**31 12 2021**	**31 12 2020**
Investment property	327,181	324,874	385,462	414,240
Property under construction	0	0	72,610	67,730
Goodwill	184	184	2,385	2,385
Investment properties held for sale	0	0	0	20,030
Real estate inventories	0	0	0	0
Segment assets	**327,365**	**325,058**	**460,457**	**504,385**
	2021	**2020**	**2021**	**2020**
Segment investments	**3,506**	**3,148**	**8,613**	**2,065**

	Romania		Adriatic	
All amounts in TEUR	**2021**	**2020**	**2021**	**2020**
Office	13,817	15,241	1,537	1,396
Retail	26,108	25,739	29,194	24,047
Other	5,314	5,529	404	389
Income from non-performance-related components of operating costs	3,601	3,863	562	291
Rental income	**48,840**	**50,372**	**31,697**	**26,123**
Operating costs charged to tenants	18,686	17,117	6,751	5,451
Other revenues	429	372	3	380
Revenues	**67,955**	**67,861**	**38,451**	**31,954**
Expenses from investment property	-8,652	-15,452	-3,054	-5,395
Operating expenses	-24,648	-21,864	-7,081	-5,933
Results of asset management	**34,655**	**30,545**	**28,316**	**20,626**
Results of property sales	**-1,641**	**-570**	**-47**	**-326**
Results of property development	**-7,992**	**-1,750**	**-8,559**	**-34**
Other operating income	382	657	61	449
Other operating expenses	-2,955	-5,455	-3,036	-1,736
Results of operations	**22,449**	**23,427**	**16,735**	**18,979**
Revaluation result from standing investments and goodwill	**5,744**	**-47,048**	**-9,973**	**-8,014**
Operating profit (EBIT)	**28,193**	**-23,621**	**6,762**	**10,965**
	31 12 2021	**31 12 2020**	**31 12 2021**	**31 12 2020**
Investment property	661,960	710,830	439,390	326,330
Property under construction	109,710	38,540	30,856	6,494
Goodwill	13,275	13,529	1,000	998
Investment properties held for sale	9,030	6,870	0	0
Real estate inventories	60	60	0	0
Segment assets	**794,035**	**769,829**	**471,246**	**333,822**
	2021	**2020**	**2021**	**2020**
Segment investments	**45,864**	**16,380**	**155,413**	**25,425**

	Other Countries		Total reportable segments	
All amounts in TEUR	**2021**	**2020**	**2021**	**2020**
Office	0	0	116,484	126,354
Retail	0	0	136,910	129,155
Other	17	75	19,634	21,790
Income from non-performance-related components of operating costs	0	0	11,660	12,250
Rental income	**17**	**75**	**284,688**	**289,549**
Operating costs charged to tenants	0	0	88,656	85,329
Other revenues	0	0	1,707	2,823
Revenues	**17**	**75**	**375,051**	**377,701**
Expenses from investment property	-185	-190	-61,401	-71,849
Operating expenses	0	0	-102,691	-99,414
Results of asset management	**-168**	**-115**	**210,959**	**206,438**
Results of property sales	**-11**	**0**	**29,278**	**7,934**
Results of property development	**0**	**0**	**18,897**	**-24,173**
Other operating income	324	2	1,989	2,612
Other operating expenses	-222	-150	-20,342	-17,805
Results of operations	**-77**	**-263**	**240,781**	**175,006**
Revaluation result from standing investments and goodwill	**2**	**2,796**	**85,893**	**-156,599**
Operating profit (EBIT)	**-75**	**2,533**	**326,674**	**18,407**
	31 12 2021	**31 12 2020**	**31 12 2021**	**31 12 2020**
Investment property	12,180	26,251	4,736,375	4,680,351
Property under construction	0	0	474,311	358,640
Goodwill	0	0	23,932	24,184
Investment properties held for sale	0	0	9,030	163,385
Real estate inventories	0	0	619	619
Segment assets	**12,180**	**26,251**	**5,244,267**	**5,227,179**
	2021	**2020**	**2021**	**2020**
Segment investments	**177**	**0**	**265,719**	**162,100**

All amounts in TEUR	Reconciliation to consolidated financial statements 2021	2020	IMMOFINANZ 2021	2020
Office	0	0	116,484	126,354
Retail	0	0	136,910	129,155
Other	0	0	19,634	21,790
Income from non-performance-related components of operating costs	0	0	11,660	12,250
Rental income	**0**	**0**	**284,688**	**289,549**
Operating costs charged to tenants	0	0	88,656	85,329
Other revenues	0	0	1,707	2,823
Revenues	**0**	**0**	**375,051**	**377,701**
Expenses from investment property	0	0	-61,401	-71,849
Operating expenses	0	0	-102,691	-99,414
Results of asset management	**0**	**0**	**210,959**	**206,438**
Results of property sales	**-3,568**	**0**	**25,710**	**7,934**
Results of property development	**0**	**0**	**18,897**	**-24,173**
Other operating income	161	47	2,150	2,659
Other operating expenses	-27,312	-31,104	-47,654	-48,909
Results of operations	**-30,719**	**-31,057**	**210,062**	**143,949**
Revaluation result from standing investments and goodwill	**0**	**0**	**85,893**	**-156,599**
Operating profit (EBIT)	**-30,719**	**-31,057**	**295,955**	**-12,650**
	31 12 2021	31 12 2020	31 12 2021	31 12 2020
Investment property	0	0	4,736,375	4,680,351
Property under construction	0	0	474,311	358,640
Goodwill	0	0	23,932	24,184
Investment properties held for sale	0	0	9,030	163,385
Real estate inventories	0	0	619	619
Segment assets	**0**	**0**	**5,244,267**	**5,227,179**
	2021	2020	2021	2020
Segment investments	**0**	**0**	**265,719**	**162,100**

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 2021 in accordance with the Austrian subsidy guideline "COVID-19 investment bonuses for companies". 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). As of 31 December 2021, EUR 0.4 million (2020: EUR 0.0 million) had been recognised as a reduction to acquisition cost.

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	2021	2020
Beginning balance	**4,680,351**	**4,985,257**
Deconsolidations (see 2.3)	-164,226	-43,270
Change in scope of consolidation	1,690	0
Currency translation adjustments	-8,520	-7,517
Additions	158,573	72,030
Disposals	-30,931	-60,366
Revaluation	87,539	-145,611
Reclassifications	20,929	-98,580
Reclassification from assets held for sale	0	5,308
Reclassification to assets held for sale	-9,030	-26,900
Ending balance	**4,736,375**	**4,680,351**

The additions include acquisitions of EUR 122.2 million (2020: EUR 53.5 million) and subsequent investments of EUR 36.4 million (2020: EUR 18.5 million). The acquisitions are related primarily to the purchase of retail parks under the STOP SHOP brand in Italy, Serbia and Croatia as well as the purchase of land reserves in Croatia. The disposals in 2021 consisted chiefly of one office building in Austria and shopping centers in Romania as well as land in Bulgaria and Turkey. The disposal through the sale of subsidiaries was related, above all, to companies with office properties in Germany and Hungary.

The reclassifications consisted mainly of transfers of EUR -41.9 million (2020: EUR -108.1 million) from investment property to property under construction and EUR 66.1 million (2020: EUR 18.2 million) from property under construction to investment property.

The reclassifications to assets held for sale involved an office property and land in Romania.

IFRS 16

IMMOFINANZ leases rights of use for building rights mainly in Poland and Austria 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 the 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 building rights of use generally do not include any purchase options.

The rights of use included under investment property totalled EUR 50.5 million as of 31 December 2021 (2020: EUR 60.7 million). No rights of use were reclassified to assets held for sale in 2021 (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 2021 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 2021. Internal valuations were used in only 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 2021 and 2020 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 metres 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 2021		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	3.92	2.65	0.00
	max	66,382	25.08	23.48	5.25	7.67
	weighted average	19,300	16.73	12.91	3.80	2.10
	median	13,185	15.21	11.96	3.83	0.81
CEE	min	6,621	7.73	6.94	4.25	0.00
	max	71,608	22.31	20.61	10.25	57.76
	weighted average	21,400	14.53	12.54	7.35	11.57
	median	17,310	13.85	11.80	7.40	5.98
Other Countries	min	15,992	11.92	10.59	7.75	0.75
	max	15,992	11.92	10.59	7.75	0.75
	weighted average	15,992	11.92	10.59	7.75	0.75
	median	15,992	11.92	10.59	7.75	0.75

Retail 2021		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	2,175	6.05	5.85	4.75	0.00
	max	9,480	13.89	14.49	5.90	7.58
	weighted average	4,782	10.85	11.59	5.41	1.07
	median	4,389	11.43	12.68	5.40	0.00
CEE	min	2,639	5.06	5.27	6.00	0.00
	max	62,504	19.69	21.21	9.75	22.07
	weighted average	11,515	11.71	11.78	7.41	1.27
	median	7,853	9.39	10.05	7.25	0.00
Other Countries	min	1,657	7.46	4.97	7.45	0.00
	max	26,638	12.27	15.06	8.75	8.19
	weighted average	8,173	9.63	9.87	8.18	0.76
	median	7,001	10.07	9.99	8.50	0.00

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	16.29	14.71	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	14.36	12.21	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	10.87	10.87	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	11.60	11.29	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	9.83	13.31	8.26	0.77
	median	7,626	10.04	13.23	8.00	0.00

An increase in the rent per square metre 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 2021		Land in sqm	Price per sqm in EUR
West	min	1,478	1,020.29
	max	15,279	1,247.46
	weighted average	8,493	1,166.80
	median	8,723	1,197.56
CEE	min	2,162	499.54
	max	20,308	4,220.43
	weighted average	8,730	1,082.86
	median	3,720	570.22

Retail 2021		Land in sqm	Price per sqm in EUR
CEE	min	30,910	32.03
	max	126,040	150.09
	weighted average	63,335	64.14
	median	48,195	39.00
Other Countries	min	18,491	26.86
	max	60,504	116.18
	weighted average	35,758	63.41
	median	31,053	60.51

Other 2021		Land in sqm	Price per sqm in EUR
CEE	min	1,790	124.96
	max	210,319	446.93
	weighted average	69,404	141.96
	median	32,753	284.47
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 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	992.24
	median	8,723	986.68
CEE	min	2,162	95.97
	max	110,134	4,661.29
	weighted average	34,081	295.03
	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	70.97
	median	84,718	97.53
Other Countries	min	30,000	36.00
	max	39,471	84.11
	weighted average	34,736	63.34
	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	142.82
	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

An increase in the price per square metre 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 2021. In spite of the related economic uncertainties, the appraisers found and confirmed functioning real estate markets in nearly all areas. The shopping center sector in Poland 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. The carrying amount of the shopping centers affected by this uncertainty amounts to EUR 191.1 million (31 December 2020: 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 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**
Balance on 1 January 2021	**1,132,491**	**1,701,393**	**30,180**	**2,864,064**
Deconsolidations	-102,182	-51,984	0	-154,166
Change in scope of consolidation	0	1,690	0	1,690
Foreign exchange differences	0	0	74	74
Additions	14,141	9,963	0	24,104
Disposals	-14,449	-449	-2,900	-17,798
Revaluation of properties in the portfolio as of the balance sheet date	71,745	-8,458	736	64,023
Revaluation of properties no longer in the portfolio as of the balance sheet date	3,146	102	300	3,548
Reclassifications	63,678	-43,528	-100	20,050
Reclassification to assets held for sale	0	-8,340	0	-8,340
Balance on 31 December 2021	**1,168,570**	**1,600,389**	**28,290**	**2,797,249**

Retail

All amounts in TEUR	West	CEE	Other Countries	Total
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**
Balance on 1 January 2021	**163,705**	**1,274,082**	**285,451**	**1,723,238**
Foreign exchange differences	0	0	34	34
Additions	2,986	8,230	122,698	133,914
Disposals	0	-7,047	0	-7,047
Revaluation of properties in the portfolio as of the balance sheet date	6,476	24,770	-10,239	21,007
Revaluation of properties no longer in the portfolio as of the balance sheet date	0	-850	0	-850
Reclassifications	-638	2,252	-145	1,469
Balance on 31 December 2021	**172,529**	**1,301,437**	**397,799**	**1,871,765**

Other

All amounts in TEUR	West	CEE	Other Countries	Total
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**
Balance on 1 January 2021	**10,083**	**46,016**	**36,950**	**93,049**
Deconsolidations	-10,060	0	0	-10,060
Foreign exchange differences	0	0	-8,628	-8,628
Additions	6	-24	573	555
Disposals	0	-3,277	-2,809	-6,086
Revaluation of properties in the portfolio as of the balance sheet date	0	-122	-428	-550
Revaluation of properties no longer in the portfolio as of the balance sheet date	-29	567	-177	361
Reclassifications	0	-590	0	-590
Reclassification to assets held for sale	0	-690	0	-690
Balance on 31 December 2021	**0**	**41,880**	**25,481**	**67,361**

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 2021	31 12 2020
Office	1,168,570	1,132,491
Retail	172,529	163,705
Other	0	10,083
Total West	**1,341,099**	**1,306,279**
Office	1,600,389	1,701,393
Retail	1,301,437	1,274,082
Other	41,880	46,016
Total CEE	**2,943,706**	**3,021,491**
Office	28,290	30,180
Retail	397,799	285,451
Other	25,481	36,950
Total Other Countries	**451,570**	**352,581**
Total (as per consolidated balance sheet)	**4,736,375**	**4,680,351**

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 2021 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 2021					Rental income
Interest rate[1]	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	6.3%	9.4%	12.5%	15.6%	18.7%
Δ -25 basis points	0.0%	2.9%	5.9%	8.8%	11.7%
Δ 0 basis points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +25 basis points	-10.5%	-7.8%	-5.2%	-2.6%	0.1%
Δ +50 basis points	-14.9%	-12.4%	-9.9%	-7.3%	-4.8%

[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 8.7%.

Sensitivity of fair value as of 31 December 2021					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%	-0.5%	2.3%	5.1%	8.0%
Δ -2.5% points	-4.3%	-1.5%	1.3%	4.1%	6.9%
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 4.1%.

The following two tables show the per cent change in the fair value of investment property as of 31 December 2020 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 2020					Rental income
Interest rate[1]	△ -5.0%	△ -2.5%	△ 0.0%	△ +2.5%	△ +5.0%
△ -50 basis points	5.6%	8.7%	11.8%	14.9%	17.9%
△ -25 basis points	-0.3%	2.6%	5.5%	8.5%	11.4%
△ 0 basis points	-5.6%	-2.8%	0.0%	2.8%	5.6%
△ +25 basis points	-10.2%	-7.6%	-4.9%	-2.3%	0.3%
△ +50 basis points	-14.5%	-11.9%	-9.4%	-6.9%	-4.4%

[1] Capitalisation rate

Sensitivity of fair value as of 31 December 2020					Rental income
Vacancy rate	△ -5.0%	△ -2.5%	△ 0.0%	△ +2.5%	△ +5.0%
△ -5.0% points	-2.7%	0.1%	3.0%	5.8%	8.6%
△ -2.5% points	-3.8%	-0.9%	1.9%	4.7%	7.5%
△ 0.0% points	-5.6%	-2.8%	0.0%	2.8%	5.6%
△ +2.5% points	-8.2%	-5.5%	-2.8%	-0.1%	2.6%
△ +5.0% points	-10.8%	-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 in accordance with IFRS 5 are excluded. As of 31 December 2021, the investment property had a carrying amount of EUR 4,736.4 million (31 December 2020: EUR 4,680.4 million) and the carrying amount of the top 30 properties totalled EUR 2,924.7 million (31 December 2020: EUR 2,868.8 million) or 61.7% (31 December 2020: 61.3%) 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 2021 ranged from 2.7% to 8.5% (31 December 2020: 2.95% to 8.75%). The interest rates were highest in Romania during 2021 with a range of 7.6% to 8.5% and lowest in Austria with a range of 2.7% to 4.55%. During the previous financial year, the interest rates were highest in Romania with a range of 7.6% to 8.75% and lowest in Austria with a range of 2.95% to 4.7%.

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 2.2% of total rental income (also see section 3.5).

4.1.5 Climate risks

IMMOFINANZ has acknowledged its responsibility and addressed climate risks extensively in 2021 because the real estate sector is responsible for roughly 40% of global greenhouse gas emissions. This led to the development and year-end presentation of the Net Zero Emission Strategy, which includes IMMOFINANZ's goal to achieve climate neutrality throughout the entire Group by 2040. This strategy covers numerous individual measures with focal points for innovation and digitalisation – the two most important challenges for IMMOFINANZ's business model in the coming years.

The standing investment portfolio was also extensively analysed to identify normal branch risks and opportunities for energetic improvement. A few, but decisive measures can help the company to realise a 60% reduction in its greenhouse gas emissions by 2030. These measures include the exit from fossil energy carriers, the electrification of the portfolio, and the coverage of energy requirements from sustainable sources. All relevant building components in the portfolio are scheduled for refurbishement by 2040 and, as part of these projects, the buildings will be upgraded to meet the latest technological standards.

Property valuation in 2021 included a special focus on ESG aspects. Numerous factors – for example, the risks arising from climate change – were analysed as well as the social added value of our properties and compliance with human rights. IMMOFINANZ's actions, as seen from the risk viewpoint, counteract rental risks that include a decline in demand or rental prices as well as the obsolescence of the standing investment portfolio. The successful implementation of an ESG strategy creates opportunities for properties that meet high ESG standards to establish a competitive advantage by significantly improving their rental performance. The effects of future ESG criteria on property appraisals cannot be estimated at the present time.

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 redevelopment. 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 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	2021	2020
Beginning balance	**358,640**	**199,439**
Deconsolidations (see 2.3)	-806	0
Currency translation adjustments	10	1
Additions	105,456	90,070
Revaluation	33,882	-21,197
Reclassifications	-22,871	90,327
Ending balance	**474,311**	**358,640**

The additions are related primarily to the development projects for the STOP SHOP brand in Croatia and investments for myhive locations in Romania, Germany, Austria and Hungary. Revaluation results were influenced primarily by a contribution of EUR 56.2 million from a development project in Düsseldorf.

The reclassifications involve, above all, transfers of EUR 41.9 million (2020: EUR 108.1 million) from investment property to property under construction and transfers of EUR -66.1 million (2020: EUR -18.2 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 the 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 6.50% to 8.35% (2020: 3.25% to 8.25%), while the project development profit ranges from 4.0% to 7.5% (2020: 0.0% to 17.2%). The estimated fair values of the projects on completion range from EUR 9.3 million to EUR 102.2 million (2020: EUR 11.0 million to EUR 162.8 million) and the estimated outstanding construction costs by property range from EUR 5.5 million to EUR 69.8 million (2020: EUR 4.6 million to EUR 40.8 million).

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

As of 31 December 2021, property under construction included no rights of use (2020: EUR 0.0 million). No rights of use were transferred to assets held for sale in 2021 (2020: EUR 12.4 million) (see section 4.9).

4.3 Other tangible assets

As of 31 December 2021, other tangible assets included IFRS 16 rights of use totalling. EUR 1.2 million (2020: EUR 1.4 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 2021	31 12 2020
Goodwill	23,932	24,184
Other intangible assets	188	276
Total	**24,120**	**24,460**

4.4.2 Goodwill

The development of goodwill is shown in the following table:

All amounts in TEUR	2021	2020
Acquisition cost – beginning balance	**1,015,421**	**1,020,097**
Deconsolidations	-732,212	-4,645
Currency translation adjustments	6	-31
Acquisition cost – ending balance	**283,215**	**1,015,421**
Accumulated depreciation – beginning balance	**-991,237**	**-995,913**
Deconsolidations	732,212	4,645
Currency translation adjustments	-5	31
Impairment losses to continuing operations	-253	0
Accumulated depreciation - ending balance	**-259,283**	**-991,237**
Carrying amount as of the balance sheet date	**23,932**	**24,184**

The deconsolidations resulted primarily from the liquidation of two Cypriot holding companies.

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	12.39	6.90	2.13
	max	21,264	16.02	12.39	6.90	2.13
	weighted average	21,264	16.02	12.39	6.90	2.13
	median	21,264	16.02	12.39	6.90	2.13
Czech Republic	min	4,247	8.34	9.00	5.75	0.00
	max	31,154	14.85	12.30	7.10	7.19
	weighted average	9,718	10.33	10.23	6.56	0.80
	median	5,863	9.24	9.83	6.65	0.00
Slovakia	min	4,452	8.57	6.56	7.05	0.00
	max	6,809	9.85	11.11	9.75	6.98
	weighted average	5,875	9.29	9.47	7.98	2.33
	median	6,366	9.44	10.75	7.15	0.00
Hungary	min	7,210	9.93	11.21	7.25	0.00
	max	38,786	14.78	13.33	8.00	11.08
	weighted average	18,685	11.73	12.12	7.67	7.30
	median	10,060	10.47	11.82	7.75	10.81
Romania	min	16,773	7.73	10.01	7.60	0.00
	max	62,504	19.69	19.10	8.75	57.76
	weighted average	33,377	14.47	15.67	8.15	24.30
	median	27,116	15.24	16.79	8.13	19.73
Adriatic	min	5,110	7.46	8.10	7.75	0.00
	max	15,992	11.92	10.59	8.00	0.75
	weighted average	11,144	9.32	9.41	7.83	0.25
	median	12,332	8.59	9.55	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 -0.3 million as of 31 December 2021 (31 December 2020 EUR 0.0 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

The remaining 25% of the shares in Termaton Enterprises Limited were acquired for EUR 1.00 on 7 December 2021. This company and its wholly owned subsidiary, Hadas Management SRL, were classified as fully consolidated subsidiaries as of that date. The share of net profit or loss attributable to IMMOFINANZ therefore includes the transition consolidation results of TEUR 319, of which TEUR 392 are attributable to the recycling of currency translation differences recorded under other comprehensive income.

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	31 12 2021	31 12 2020
Non-current assets	0	2,161
thereof investment property	0	1,690
Current assets	0	20
thereof cash and cash equivalents	0	2
Non-current liabilities	0	6,777
Current liabilities	0	1,644
Equity	**0**	**-6,240**
Equity interest of IMMOFINANZ in the investment	0	-4,680
Other adjustments	0	4,680
Carrying amount as of 31 December	**0**	**0**
Cumulative losses not recognised as of 31 December 2021	0	0
	2021	**2020**
Net profit or loss for the period	**-387**	**-463**
thereof interest expense	-215	-288
thereof income taxes	0	-6
thereof attributable to shareholders of the investment	-387	-463
Share of net profit or loss attributable to IMMOFINANZ	-74	-80
Other adjustments	-212	-267
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**-286**	**-347**
Other comprehensive income	**99**	**107**
thereof attributable to shareholders of the investment	99	107
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	74	80
Total comprehensive income	**-288**	**-356**
thereof attributable to shareholders of the investment	-288	-356
Share of IMMOFINANZ in total comprehensive income for the period	**-212**	**-267**
Other adjustments	212	267
Dividends received	**0**	**0**

4.5.2 Investments in associates

S IMMO AG (in short: S IMMO) was IMMOFINANZ's most important associate as of 31 December 2021. The shares of S IMMO are listed on the Vienna Stock Exchange, and the share price equalled EUR 21.75 at year-end 2021. IMMOFINANZ holds 19.499.437 S IMMO shares, which represent an investment of 26.49% and 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

As of 31 December 2021, S IMMO was included at equity based on an extrapolation of the financial statements as of 30 September 2021 together with other material effects (among others, based on ad-hoc reports and other published information). This method basically involves the extrapolation of results by one quarter based on results for the first three quarters; positions where a different procedure was applied are explained below.

The results from property valuation as of 30 September 2021 were carried forward under the assumption that no material effects were expected in the fourth quarter.

The extrapolation of financing income for the first three quarters (excluding the dividend from CA Immo) was increased by dividend income of EUR 13.1 million from the investment in IMMOFINANZ.

Tax expense/income was calculated by applying the effective tax rate as of 30 September 2021 to profit before tax.

The share of profit for the fourth quarter which is included under other comprehensive income includes the valuation of the IMMOFINANZ shares held by S IMMO. This valuation was based on the market development of the IMMOFINANZ share from 30 September 2021 to 31 December 2021.

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 significant upturn in the S IMMO share price during the first quarter of 2021 represented an objective indication of an increase in the value of this investment as of 31 March 2021, 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 formed 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) as of 31 March 2021 included an appropriate premium of 11.9% (EUR 2.55 per share, or EUR 49.8 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. The package premium equalled 16.6% as of 31 December 2021 (derived from comparable transactions from 2012 to 2021). 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 468.0 million (EUR 24.00 per share) less selling costs of 1.75% – amounted to EUR 459.8 million as of 31 March 2021. Results for the period therefore included a revaluation of EUR 85.3 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 (2020: 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 2021	Other 31 12 2021	Total 31 12 2021
Non-current assets	3,135,706	596	3,136,302
thereof investment property	2,697,874	0	2,697,874
Current assets	513,062	12,085	525,147
Thereof real estate inventory	235	0	235
Non-current liabilities	1,826,308	39	1,826,347
Current liabilities	202,067	5,448	207,515
Equity	**1,620,393**	**7,194**	**1,627,587**
thereof attributable to non-controlling interests	3,650	661	4,311
thereof attributable to shareholders of the investment	1,616,743	6,533	1,623,276
Equity interest of IMMOFINANZ in the investment	428,275	3,201	431,476
Other adjustments	86,536	3,464	90,000
Carrying amount as of 31 December 2021	**514,811**	**6,665**	**521,476**
Cumulative losses not recognised as of 31 December 2021	0	0	0
	2021	**2021**	**2021**
Rental income	129,671	0	129,671
Expenses charged on and other revenue	60,913	25,670	86,583
Revenues	**190,584**	**25,670**	**216,254**
Net profit or loss for the period	**182,563**	**12,656**	**195,219**
thereof attributable to non-controlling interests	605	897	1,502
thereof attributable to shareholders of the investment	181,958	11,759	193,717
Share of net profit or loss attributable to IMMOFINANZ	48,201	5,762	53,963
Other adjustments	85,835	0	85,835
Share of net profit or loss from equity-accounted investments attributable to IMMOFINANZ	**134,036**	**5,762**	**139,798**
Other comprehensive income	**101,680**	**0**	**101,680**
thereof attributable to shareholders of the investment	101,680	0	101,680
Share of changes in other comprehensive income recorded directly in equity attributable to IMMOFINANZ	26,935	0	26,935
Total comprehensive income	**284,243**	**12,655**	**296,898**
thereof attributable to non-controlling interests	605	897	1,502
thereof attributable to shareholders of the investment	283,638	11,758	295,396
Share of IMMOFINANZ in total comprehensive income for the period	**75,136**	**5,762**	**80,898**
Other adjustments	85,835	0	85,835
IMMOFINANZ's total comprehensive income from equity-accounted investments	**160,971**	**5,762**	**166,733**
Dividends received	**9,750**	**3,439**	**13,189**

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 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**
	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	**-9,355**	**3,931**	**-5,424**
Other adjustments	-88,057	0	-88,057
IMMOFINANZ's total comprehensive income from equity-accounted investments	**-97,412**	**3,931**	**-93,481**
Dividends received	**13,650**	**3,128**	**16,778**

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 2021	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Rents receivable	25,721	25,352	295	74	25,420	25,420	0	0
Miscellaneous	24,777	24,777	0	0	27,559	27,559	0	0
Total trade accounts receivable	**50,498**	**50,129**	**295**	**74**	**52,979**	**52,979**	**0**	**0**
Receivables due from associates	0	0	0	0	5	5	0	0
Receivables due from joint ventures	0	0	0	0	1,752	1,004	733	15
Receivables due from equity-accounted investments	**0**	**0**	**0**	**0**	**1,757**	**1,009**	**733**	**15**
Restricted funds	43,441	15,028	27,696	717	40,883	7,595	32,115	1,173
Financing	6,677	62	26	6,589	7,758	85	139	7,534
Property management	948	689	240	19	1,499	1,176	299	24
Outstanding purchase price receivables – sale of properties	2,011	2,011	0	0	70	70	0	0
Outstanding purchase price receivables – sale of shares in other companies	16,245	16,245	0	0	12,960	0	12,960	0
Miscellaneous	26,295	23,288	2,575	432	9,384	7,459	1,826	99
Total other financial receivables	**95,617**	**57,323**	**30,537**	**7,757**	**72,554**	**16,385**	**47,339**	**8,830**
Tax authorities	22,129	22,129	0	0	16,586	16,586	0	0
Other contractual assets	724	724	0	0	763	763	0	0
Total other non-financial receivables	**22,853**	**22,853**	**0**	**0**	**17,349**	**17,349**	**0**	**0**
Total	**168,968**	**130,305**	**30,832**	**7,831**	**144,639**	**87,722**	**48,072**	**8,845**

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 carried at the present value of EUR 14.4 million as of 31 December 2021.

The increase in other financial receivables to EUR 26.3 million is based primarily on loans to two former Group companies which have not yet been repaid. Both companies were sold in 2021, and the loans will be repaid in 2022.

The other contractual assets of EUR 0.7 million resulted from the application of IFRS 15.

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.

The COVID-19 pandemic was responsible for an increase in receivables write-offs in 2021. These write-offs represent a material position, 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 2021. 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 -12.2 million in 2021 (2020: EUR -29.4 million). The decline is attributable, above all, to the increase in COVID-19-related receivables write-offs in 2020 (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 2021	31 12 2020
Other securities	11,885	10,613
Real estate fund shares	1,466	1,911
Derivative financial instruments	4,031	0
Total	**17,382**	**12,524**

The other securities include investments in companies and one convertible bond EUR 6.9 million (31 December 2020: EUR 6.6 million) of the investments are carried at fair value through profit or loss and EUR 4.6 million (31 December 2020: EUR 4.0 million) at fair value through other comprehensive income. The convertible bond with a value of EUR 0.4 million is carried at fair value through profit or loss.

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 fully 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 2021 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 2021		31 12 2020	
All amounts in TEUR	Assets	Liabilities	Assets	Liabilities
Investment property	3,249	356,963	2,880	321,863
Other financial assets and miscellaneous assets	**20,521**	**24,645**	**16,680**	**22,577**
Total	23,770	381,608	19,560	344,440
Other liabilities and provisions	17,028	16,306	24,130	16,785
Total	**17,028**	**16,306**	**24,130**	**16,785**
Tax loss carryforwards	241,006	0	239,126	0
Real differences from the elimination of intragroup liabilities	0	151,723	0	174,846
Deferred tax assets and deferred tax liabilities	**281,804**	**549,637**	**282,816**	**536,071**
Offset of deferred tax assets and deferred tax liabilities due to the same taxation authority	-275,424	-275,424	-273,800	-273,800
Net deferred tax assets and deferred tax liabilities	**6,380**	**274,213**	**9,016**	**262,271**

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 1,260.7 million (31 December 2020: EUR 1,130.1 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 2021 or 2020 (2021: EUR 5.8 million; 2020: EUR 5.5 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 2,529.1 million (31 December 2020: EUR 2,495.3 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 182.9 million (31 December 2020: EUR 278.3 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 2021	Applicable tax rate 31 12 2020
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%
Adriatic	10.00%-24.00%	10.00%-19.00%
Other Countries	10.00%-25.80%	10.00%-25.00%

[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.

The Austrian Eco-social Tax Reform Act of 2022 will reduce the corporate income tax rate in Austria to 23% by one percentage point each in 2023 und 2024.

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 2021	Carrying amount as of 31 12 2020
Investment property	9,030	104,417
Property under construction	0	58,968
Deferred tax assets	0	147
Trade and other receivables	0	517
Cash and cash equivalents	0	4,333
Assets held for sale	**9,030**	**168,382**
Reclassifiable reserves	**0**	**-904**
Financial liabilities	0	40,901
Trade and other payables	0	1,837
Provisions	0	315
Deferred tax liabilities	0	1,810
Liabilities held for sale	**0**	**44,863**

The investment property classified as held for sale as of 31 December 2021 included rights of use (IFRS 16) totalling EUR 0.0 million (31 December 2020: EUR 2.6 million), while the comparable amount for property under construction was EUR 0.0 million (31 December 2020: EUR 12.4 million). The financial liabilities held for sale included lease liabilities of EUR 0.0 million (31 December 2020: EUR 15.0 million).

Of the assets and liabilities classified as held for sale as of 31 December 2021, two land sites and 11 office properties were sold in 2021.

Additions to this category in 2021 included one office property and one land site which are scheduled for sale through an asset deal.

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 2021	31 12 2020
Inventories carried at net realisable value less costs to sell	619	559
Inventories carried at acquisition or production cost	0	60
Total	**619**	**619**

Net write-downs and write-ups of EUR 0.1 million were recognised to real estate inventories in 2021 (2020: EUR -0.2 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 2021 or 2020.

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 987.1 million as of 31 December 2021 (31 December 2020: EUR 1,047.1 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 2021 (31 December 2020: EUR 123.3 million). It is divided into 123,293,795 (31 December 2020: 123,293,795) 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	2021	2020
Balance at the beginning of the financial year	**123,293,795**	**112,085,269**
Issue of shares	0	11,208,526
Balance at the end of the financial year	**123,293,795**	**123,293,795**

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.

IMMOFINANZ exercised its right to the premature mandatory conversion of the 4% mandatory convertible bond on the optional mandatory conversion date of 26 September 2021 in accordance with the applicable issue terms. The bond had a total nominal value of EUR 120 million; it was issued in 2020 and originally scheduled for redemption in 2023. The premature mandatory conversion led to the issue of 6,997,200 shares to the holders of the mandatory convertible bonds. These shares were drawn from IMMOFINANZ's stock of treasury shares. The delivery date was 5 October 2021. The mandatory convertible bond represents a hybrid financial instrument which must be separated into equity and debt components on initial recognition. The present value of the future coupon payments is reported as a financial liability, while the mandatory conversion represents an equity component that was recorded under equity on the recognition date.

IMMOFINANZ held 1,028 treasury shares as of 31 December 2021 (31 December 2020: 6,998,228 treasury shares).

Authorisations of the annual general meeting in connection with the purchase and sale of 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 for 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 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.

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 used up to EUR 12,329,379.00 (i.e. 10% of share capital as of 31 December 2021), 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 has not been used up to 31 December 2021 (see section 7.6).

The 28th annual general meeting on 19 October 2021 approved the distribution of a dividend of EUR 0.75 per share for the 2020 financial year. A total of EUR 92.5 million was distributed to shareholders on 25 October 2021.

Of the total other comprehensive income, EUR 24.1 million (2020: EUR -28.1 million) is attributable to IMMOFINANZ shareholders and EUR 0.0 million (2020: EUR -2.0 million) to non-controlling interests. The other comprehensive income resulted primarily from a change of EUR 25.3 million (2020: EUR -25.3 million) in the valuation reserve recorded under equity, which originated almost entirely from the equity-accounted investment in S IMMO.

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 2021 (31 December 2020: EUR 294.5 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 2021	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Convertible bond 2017–2024	283,216	283,216	0	0	277,205	4,437	272,768	0
Mandatory convertible bond 2020–2023	0	0	0	0	13,851	4,813	9,038	0
Total	**283,216**	**283,216**	**0**	**0**	**291,056**	**9,250**	**281,806**	**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. This rating was confirmed in December 2021. The convertible bond includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022.

IMMOFINANZ was informed on 3 December 2021 that the CPI Property Group had, directly and indirectly, attained an investment of approximately 21.4% in IMMOFINANZ AG, which represented a controlling investment as defined by §22 in connection with §27 of the Ausrian Takeover Act. In accordance with the issue terms of the convertible bond 2017–2024, this change of control led to a temporary adjustment of the conversion price. The conversion price applicable immediately before the change of control (3 December 2021) equalled EUR 20.6333. The subsequent adjustment of the conversion price from the change-of-control date to the control record date on 19 January 2022 equalled EUR 18.8987. The conversion price currently equals EUR 20.6333 per share, and the conversion right can be exercised up to 10 January 2024 (also see section 7.6).

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.

On 26 August 2021, IMMOFINANZ AG announced its intention to exercise the right to premature mandatory conversion of the mandatory convertible bond in accordance with the respective issue terms. Conversion took place on the optional mandatory conversion date of 26 September 2021 based on the conversion price of EUR 17.1472 applicable on that date. The shares were drawn from IMMOFINANZ's stock of treasury shares on 5 October 2021 (also see sections 4.12 and 5.9).

4.14 Financial liabilities

The following table shows the composition and classification of financial liabilities by remaining term as of 31 December 2021:

All amounts in TEUR	31 12 2021	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2020	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	1,819,580	383,635	900,931	535,014	1,875,952	77,946	1,302,351	495,655
thereof secured by collateral	1,819,454	383,509	900,931	535,014	1,875,829	77,823	1,302,351	495,655
thereof not secured by collateral	126	126	0	0	123	123	0	0
Liabilities arising from the issue of bonds	982,116	25,174	479,961	476,981	978,051	16,156	477,492	484,403
Other financial liabilities	51,727	3,011	8,984	39,732	62,048	3,397	10,100	48,551
Total	**2,853,423**	**411,820**	**1,389,876**	**1,051,727**	**2,916,051**	**97,499**	**1,789,943**	**1,028,609**

The liabilities from the issue of bonds include two fixed-interest, unsecured, non-subordinated bonds. One bond was issued on 21 January 2019; it has an outstanding nominal value of EUR 482.8 million, a four-year term and an interest rate of 2.625%. The other bond was issued on 8 October 2020; it has an outstanding nominal value of EUR 500 million, 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 2021, no lease liabilities were reclassified to held for sale liabilities (2020: EUR 15.0 million). The cash outflows for leases totalled EUR 4.0 million in 2021 (2020: EUR 5.1 million).

The conditions of the major financial liabilities are as follows:

31 12 2021		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%	81,981	81,981	
	EUR	variable	1.13%	1,742,873	1,742,873	
Total amounts due to financial institutions					**1,824,854**	**1,819,580**
Liabilities from the issue of bonds	**EUR**	**fixed**	**2.56%**	**0**	**0**	**982,116**
Other financial liabilities						**51,727**
Total						**2,853,423**

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 arising from the issue of bonds	**EUR**	**fixed**	**2.56%**	**982,800**	**982,800**	**978,051**
Other financial liabilities						**62,048**
Total						**2,916,051**

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 (hard financial covenants) for compliance with specific financial indicators 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 financing banks are entitled to call the outstanding loan prematurely in individual cases if the borrower fails to comply with specific financial covenants or does not implement contractually defined, accepted measures to remedy the situation. There were no breaches of these financial covenants as of 31 December 2021 that would justify premature termination by the banks.

4.15 Trade payables and other liabilities

All amounts in TEUR	31 12 2021	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years	31 12 2020	thereof remaining term under 1 year	thereof remaining term between 1 and 5 years	thereof remaining term over 5 years
Trade payables	**55,556**	**54,125**	**1,431**	**0**	**65,714**	**63,840**	**1,874**	**0**
Derivative financial instruments (liabilities)	3,935	963	2,906	66	29,178	19	15,971	13,188
Property management	2,991	2,991	0	0	6,763	6,763	0	0
Amounts due to non-controlling interests	17	17	0	0	4,594	0	4,594	0
Amounts due to associated companies	239	239	0	0	107	107	0	0
Amounts due to joint ventures	0	0	0	0	320	6	20	294
Deposits and guarantees received	25,573	5,091	17,411	3,071	25,644	7,398	15,019	3,227
Prepayments received on property sales	742	742	0	0	810	810	0	0
Construction and refurbishment	2,127	1,932	195	0	2,297	2,087	210	0
Outstanding purchase prices (share deals)	11,248	11,248	0	0	0	0	0	0
Outstanding purchase prices (acquisition of properties)	1,887	36	1,851	0	0	0	0	0
Miscellaneous	3,641	3,629	3	9	18,469	14,941	3,521	7
Total other financial liabilities	**52,400**	**26,888**	**22,366**	**3,146**	**88,182**	**32,131**	**39,335**	**16,716**
Tax authorities	5,665	5,665	0	0	9,514	9,514	0	0
Rental and lease prepayments received	25,363	24,300	29	1,034	25,548	24,441	175	932
Total non-financial liabilities	**31,028**	**29,965**	**29**	**1,034**	**35,062**	**33,955**	**175**	**932**
Total	**138,984**	**110,978**	**23,826**	**4,180**	**188,958**	**129,926**	**41,384**	**17,648**

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 2021:

All amounts in TEUR	2021
Balance at the beginning of the financial year	**37,023**
Foreign exchange differences	8
Additions	22,069
Disposals	-2,453
Use	-7,780
Compounding	-794
Reclassifications	-541
Balance at the end of the financial year	**47,533**
thereof current	30,757
thereof non-current	16,776

This position comprises provisions of EUR 20.4 million (2020: EUR 20.0 million) for legal proceedings, EUR 21.6 million (2020: EUR 8.2 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 additions to and use of provisions in 2021 were 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 2021 (see section 7.1.4).

Restitution proceedings are currently in progress over land on which a Romanian subsidiary constructed a shopping center and over parts of 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	2021 Total
Office space	114,379	188	256	114,823
Retail space	4,935	129,737	3	134,675
Other space	20,001	3,314	215	23,530
thereof parking areas	12,311	350	189	12,850
thereof warehouse space	4,030	377	1	4,408
thereof hotel	873	0	0	873
thereof advertising and telecommunications	1,460	2,425	8	3,893
thereof other	1,327	162	17	1,506
Income from non-performance-related components of operating costs	6,461	5,172	27	11,660
Total	**145,776**	**138,411**	**501**	**284,688**

All amounts in TEUR	Office	Retail	Other	2020 Total
Office space	123,870	156	283	124,309
Retail space	6,272	120,931	0	127,203
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
Income from non-performance-related components of operating costs	6,911	5,287	53	12,251
Total	**158,642**	**129,379**	**1,528**	**289,549**

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 14.1 million in 2021 (2020: EUR 11.0 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. Penalties for the premature cancellation of leases have been reported under rental income, instead of under other revenues, since 1 January 2021. The change in presentation totalled EUR 7.2 million in 2021 (2020: EUR 0.9 million).

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 2021 is as follows:

All amounts in TEUR	2021	2020
Within 1 year	228,586	282,630
Between 1 and 5 years	549,382	762,041
Over 5 years	223,431	356,753
Total	**1,001,399**	**1,401,424**

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 income from the non-performance-related components of operating costs has been presented since 2021 independent of the office, retail and other asset classes. 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 11.7 million in 2021 (2020: EUR 12.3 million), and the revenues from advertising space and telecommunications equipment amounted to EUR 3.9 million (2020: EUR 4.0 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 88.7 million in 2021 (2020: EUR 85.3 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 -94.3 million (2020: EUR -93.0 million) of operating costs which are charged to tenants as well as expenses of EUR -8.4 million (2020: EUR -6.4 million) from vacancies.

5.1.3 Expenses from investment property

All amounts in TEUR	2021	2020
Commission expenses	-303	-562
Maintenance	-17,286	-14,366
Operating costs charged to building owners	-12,788	-11,352
Property marketing	-5,413	-5,415
Personnel expenses from asset management (see 5.6)	-5,716	-4,733
Other expenses from asset management	-2,283	-2,553
Fit-out costs	-4,244	-2,314
Write-off of receivables from asset management	-11,928	-29,192
Other expenses	-1,440	-1,362
Total	**-61,401**	**-71,849**

Maintenance costs are attributable to the implementation of the "myhive cowork" office concept, rebranding measures for the VIVO! and STOP SHOP brands, and regular building maintenance.

Substantial concessions were made to tenants during 2020 and 2021 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. The decline in receivables write-offs reflects the COVID -19-related increase in 2020. Similar to the previous year, the receivables write-offs in 2021 resulted primarily from the effects of the COVID -19 pandemic.

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.

Government grants are deducted directly from the related expenses (net method) in accordance with IAS 20.29. IMMOFINANZ received no government grants in 2021 (2020: EUR 0.1 million).

5.2 Results of property sales

All amounts in TEUR	2021	2020
Office	85,714	55,642
Retail	7,000	8,648
Other	12,956	2,645
Proceeds from property sales	**105,670**	**66,935**
Less carrying amount of sold properties	-105,670	-66,388
Net gain/loss from property sales	**0**	**547**
Results from deconsolidation	**28,593**	**243**
Sales commissions	-2,318	-1,016
Personnel expenses from property sales (see 5.6)	-348	-1,265
Legal, auditing and consulting fees from property sales	-923	-2,108
Write-off of receivables from property sales	16	-30
VAT adjustments from the sale of properties	-534	-15
Other expenses	99	201
Expenses from property sales	**-4,008**	**-4,233**
Revaluation results from properties sold and held for sale (see 5.7)	**1,125**	**11,377**
Total	**25,710**	**7,934**

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. The receivables write-offs from property sales include a partial reversal of TEUR 16 from a purchase price receivable adjustment in 2020, following the partial payment of this receivable in 2021. 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	2021	2020
Proceeds from the sale of real estate inventories	**61**	**661**
Cost of real estate inventories sold	**-65**	**-100**
Other costs to sell for real estate inventories	419	0
Write-down related reversals of real estate inventories	61	0
Write-down of real estate inventories	0	-227
Income and expenses related to written-off purchase price receivables from the sale of real estate inventories	-314	0
Operating costs charged to building owners of real estate inventories	0	-9
Other expenses from real estate inventories	-12,137	1,436
Expenses from real estate inventories	**-11,971**	**1,200**
Expenses from property development	**-2,809**	**-4,737**
Revaluation results from properties under construction (see 5.7)	**33,681**	**-21,197**
Total	**18,897**	**-24,173**

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 2021 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 2021 according to the timing of revenue recognition:

All amounts in TEUR	2021	2020
Revenue recognised at a point in time	61	96
Revenue recognised over time	0	565
Income from derecognised liabilities	**61**	**661**

The allocation of the EUR 0.1 million (2020: EUR 0.7 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 2.4 million (2020: EUR 1.2 million) for personnel expenses.

5.4 Other operating income

Other operating income comprises the following items:

All amounts in TEUR	2021	2020
Expenses charged on	37	63
Insurance compensation	152	221
Income from derecognised liabilities	885	517
Reimbursement for penalties	119	76
Miscellaneous	957	1,782
Total	**2,150**	**2,659**

The income from derecognised liabilities primarily represents expired security retentions of TEUR 298 in Austria and an expired, non-refundable purchase price prepayment of TEUR 324 in the "other countries" segment.

Most of the miscellaneous other operating income in 2021 involved income from the extension of rights of use in Poland (TEUR 250) and from tax credits, contributions to investment costs and contract registration fees.

5.5 Other operating expenses

Other operating expenses include the following items:

All amounts in TEUR	2021	2020
Administrative expenses	-227	-124
Legal, auditing and consulting fees	-12,466	-9,403
Penalties	-2,841	135
Taxes and levies	-1,481	-2,704
Advertising	-4,148	-3,360
Rental and lease expenses	0	-6
EDP and communications	-1,819	-3,013
Expert opinions	-693	-398
Personnel expenses (see 5.6)	-18,471	-24,094
Other write-downs	-1,735	-1,517
Miscellaneous	-3,773	-4,425
Total	**-47,654**	**-48,909**

The increase in legal, auditing and consulting fees is attributable, above all, to the takeover offer to S IMMO shareholders and a Group-wide digitalisation project.

The expenses for penalties were mainly related to the addition to a provision for guarantees. This position also included the settlement of compensation for damages and an increase in liabilities for auxiliary cost invoices of EUR 2.4 million in Germany.

The significant higher levies in 2020 are primarily attributable to the write-off of overdue VAT receivables totalling EUR 1.8 million in Romania.

Other write-downs include write-downs of EUR 0,7 million to rights of use (IFRS 16) for tangible assets.

The costs for short-term leases and low-value leases equalled EUR 0.2 million each in 2021. Other main components of miscellaneous other operating expenses are the 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 also include TEUR 25.0 for research on office solutions in cooperation with Stanford University.

5.6 Personnel expenses

Personnel expenses for IMMOFINANZ's employees include the following:

All amounts in TEUR	2021	2020
Salaries	-21,079	-25,366
Employee benefits	-5,883	-5,908
Total	**-26,962**	**-31,274**

The higher personnel expenses in 2020 are 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 (2020: EUR 0.2 million) for pensions, EUR 0.3 million (2020: EUR 0.4 million) for severance payments and contributions to employee benefit funds and EUR 4.7 million (2020: EUR 4.8 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	2021	2020
Results of asset management	5,716	4,733
Results of property sales	348	1,265
Results of property development	2,427	1,182
Other operating expenses	18,471	24,094
Personnel expenses	**26,962**	**31,274**

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 349 in 2021 (2020: 317 employees). In order to improve comparability with the amounts reported for personnel expenses, the average number of employees excludes employees on official leave (parental leave, military leave 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 86.2 million (2020: EUR -156.6 million) and impairment losses to goodwill of EUR -0.3 million (2020: EUR 0.0 million).

The revaluation results from the standing investments include a revaluation loss of EUR -0.2 million (2020: EUR -2.8 million) to rights of use (IFRS 16).

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

All amounts in TEUR	2021 Revaluation gains	2021 Revaluation losses	2021 Total	2020 Revaluation gains	2020 Revaluation losses	2020 Total
Investment property	149,353	-63,184	86,169	41,202	-197,846	-156,644
Property under construction	63,481	-29,800	33,681	920	-22,117	-21,197
Properties sold and held for sale	11,450	-10,325	1,125	13,263	-1,886	11,377
Total	**224,284**	**-103,309**	**120,975**	**55,385**	**-221,849**	**-166,464**

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 2021
Share of profit or loss for the period	-74	53,963	53,889
Other adjustments	-212	85,835	85,623
Reclassification of foreign exchange differences to profit or loss	392	0	392
Gains/losses on the sale of equity-accounted investments	-73	0	-73
Total	**33**	**139,798**	**139,831**

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**

The share of profit or loss from equity-accounted investments in 2021 included the proportional results of EUR 48.8 million for the period from S IMMO as well as a revaluation of EUR 85.3 million to the S IMMO investment. The gains and losses on the sale of equity-accounted investments include results of EUR 0.3 million from the transition consolidation of Termaton Enterprises Limited and Hadas Management SRL.

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) and an impairment loss of EUR -88.6 million to the S IMMO investment.

Aggregated financial information on the joint ventures and associates is presented in section 0.

5.9 Financial results

All amounts in TEUR	2021	2020
For financial liabilities AC	-72,226	-54,753
For derivative financial instruments	-8,853	-9,237
Total financing costs	**-81,079**	**-63,990**
For financial receivables AC	1,813	1,963
For derivative financial instruments	0	246
Total financing income	**1,813**	**2,209**
Foreign exchange differences	**472**	**-1,937**
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	6,845	-188
Valuation of financial instruments at fair value through profit or loss	24,963	-13,837
Distributions	935	606
Valuation adjustments and impairment of receivables	243	-165
Negative interest on cash and cash equivalents	-3,647	-976
Other financial results	**29,339**	**-14,560**
Net profit or loss from equity-accounted investments (see 5.8)	**139,831**	**-69,496**
Total	**90,376**	**-147,774**

AC: financial assets/liabilities measured at amortised cost

The financing costs for financial liabilities measured at amortised cost include interest expense of EUR -2.5 million (2020: EUR -2.9 million) for IFRS 16 lease liabilities. This position also includes income of EUR -1.5 million from the modification of financial instruments. This earnings effect must be reported at the time of modification in accordance with IFRS 9. In the previous year, interest expenses included positive modification results of EUR 10.3 million.

The profit or loss on other financial instruments and proceeds on the disposal of financial instruments includes income of EUR 8.3 million from the derecognition of the interest liability for the coupon payment on the mandatory convertible bond. This derecognition was based on the contractual option for premature conversion at the issuer's discretion in September 2021 (also see sections 4.12 and 4.13).

Foreign exchange differences include foreign exchange gains of EUR 2.0 million (2020: EUR 5.7 million) and foreign exchange losses of EUR -2.1 million (2020: EUR -2.2 million) 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	2021	2020
Revaluation results from real estate fund shares	-445	-650
Valuation results from derivative financial instruments	25,221	-13,279
Valuation results from shares in companies	187	92
Total	**24,963**	**-13,837**

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	2021	2020
Current income tax	**-10,487**	**-11,862**
thereof from current period	-13,454	-12,693
thereof from prior periods	2,967	831
Deferred tax	**-30,007**	**6,403**
thereof from current period	-32,379	531
thereof from changes in tax rates	385	0
thereof from deductible temporary differences previously not recognised and loss carryforwards from previous financial years	1,987	5,872
Total	**-40,494**	**-5,459**

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	2021		2020	
Earnings before tax	**386,331**		**-160,424**	
Income tax expense at 25% tax rate	**-96,583**	**25.0%**	**40,106**	**25.0%**
Effect of different tax rates	98,823	-25.6%	-11,451	-7.1%
Effect of changes in tax rates	390	-0.1%	0	0.0%
Impairment losses to goodwill/negative differences recognised in profit or loss	-41	0.0%	0	0.0%
Loss carryforwards and deferred tax assets not recognised	29,071	-7.5%	-35,403	-22.1%
Non-deductible income and expenses	-1,592	0.4%	-11,100	-6.9%
Write-downs and write-ups to deferred tax assets	-2,944	0.8%	5,138	3.2%
Effects related to other periods	-1,271	0.3%	898	0.6%
Effects of deferred taxes on investments in subsidiaries, joint ventures and associates	-60,363	15.6%	8,899	5.5%
Other non-temporary differences	-5,984	1.5%	-2,546	-1.6%
Effective tax rate	**-40,494**	**10.5%**	**-5,459**	**-3.4%**

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 and income from the waiver of receivables.

In the 2004/05 financial year, the 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 was carried out from the 2017 financial year to the 2021 financial year, and additional tax audits were subsequently opened for the periods up to 2018. The audits covered, through sampling, individual members as well as the head of the group. A total of 41 tax audits were carried out and ended with the conclusion of the audit of the lead group, IMMOFINANZ AG, in autumn 2021. The proceedings did not lead to any material income tax assessments or any material adjustments of loss carryforwards.

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 dividing net profit for the period attributable to the shareholders of IMMOFINANZ AG by the weighted average number of shares outstanding.

	2021	2020
Weighted average number of shares (basic)	**123,293,525**	**111,595,279**
Diluting effect IMMOFINANZ convertible bond 2017–2024	13,776,360	0
Weighted average number of shares (diluted)	**137,069,885**	**111,595,279**
Net profit or loss (excl. non-controlling interests) in EUR	347,051,000.00	-167,014,000.00
Diluting effect IMMOFINANZ convertible bond 2017–2024	7,836,000.00	0.00
Net profit or loss excl. non-controlling interests in EUR (diluted)	**354,887,000.00**	**-167,014,000.00**
Basic earnings per share in EUR	**2.81**	**-1.50**
Diluted earnings per share in EUR	**2.59**	**-1.50**

There were diluting effects in 2021 through the potential 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 2021 included the 1,028 treasury shares held by IMMOFINANZ (31 December 2020: 6,998,228 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 2021	31 12 2020
Cash and cash equivalents (see 4.11)	987,146	1,047,085
Cash and cash equivalents held by disposal groups (see 4.9)	0	4,333
Cash and cash equivalents	**987,146**	**1,051,418**

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 102.5 million comprises EUR 92.6 million of cash paid and EUR 9.9 million of redeemed liabilities from the seller. The acquired assets and assumed liabilities consist of the following:

All amounts in TEUR	2021	2020
Investment property	118,459	44,085
Receivables and other assets	4,063	211
Financial liabilities	-15,219	-14,072
Trade and other payables	-4,497	-780
Provisions	-272	0
Net assets acquired	**102,534**	**29,444**

The following table reconciles financial liabilities, derivatives and equity, including cash flow from financing activities, as of 1 January 2021 and 31 December 2021:

	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 2021	**291,056**	**1,875,952**	**978,051**	**62,048**
Changes in cash flow from financing activities				
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		213,408		
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-322,057		-4,002
Derivatives				
Interest paid	-4,417	-27,468	-25,172	
Payments on mandatory convertible bond	-5,765			
Distributions/Dividend				
Transactions with non-controlling interest owners				
Total change in cash flow from financing activities	**-10,183**	**-136,118**	**-25,172**	**-4,002**
Changes from the loss of control over subsidiaries		**-290**		**-14,775**
Changes from the attainment of control over subsidiaries		**15,219**		
Effects of changes in exchange rates		**-160**		**139**
Changes in fair value				
Other changes in financial liabilities	**2,343**	**64,977**	**29,237**	**8,317**
Other changes in equity				
Balance sheet as of 31 12 2021	**283,216**	**1,819,580**	**982,116**	**51,727**

	Derivatives		Equity					
	Derivative assets	Derivative liabilities	Share capital/capital reserves	Treasury shares	Accumulated other equity	Retained earnings	Non-controlling interests	Total
	0	**29,178**	**4,825,821**	**-156,328**	**-194,682**	**-1,367,228**	**-23,876**	**6,319,992**
								213,408
								-326,060
		-13,702						-13,702
								-57,058
								-5,765
						-92,470		-92,470
						-2,670	-5,834	-8,504
	0	**-13,702**	**0**	**0**	**0**	**-95,140**	**-5,834**	**-290,151**
					5,431		**0**	**-9,634**
		226						**15,445**
		2			**-7,687**			**-7,706**
	-2,847	**-22,393**						**-25,240**
	-1,184	**10,623**						**114,313**
			-136,818	**156,305**	**6,819**	**347,051**	**-3,216**	**370,141**
	-4,031	**3,935**	**4,689,003**	**-23**	**-190,119**	**-1,115,317**	**-32,926**	**6,487,161**

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.

Assets All amounts in TEUR	FVOCI Equity instruments	FVPL mandatory	AC	Cash and cash equivalents	Non-FI	Carrying amount 31 12 2021	Fair value 31 12 2021
Trade accounts receivable	0	0	50,498	0	0	50,498	50,498
Financing receivables	0	0	6,677	0	0	6,677	6,677
Loans and other receivables	0	0	88,940	0	22,853	111,793	111,793
Trade and other receivables	**0**	**0**	**146,115**	**0**	**22,853**	**168,968**	**168,968**
Real estate fund shares	0	1,466	0	0	0	1,466	1,466
Derivatives	0	4,031	0	0	0	4,031	4,031
Miscellaneous other financial instruments	4,564	7,321	0	0	0	11,885	11,885
Other financial assets	**4,564**	**12,818**	**0**	**0**	**0**	**17,382**	**17,382**
Cash and cash equivalents	**0**	**0**	**0**	**987,146**	**0**	**987,146**	**987,146**
Total assets	**4,564**	**12,818**	**146,115**	**987,146**	**22,853**	**1,173,496**	**1,173,496**

Equity and liabilities All amounts in TEUR	FVPL mandatory	AC	Non-FI	Carrying amount 31 12 2021	Fair value 31 12 2021
Liabilities from convertible bonds	**0**	**283,216**	**0**	**283,216**	**296,711**
Bonds	0	982,116	0	982,116	1,015,809
Amounts due to financial institutions	0	1,819,580	0	1,819,580	1,808,940
Other financial liabilities	0	51,727	0	51,727	51,727
Financial liabilities	**0**	**2,853,423**	**0**	**2,853,423**	**2,876,476**
Trade payables	0	55,556	0	55,556	55,556
Derivatives	3,935	0	0	3,935	3,935
Miscellaneous other liabilities	0	48,465	31,028	79,493	79,493
Trade and other payables	**3,935**	**104,021**	**31,028**	**138,984**	**138,984**
Total equity and liabilities	**3,935**	**3,240,660**	**31,028**	**3,275,623**	**3,312,171**

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 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**

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 2021 and the weighted average credit spreads for the loans in the continuing operations as of the balance sheet date.

Discount rates as of	min	2021 max
1 1 2022	0.682%	1.932%
1 1 2023	0.992%	2.242%
1 1 2024	0.827%	2.077%
1 1 2025	0.915%	2.165%
1 1 2026	0.981%	2.231%
1 1 2027	1.038%	2.288%
1 1 2028	1.092%	2.342%
1 1 2029	1.150%	2.400%
1 1 2030	1.213%	2.463%
1 1 2031	1.273%	2.523%
1 1 2032	1.327%	2.577%
1 1 2033	1.375%	2.625%
1 1 2034	1.483%	2.733%
1 1 2035	1.483%	2.733%

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.

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 2021 Net gain/loss
FVOCI	-415	0	0	-415
thereof designated and recorded under other comprehensive income	-415	0	0	-415
FA-FVPL	11,584	0	933	12,517
thereof mandatory	11,584	0	933	12,517
FL-FVPL	13,379	0	0	13,379
thereof mandatory	13,379	0	0	13,379
FL-AC	0	8,334	-1,486	6,848

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 recognised in 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

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 2021 Total
Financial assets at fair value through other comprehensive income				
Miscellaneous other financial instruments		-	4,972	4,972
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	1,466	1,466
Derivatives	-	-	4,031	4,031
Miscellaneous other financial instruments	6,913	-	-	6,913
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	3,935	3,935

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

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	2021	2020	2021	2020	2021	2020	2021	2020
Beginning balance	**1,911**	**3,811**	**-29,178**	**-17,921**	**3,979**	**0**	**-23,288**	**-14,110**
Recognised in the consolidated income statement	-445	-650	25,221	-13,279	-92	10	24,684	-13,919
Recognised in other comprehensive income	0	0	0	0	-415	-674	-415	-674
Additions	0	0	-226	0	1,500	4,653	1,274	4,653
Disposals	0	-1,250	4,279	2,022	0	-10	4,279	762
Ending balance	**1,466**	**1,911**	**96**	**-29,178**	**4,972**	**3,979**	**6,534**	**-23,288**

Of the EUR 24.7 million (2020: EUR -13.9 million) recognised in the income statement and reported in the above table, EUR 23.5 million (2020: EUR -14.4 million) are attributable to financial instruments that were held at the end of the 2021 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: 8.00% to 9.00%
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: 14.65% to 14.93%

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 0.1 million (31 December 2020: EUR 1.6 million) attributable to default risk; the change in 2021 equalled EUR -1.5 million (2020: 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 3,414.3 million (31 December 2020: EUR 3,314.9 million) was pledged as collateral for long-term financing of EUR 1,744.5 million (31 December 2020: EUR 1,784.8 million).

Property under construction with a carrying amount of EUR 260.5 million (31 December 2020: EUR 245.6 million) also serves as collateral. The corresponding financial liabilities total EUR 80.3 million (31 December 2020: EUR 89.9 million).

For property financing concluded by IMMOFINANZ, shares in the respective subsidiary serve as additional collateral to the mortgages in 28 case (31 December 2020: 31 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 18.2 million serves as collateral for tax proceedings currently in progress.

In 2021 and in previous years, IMMOFINANZ accepted liabilities or guarantees on behalf of third parties with a maximum risk of EUR 46.1 million (31 December 2020: EUR 63.6 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 the corporation 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, whereby acute risks are communicated immediately. 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.

	2021			2020		
All amounts in TEUR	**Gross receivable**	**Impairment**	**Net receivable**	**Gross receivable**	**Impairment**	**Net receivable**
Trade accounts receivable	63,746	-13,248	50,498	68,749	-15,770	52,979
Financing receivables	10,512	-3,835	6,677	19,126	-9,611	9,515
Loans and other receivables	91,524	-2,584	88,940	68,399	-3,603	64,796
Total	**165,782**	**-19,667**	**146,115**	**156,274**	**-28,984**	**127,290**

Valuation allowances for trade accounts receivable

All amounts in TEUR	2021	2020
Beginning balance	**-15,770**	**-3,911**
Deconsolidations (see 2.3)	533	12
Currency translation adjustments	28	111
Write-offs	15,773	17,230
Revaluation	-12,350	-29,208
Reclassifications and other developments	-1,462	-4
Ending balance	**-13,248**	**-15,770**

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 were higher in 2021 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 forwardlooking 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 7.0 million (31 December 2020: EUR 8.5 million).

The following table shows the gross receivables and impairment losses recognised for rents and operating costs receivable based on the time overdue as of 31 December 2021 as well as the average impairment in relation (%) to the time overdue as of 31 December 2018 and 2019, i.e. before the COVID-19 pandemic:

All amounts in TEUR	Gross receivable	Impairment	Impairment in %	Average impairment in % 2018 and 2019
Not due	38,276	-2,052	5.36%	0.05%
1-30 days overdue	10,493	-629	5.99%	4.23%
31-60 days overdue	1,626	-272	16.71%	11.53%
61-90 days overdue	1,443	-660	45.71%	13.57%
91-180 days overdue	2,199	-809	36.81%	36.51%
181-365 days overdue	2,703	-1,921	71.08%	82.70%
More than 365 days overdue	7,006	-6,905	98.56%	99.56%
Ending balance	**63,746**	**-13,248**		

The significantly higher impairment rates for shorter overdue periods in comparison with the pre-corona periods reflect the effects of the COVID-19 pandemic.

Valuation allowances for financing receivables

All amounts in TEUR	2021	2020
Beginning balance	**-9,611**	**-9,338**
Write-offs	0	1
Revaluation	2	-273
Reclassifications and other developments	5,774	-1
Ending balance	**-3,835**	**-9,611**

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 defined by IAS 28. In contrast to the previous year, there were no receivables due from associates or joint ventures as of 31 December 2021 due to the acquisition of the remaining shares in these companies (and the subsequent transition from equity accounting to full consolidation; 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

	2021			2020		
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	**-97**	**-3,506**	**-3,603**	**-41**	**-5,044**	**-5,085**
Deconsolidations (see 2.3)	0	1	1	0	0	0
Currency translation adjustments	0	4	4	0	21	21
Write-offs	0	935	935	0	1,909	1,909
Revaluation	86	-5	81	-56	-316	-372
Reclassifications and other developments	0	-2	-2	0	-76	-76
Ending balance	**-11**	**-2,573**	**-2,584**	**-97**	**-3,506**	**-3,603**

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. Information on the liabilities from convertible bonds is provided in section 7.6.

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 2021
Liabilities from convertible bonds	305,519	0	0	305,519	283,216
Liabilities arising from the issue of bonds	25,139	545,542	512,500	1,083,181	982,116
Amounts due to financial institutions	408,457	966,652	552,887	1,927,996	1,819,580
Miscellaneous	83,641	35,157	174,365	293,163	155,748
Total non-derivative financial liabilities	**822,756**	**1,547,351**	**1,239,752**	**3,609,859**	**3,240,660**
Derivative financial instruments (liabilities)	4,143	1,900	576	6,619	3,935
Total derivative financial liabilities	**4,143**	**1,900**	**576**	**6,619**	**3,935**
Total	**826,899**	**1,549,251**	**1,240,328**	**3,616,478**	**3,244,595**

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**

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.

However, it should be noted that the CPI Property Group attained a controlling influence over IMMOFINANZ in March 2022 with over 50% of the shares. That triggered a change-of-control event for existing bank financing (with an outstanding credit volume of EUR 1,363.7 million as of 31 December 2021) and for the two corporate bonds with terms ending in 2023 and 2027 (outstanding nominal volume of EUR 982.8 million as of 31 December 2021). It entitles the financing banks to call their loans prematurely if they do not agree with the change-of-control event. The bondholders are entitled to exercise their right to sell and can put their bonds to the company for repayment at 101% of the nominal value plus unpaid, accrued interest up to 25 April 2022. Depending on the volume of the sale rights exercised by bondholders up to 25 April and the cash outflows for the necessary repayment of bank financing, IMMOFINANZ could see an additional substantial increase in liquidity requirements over the short term until the redeemed bonds and bank financing can be replaced through new instruments. That, in turn, can have an effect on the planned portfolio growth and on the further capital market guidance for the 2022 financial year.

Bondholders had exercised their sale rights for a volume of EUR 56.2 million as of 6 April 2022. This leads to a short-term outflow of liquidity totalling EUR 57.6 million. All of the financing banks have issued declarations of consent, where necessary, to the change-of-control event. These declarations are, in part, still conditional and dependent on a know-your-customer process which is currently in progress. IMMOFINANZ considers it probable that all related conditions will be met. No bank financing has yet been called prematurely to date due to the change-of-control event

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 2021, 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 2021, 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 2021	31 12 2020
EUR	813,325	950,395
USD	229	6,333
HUF	14,203	28,421
PLN	76,864	27,712
CZK	8,738	8,445
RON	41,150	11,624
RUB	46	4,354
Other	32,591	9,801
Total	**987,146**	**1,047,085**

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 2021	31 12 2020
Fixed interest financial liabilities	1,399,039	1,416,819
Floating rate financial liabilities	1,737,600	1,790,288
Total interest-bearing financial liabilities	**3,136,639**	**3,207,107**

Of the floating rate financial liabilities, a nominal value of EUR 1,394.0 million (31 December 2020: EUR 1,433.7 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 2021 to hedge interest rates:

	Type	Reference value as of 31 12 2021 in TEUR	Fair value incl. interest in TEUR [1]	Maturity
Interest rate over or equivalent to -0.10%	Interest rate swap	585	0	2023
	Interest rate swap	259,836	1,332	2026
	Interest rate swap	69,360	1,016	2027
Number of derivatives: 14		**329,781**	**2,348**	
Interest rate over -0.10% to 0.10%	Interest rate swap	212,750	-1,176	2025
	Interest rate swap	111,333	263	2027
	Interest rate swap	295,887	1,419	2028
Number of derivatives: 12		**619,970**	**506**	
Interest rate over 0.10% to 0.25%	Interest rate swap	178,852	-979	2022
	Interest rate swap	70,395	-689	2023
Number of derivatives: 21		**249,247**	**-1,668**	
Interest rate over 0.25%	Interest rate swap	74,980	-1,098	2023
	Interest rate swap	120,000	-65	2034
Number of derivatives: 3		**194,980**	**-1,163**	
Total number of derivatives: 50[2]		**1,393,978**	**23**	

[1] Fair value includes a credit risk adjustment
[2] As of the balance sheet date, 21 derivatives had a positive market value and 29 derivatives had 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 50 and 100 basis points was 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 2021**	**Δ +50 basis points**	**Δ +100 basis points**
Fair value based on increase in interest rate	136	29,423	57,603

Sensitivity of derivatives			Interest rate
All amounts in TEUR	**31 12 2020**	**Δ +50 basis points**	**Δ +100 basis points**
Fair value based on increase in interest rate	-30,821	-1,181	28,804

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 2021. The analysis assumes that all other variables remain constant. Due to the very low level of interest rates as of 31 December 2021 (e.g. 3-month EURIBOR: -0.572%) 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	2021	Δ +50 basis points	Δ +100 basis points
Interest expense	81,079	82,823	84,568

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

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 (net tangible assets, NTA), 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 6,520.2 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 1.9% in 2021 (2020: 2.0%).

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 36.7% as of 31 December 2021 (31 December 2020: 37.8%), whereby the target range is equal to or less than 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 2021 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 85.7 million), which limits the power to dispose over these shares, was in effect as of 31 December 2021. 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 2021 identified three issues in Austria, Germany and Poland. IMMOFINANZ 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 11.5 million (31 December 2020: EUR 11.6 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 2021.

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	2021	2020
Outstanding construction costs	61,181	23,350
Contracted maintenance	6,749	1,775
Contractual obligations for the construction of residential properties	808	0
Contractual obligations for the construction or acquisition of properties	0	6,356
Total	**68,738**	**31,481**

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 2021 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. The contributions made in 2021 are reported in section 7.4.2.

Transactions between fully consolidated subsidiaries are eliminated during the consolidation and are therefore not explained in detail.

7.4.1 Joint ventures and associates

All amounts in TEUR	31 12 2021	31 12 2020
Relations with joint ventures		
Receivables	0	1,752
thereof bad debt allowance	0	-5,776
Liabilities	0	318
Relations with associated companies		
Receivables	0	5
Liabilities	239	107

All amounts in TEUR	2021	2020
Relations with joint ventures		
Other income	36	10
Interest income	0	253
Write-downs/write-ups to receivables	5,776	-273
thereof results that increase or reduce the net investment	-212	-267
Relations with associated companies		
Other income	687	789
Other expenses	-2,596	-2,643

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 (up to 29 June 2022)
Dietmar Reindl – Member of the Executive Board, Property Management
Stefan Schönauer – Member of the Executive Board, Finances

Supervisory Board
Bettina Breiteneder – Chairwoman (up to 31 March 2022)
Sven Bienert – Vice-Chairman (up to 31 March 2022)
Michael Mendel – Vice-Chairman (from 19 October 2021 to 31 March 2022)
Miroslava Greštiaková – Chairwoman (since 31 March 2022)
Martin Němeček – Vice-Chairman (since 31 March 2022)
Dorothée Deuring – Member (from 19 October 2021 to 31 March 2022)
Gayatri Narayan – Member (since 19 October 2021)
Stefan Guetter – Member (since 19 October 2021)
Christian Böhm – Vice-Chairman (up to 19 October 2021)
Nick J. M. van Ommen – Member (up to 19 October 2021)

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
Rita Macskasi Temesvary (from 19 October 2021 to 31 March 2022)
Werner Ertelthalner (since 19 October 2021)

Following the extraordinary general meeting on 31 March 2022, the Supervisory Board consists of four elected shareholder representatives – Miroslava Greštiaková, Martin Němeček, Gayatri Narayan and Stefan Guetter – as well as two members delegated by the Works Council – Philipp Amadeus Obermair and Werner Ertelthalner.

The members of management in key positions received the following remuneration:

	2021			2020		
All amounts in TEUR	Supervisory Board	Executive Board	Total	Supervisory Board	Executive Board	Total
Short-term employee benefits	252	2,047	2,299	252	3,189	3,441
Post-employment benefits	-	228	228	-	208	208
Termination benefits	-	-	-	-	3,403	3,403
Total	**252**	**2,275**	**2,527**	**252**	**6,800**	**7,052**

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 73,065 shares as of 31 December 2021 (31 December 2020: 14,273,166 shares).

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 2021 comprise TEUR 470.1 (2020: TEUR 475.1) for the audit of the individual and consolidated financial statements, TEUR 64.9 (2020: TEUR 303.8) for other assurance services, TEUR 7.0 (2020: TEUR 26.0) for tax advising and TEUR 6.7 (2020: TEUR 0.0) for other services.

7.6 Subsequent events

The CPI Property Group (CPIPG) published the offer document for its anticipatory mandatory offer for shares of IMMOFINANZ AG on 12 January 2022. The offer price equalled EUR 21.20 per share (cum dividend) and EUR 102,746.53 per nominal value of EUR 100,000 for the convertible bond 2024. On 10 February 2022, CPIPG announced a change in the anticipatory mandatory offer. The offer price for shares was increased from EUR 21.20 to EUR 23.00 (cum dividend) and the offer price for the convertible bond was raised from EUR 102,746.53 to EUR 111,470.29 per nominal value of EUR 100,000.

The CPI Property Group (CPIPG) announced the results of the acceptance period (12 January – 23 February 2022) on 24 February 2022 and, with over 50% of the shares, attained a controlling influence over IMMOFINANZ on 3 March 2022 (section 7.2.3 provides additional information on the change-of-control event). As of 8 April 2022, the CPI Property Group (CPIPG) held 55.07% of the outstanding voting rights in IMMOFINANZ. The statutory extension period for the offer runs to 28 May 2022.

On 7 March 2022, CPIPG requested the convocation of an extraordinary general meeting of IMMOFINANZ AG for elections to the Supervisory Board.

IMMOFINANZ acquired the Retail Park Terminal North in Udine, Italy, on 9 March 2022. The seller of this 33,000 sqm is the private equity firm ER INCOME FUND 1, which is headquartered in London. The transaction costs totalled approximately EUR 69.5 million.

At the extraordinary general meeting on 31 March 2022, Miroslava Greštiaková was elected chairwoman and Martin Němeček vice-chairman of the IMMOFINANZ Supervisory Board (see section 7.4.2) and the number of Supervisory Board members was reduced to four shareholder representatives.

The number of voting rights totalled 138,354,690 as of 8 April 2022. Share capital equalled EUR 138,354,690.00 on that date and is divided into 138,354,690 zero par value, voting shares, each of which represents a stake of EUR 1.00 in share capital. The changes resulted from the issue of 15,060,895 shares from conditional capital to the holders of the convertible bonds which are due in 2024 following the exercise of conversion rights after the balance sheet date.

The ongoing armed conflict in Ukraine and the related sanctions against the Russian Federation can influence the development of the European as well as the global economy. IMMOFINANZ has, as a consequence, analysed its business relations with tenants, suppliers and other business partners. The company has no direct material commitments in Ukraine, Russia or Belarus and currently sees no significant indirect effects on its rents receivable or other business relations. The impact on the general economic environment could lead to changes in certain assumptions and estimates in the future which, in turn, could require an adjustment to the carrying amount of certain assets during the next financial year. Moreover, restrictions in the form of sanctions could lead to delays or the temporary suspension of cash inflows from the outstanding purchase price receivables of EUR 12.7 million. Management is unable at the present time to reliably estimate the resulting effects as events are changing on a daily basis.

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 2021 financial year are reported in the column 'type of consolidation' as sold, liquidated or merged.

				2021		2020
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
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	0.00%	Sold	100.00%	F
Al Sp. z o.o.	PL	Warsaw	0.00%	Sold	100.00%	F
Aloli Management Services Limited	CY	Nicosia	0.00%	Sold	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	100.00%	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	0.00%	Liquidated	100.00%	F
Bertie Investments Sp. z o.o.	PL	Warsaw	100.00%	F	100.00%	F
Blitz 21-67 GmbH	DE	Cologne	100.00%	F	0.00%	n.a.
Bloczek Ltd	CY	Nicosia	100.00%	F	100.00%	F
Business Park Beteiligungs GmbH	AT	Vienna	100.00%	F	100.00%	F
Business Park West-Sofia EAD	BG	Sofia	100.00%	F	100.00%	F
C.E. Immobilienprojekte und Beteiligungs GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Campus Budapest Bt.	HU	Budapest	0.00%	Merged	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
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
DUS Plaza GmbH	DE	Cologne	100.00%	F	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2021 Interest in capital	2021 Type of consolidation	2020 Interest in capital	2020 Type of consolidation
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	100.00%	F
ENS DEVELOPMENT d.o.o.	HR	Zagreb	100.00%	F	0.00%	n.a.
Erlend Investments Sp. z o.o.	PL	Warsaw	100.00%	F	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
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	Warsaw	100.00%	F	100.00%	F
Gangaw Investments Limited in Liqu.	CY	Nicosia	0.00%	Liquidated	100.00%	F
GD-BREG d.o.o.	HR	Zagreb	100.00%	F	100.00%	F
Geiselbergstraße 30-32 Immobilienbewirtschaftungsgesellschaft m.b.H.	AT	Vienna	100.00%	F	100.00%	F
GENA ELF Immobilienholding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	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
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	100.00%	F	75.00%	E-JV
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	0.00%	Liquidated	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
IMBEA Immoeast Beteiligungsverwaltung GmbH	AT	Vienna	100.00%	F	100.00%	F
IMF Campus GmbH	DE	Cologne	0.00%	Sold	100.00%	F
IMF Float GmbH	DE	Cologne	100.00%	F	100.00%	F
IMMOBILIA Immobilienhandels GmbH & Co KG	AT	Vienna	0.00%	Liquidated	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
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	0.00%	Liquidated	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 Hekuba Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
IMMOEAST Projekt Kappa Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

Company	Country	Headquarters	2021 Interest in capital	2021 Type of consolidation	2020 Interest in capital	2020 Type of consolidation
IMMOEAST Projekt Narbal Holding GmbH in Liqu.	AT	Vienna	0.00%	Liquidated	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	0.00%	Liquidated	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	0.00%	Liquidated	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 Liegenschaftsvermietungs 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 and Management d.o.o.	HR	Zagreb	100.00%	F	0.00%	n.a.
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
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
Irascib Holdings Ltd.	CY	Nicosia	100.00%	F	100.00%	F
IRIDE S.A.	RO	Bucharest	100.00%	F	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
LCP Projekt d.o.o.	RS	Belgrade	0.00%	Merged	0.00%	n.a.
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
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
Monorom Construct SRL	RO	Bucharest	100.00%	F	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	100.00%	F
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
Nutu Limited	CY	Nicosia	100.00%	F	100.00%	F
OFFICE CAMPUS BUDAPEST Kft.	HU	Budapest	0.00%	Merged	75.00%	F
OFFICE CAMPUS REAL ESTATE Ingatlanfejleszto Kft.	HU	Budapest	0.00%	Sold	0.00%	n.a.
OIY Czech, s.r.o.	CZ	Prague	100.00%	F	100.00%	F

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Company	Country	Headquarters	2021 Interest in capital	2021 Type of consolidation	2020 Interest in capital	2020 Type of consolidation
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
Perlagonia 1 Holding GmbH	AT	Vienna	100.00%	F	100.00%	F
Pivuak Trading Ltd.	CY	Nicosia	0.00%	Sold	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 in Liqu.	AT	Vienna	0.00%	Liquidated	100.00%	F
Real Habitation s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
Remsing Investments Sp. z o.o.	PL	Warsaw	0.00%	Sold	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	26.49%	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
SaW II Beteiligungs GmbH	AT	Vienna	26.00%	NC	0.00%	n.a.
SBCP Projekt d.o.o.	RS	Belgrade	0.00%	Merged	0.00%	n.a.
SBF Development Praha spol.s r.o.	CZ	Prague	100.00%	F	100.00%	F
SCP Projekt d.o.o.	RS	Belgrade	0.00%	Merged	0.00%	n.a.
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	20.00%	NC
Shir Investment SRL in Liqu.	RO	Ilfov	100.00%	NC	100.00%	NC
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
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	14.50%	NC	16.75%	NC
S-Park Offices s.r.l.	RO	Bucharest	100.00%	F	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 Italia S.R.L.	IT	Bolzano	100.00%	F	0.00%	n.a.
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. 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
Taifun Real Sp. z o.o.	PL	Warsaw	0.00%	Sold	100.00%	F
Tamar Imob Investitii SRL	RO	Bucharest	100.00%	F	100.00%	F
Termaton Enterprises Limited	CY	Nicosia	100.00%	F	75.00%	E-JV
Topaz Development SRL	RO	Bucharest	100.00%	F	100.00%	F

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Company	Country	Headquarters	2021 Interest in capital	2021 Type of consolidation	2020 Interest in capital	2020 Type of consolidation
Tripont Invest s.r.l.	RO	Bucharest	100.00%	F	100.00%	F
TUTUS PROJEKT d.o.o.	HR	Zagreb	100.00%	F	0.00%	n.a.
UZM Czech, s.r.o.	CZ	Prague	0.00%	Merged	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. w likwidacji	PL	Warsaw	0.00%	Liquidated	100.00%	F
Xantium Sp. z o.o.	PL	Warsaw	0.00%	Sold	100.00%	F
ZCP Projekt d.o.o.	RS	Belgrade	0.00%	Merged	0.00%	n.a.

F = Full consolidation, E-JV = Joint venture, E-AS = Associates, NC = Not consolidated companies

9. Release of the Consolidated Financial Statements

These consolidated financial statements were completed and signed by the Executive Board of IMMOFINANZ AG on 8 April 2022 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, 8 April 2022

The Executive Board of IMMOFINANZ AG

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 (the Company), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and 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 matters were of most significance to 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 +86 million in the 2021 financial year based on a total carrying amount of EUR 4,736 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 date as well as numerous assumptions for various "input factors", above all concerning market rents, expected vacancies, future new rentals and the resulting realisable rents as well as 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 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
- 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 282 million) and deferred tax liabilities (before offset: EUR 550 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 the non-recurring effects (e.g. sales) and their influence on further forecast years and the adjustments resulting from tax laws
– 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 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 consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the information in 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 and 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 judgment 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 and separate 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 voluntary 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 19 October 2021 and commissioned by the Supervisory Board on 14 June 2021 – subject to appointment by the annual general meeting – to audit the consolidated financial statements for the financial year ending 31 December 2021. We have been auditing the Group uninterrupted since the financial year ending 30 April 2011.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

Engagement Partner

The engagement partner responsible for the audit is Mag. Nikolaus Schaffer.

Vienna, 8. April 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Nikolaus Schaffer
Certified Public Accountant

This Auditor's Report is a translation of the German original, which is solely valid. The translation is presented for the convenience of the reader only.

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, 8 April 2022

The Executive Board of IMMOFINANZ AG

Stefan Schönauer
CFO

Dietmar Reindl
COO

CONSOLIDATED FINANCIAL STATEMENTS

Individual Financial Statements

Balance Sheet as of 31 December 2021

		31 12 2021 EUR	31 12 2020 TEUR
A. Non-current assets			
I. Intangible assets			
1. Trademarks and software		114,792.70	188
II. Tangible assets			
1. Furniture, fixtures and office equipment		1,459,061.89	1,220
III. Financial assets			
1. Investments in subsidiaries	3,028,389,913.67		2,776,020
2. Loans granted to subsidiaries	150,200,731.14		153,376
3. Investments in associated and jointly controlled entities	392,517,068.75		364,439
4. Non-current securities (rights)	21,191,815.26		21,192
5. Other originated loans	6,559,110.43		7,444
		3,598,858,639.25	3,322,471
		3,600,432,493.84	**3,323,880**
B. Current assets			
I. Receivables			
1. Trade receivables		12,259.56	24
thereof remaining term < 1 year	12,259.56		24
thereof remaining term > 1 year	0.00		0
2. Receivables from subsidiaries		460,857,672.64	509,363
thereof remaining term < 1 year	31,433,971.87		125,260
thereof remaining term > 1 year	429,423,700.77		384,103
3. Other receivables		9,743,610.84	8,353
thereof remaining term < 1 year	9,743,592.84		8,353
thereof remaining term > 1 year	18.00		0
		470,613,543.04	**517,740**
II. Cash in banks			
1. Bank deposits		433,007,400.07	663,533
		903,620,943.11	**1,181,273**
C. Prepaid expenses and deferred charges		**11,747,587.89**	**17,900**
		4,515,801,024.84	**4,523,053**

		31 12 2021 EUR	31 12 2020 TEUR
A. Equity			
I. Share capital called and paid in		**123,292,767.00**	**116,296**
Subscribed capital	123,293,795.00		123,294
Par value of treasury shares	-1,028.00		-6,998
II. Capital reserves			
1. Appropriated		563,970,228.91	563,970
2. Unappropriated		1,700,213,058.69	1,580,213
III. Retained earnings			
1. Reserve for treasury shares		1,028.00	6,998
IV. Profit (loss) account		**577,262,500.41**	**465,602**
thereof profit carried forward	373,132,914.83		593,612
		2,964,739,583.01	**2,733,080**
B. Provisions			
1. Provisions for termination benefits		60,412.00	60
2. Provisions for taxes		30,901.35	0
thereof deferred taxes	0.00		0
thereof other tax provisions	30,901.35		0
3. Other provisions		4,369,688.43	4,900
		4,461,001.78	**4,961**
C. Liabilities			
1. Bonds		1,313,736,932.20	1,435,854
thereof convertible	299,068,695.90		421,186
thereof with a remaining term < 1 year	313,736,932.20		18,654
thereof with a remaining term > 1 year	1,000,000,000.00		1,417,200
2. Liabilities with financial institutions		20,116,648.50	21,217
thereof with a remaining term < 1 year	1,300,000.00		1,100
thereof with a remaining term > 1 year	18,816,648.50		20,117
3. Trade payables		1,304,317.27	1,888
thereof with a remaining term < 1 year	1,304,317.27		1,888
thereof with a remaining term > 1 year	0.00		0
4. Liabilities with subsidiaries		210,805,691.13	324,953
thereof with a remaining term < 1 year	144,696,841.69		197,792
thereof with a remaining term > 1 year	66,108,849.44		127,161
5. Other liabilities		636,850.95	1,101
thereof from taxes	364,709.36		455
thereof from social security	272,141.59		257
thereof with a remaining term < 1 year	636,850.95		1,101
thereof with a remaining term > 1 year	0.00		0
		1,546,600,440.05	**1,785,012**
thereof with a remaining term < 1 year	461,674,942.11		220,535
thereof with a remaining term > 1 year	1,084,925,497.94		1,564,478
		4,515,801,024.84	**4,523,053**

Income Statement for the 2021 Financial Year

		2021 EUR	2020 TEUR
1. Revenues		20,031,406.11	21,018
2. Other operating income			
a) Income from the disposal of non-current assets, with the exception of financial assets		266.72	13
b) Income from the release of provisions		570,573.04	401
c) Miscellaneous		5,690,146.56	2,446
		6,260,986.32	2,860
3. Cost of materials and other purchased services			
a) Cost of purchased services		-111,549.41	-42
4. Personnel expenses			
a) Salaries		-13,507,353.42	-18,397
b) Employee benefits		-3,758,063.18	-4,023
thereof for pensions	-189,614.51		-157
thereof for severance compensation and contributions to employee pension/severance fund	-215,397.47		-257
thereof for legally required social security and payroll-related duties and mandatory contributions	-2,980,787.00		-3,254
		-17,265,416.60	-22,419
5. Depreciation and amortisation		-608,475.21	-618
6. Other operating expenses			
a) Non-income based taxes		-695,228.61	-191
b) Miscellaneous		-26,632,359.59	-87,513
		-27,327,588.20	-87,703
7. Subtotal of no. 1 to 6 (operating profit)		**-19,020,636.99**	**-86,905**
8. Income from investments		14,370,411.46	48,120
thereof from subsidiaries	1,181,272.03		31,342
9. Income from other securities classified as financial assets		3,961,957.67	2,730
thereof from subsidiaries	3,493,890.42		2,427
10. Interest and similar income		12,782,768.93	5,641
less negative interest		-2,269,463.68	-792
		10,513,305.25	4,849
thereof from subsidiaries	11,950,575.04		5,499
11. Income from the disposal and write-up of financial assets and securities recorded under current assets		241,464,858.26	2,886
thereof from subsidiaries	214,386,647.26		2,886
12. Expenses arising from financial assets		-5,166,612.06	-103,069
thereof impairment losses	-5,165,716.47		-103,067
thereof expenses from subsidiaries	-5,166,612.06		-75,991
13. Interest and similar expenses		-45,615,022.47	-35,945
thereof from subsidiaries	-4,926,994.01		-7,824
14. Subtotal of no. 8 to 13 (financial results)		**219,528,898.11**	**-80,429**
15. Profit before tax		**200,508,261.12**	**-167,334**
16. Income tax expense		3,621,324.46	39,324
thereof deferred taxes	0.00		0
thereof income from tax credits	3,961,899.93		2,858
thereof income from tax credits (liquidations)	145,676.98		39,776
17. Profit / loss for the year		**204,129,585.58**	**-128,010**
18. Profit carried forward from prior year		373,132,914.83	593,612
19. Profit (loss) account		**577,262,500.41**	**465,602**

Notes

1. General Information

The annual financial statements of IMMOFINANZ AG (the company) as of 31 December 2021 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 2021 to 31 December 2021.

Statements on IMMOFINANZ refer to the IMMOFINANZ Group. This 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, loans granted to 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 up to the date of the first put option.

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 2021.

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 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 1,821,144,000.00 (31 December 2020: TEUR 1,759,646).

In 2021, IMMOFINANZ Services Romania s.r.l. received a contribution of EUR 5.0 million and Stop Shop Italia s.r.l. a contribution of EUR 25.0 million (2020: EUR 11.7 million in total for IMMOFINANZ Services Czech Rebublic s.r.o.).

The following subsidiaries acquired in February 2021 were merged with Retail Park Four d.o.o., an existing IMMOFINANZ Group company, during December 2021: ZCP Projekt d.o.o., SBCP Projekt d.o.o., SCP Projekt d.o.o. and LCP Projekt d.o.o. The acquisition costs of EUR 14.4 million for the acquired companies were transferred to the accepting company.

The impairment losses recognised to shares in subsidiaries amounted to EUR 5.2 million and resulted chiefly from a write-off of EUR 5.1 million to the wholly owned subsidiary Stop Shop Italia s.r.l. (2020: impairment losses of EUR 75.8 million, whereby the main components involved IMBEA IMMOEAST Beteiligungsverwaltung GmbH at EUR 40.7 million and IMMOFINANZ Services Poland Sp.z.o.o. at EUR 26.2 million).

The write-ups to shares in subsidiaries totalled EUR 214.1 million and consisted primarily of the following: EUR 61.5 million to the wholly owned subsidiary IMBEA IMMOEAST Beteiligungsverwaltung GmbH, EUR 36.8 million to IMMOFINANZ Services Poland Sp.z.o.o., and EUR 115.7 million to IMMOWEST Immobilien Anlagen GmbH.

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 101,681,735.91 (31 December 2020: TEUR 112,199). The additions and reductions to loans granted to subsidiaries consist primarily of loans granted and repaid during the 2021 financial year. Of the total loans granted to subsidiaries, EUR 0.00 (31 December 2020: TEUR 818) is 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 approximately 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 held an investment of roughly 14.23% in IMMOFINANZ AG as of 31 December 2021.

S IMMO shares are listed in the Prime Market of the Vienna Stock Exchange. Impairment testing involved establishing the recoverable amount of the share package based on the fair value less selling costs. The impairment loss of EUR 27.1 million recorded in the previous year was written up in full because the reasons for the reduction no longer existed as of the balance sheet date on 31 December 2021. The book value of S IMMO, which is recorded under investments in associated and jointly controlled entities, equalled EUR 390,667,068.75 as of 31 December 2021.

Non-current securities include shares in the Vienna Stock Exchange corporation with a value of EUR 1,000,699.26 (31 December 2020: TEUR 1,001), 27 certificates of the convertible bond 2017–2024 with a carrying amount of EUR 2,683,990.00 (31 December 2020: TEUR 2,684), and 172 certificates of the corporate bond 2019–2023 with a carrying amount of EUR 17,507,126.00 (31 December 2020: TEUR 17,507).

Other originated loans include EUR 885,000.00 (31 December 2020: TEUR 900) 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 2021 EUR	31 12 2020 TEUR
Receivables from direct loans	543,069,745.42	594,672
Impairment losses to receivables from direct loans	-98,364,155.87	-98,974
Trade receivables	1,337,431.49	1,484
Receivables from tax charges	3,961,899.93	2,785
Miscellaneous	10,852,751.67	9,397
Total receivables from subsidiaries	**460,857,672.64**	**509,363**

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 2017–2024 and the corporate bonds. In accordance with § 198 (7) of the Austrian Commercial Code, the discount (conversion right = the 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 377,078.46 as of 31 December 2021 (31 December 2020: TEUR 4,639). The discounts for the corporate bonds 2019–2023 and 2020–2027 were also capitalised and will be released over the respective terms. The discount equalled EUR 10,001,648.78 as of 31 December 2021 (31 December 2020: TEUR 12,582).

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 28th annual general meeting on 19 October 2021 approved the payment of a dividend of EUR 0.75 per share for the 2020 financial year. A total of EUR 92.5 million was distributed to shareholders on 25 October 2021.

IMMOFINANZ AG held 6,998,228 treasury shares as of 31 December 2020. Premature mandatory conversion led to the issue of 6,997,200 shares to the holders of the mandatory convertible bonds on 5 October 2021. These shares were drawn from IMMOFINANZ's stock of treasury shares. The mandatory conversion reduced the reserve for treasury shares by EUR 6,997,200.00 and increased the unappropriated capital reserve by EUR 120,000,000.00.

IMMOFINANZ AG held 1,028 treasury shares as of 31 December 2021.

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 of the 26th annual general meeting from 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 subscription 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 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 had not been used up to 31 December 2021 (see the section on "Subsequent events").

Provisions

The other provisions were created primarily for auditing services, tax consulting and legal advising fees (EUR 1.0 million; (31 December 2020: EUR 0.7 million) and for unused vacation time and bonuses (EUR 1.7 million; 31 December 2020: EUR 2.2 million). IMMOFINANZ AG was not involved in any material legal proceedings as of 31 December 2021.

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 that currently also determines its term. 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 2021 (31 December 2020: EUR 299.1 million).

The conversion price for the convertible bond 2017–2024 was adjusted to EUR 20.6333 per share to reflect the cash dividend of EUR 0.75 per share for the 2020 financial year which was approved by the annual general meeting on 19 October 2021.

IMMOFINANZ AG was informed on 3 December 2021 through a voting rights announcement in accordance with § 130 of the Austrian Stock Exchange Act of 2018 that the CPI Property Group S.A. (CPIPG) held an investment, directly and indirectly, of approximately 21.4% in the then share capital of IMMOFINANZ AG. This investment gave CPIPG a controlling interest in IMMOFINANZ AG as defined in § 22 in connection with § 27 of the Austrian Takeover Act. The conversion price for the convertible bond due in 2024 (ISIN: XS1551932046) was therefore adjusted to EUR 18.8987 in accordance with § 12a of the issue terms up to the control date on 19 January 2022. The conversion price for the exercise of conversion rights after the control date represents the conversion price applicable immediately before the change-of-control event, i.e. EUR 20.6333. The equity component, less a proportional share of transaction costs, totalled EUR 21.7 million and was recorded under appropriated capital reserves.

Mandatory convertible bond 2020–2023
IMMOFINANZ AG exercised its right to premature mandatory conversion of the 4% mandatory convertible bond due in 2023 (total nominal value: EUR 120 million) in accordance with the applicable issue terms on the optional mandatory conversion date of 26 September 2021. The premature mandatory conversion led to the distribution of 6,997,200 shares to the holders of the mandatory convertible bond. The shares were delivered from IMMOFINANZ's stock of treasury shares on 5 October 2021. The mandatory convertible bond was fully converted into shares.

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 an 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 2021 (31 December 2020: 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 500.0 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 2021 (31 December 2020: EUR 502.6 million).

Liabilities
Liabilities with financial institutions include a loan of EUR 20,116,648.50 from Raiffeisen Bausparkasse (31 December 2020: TEUR 21,217). Of this total, EUR 12,216,648.50 (31 December 2020: TEUR 14,017) have a remaining term of more than five years.

Liabilities with subsidiaries are classified as current when a specific payment term was not defined. The amounts due to subsidiaries consist entirely of other liabilities and are all related to loans of EUR 210,805,691.13 from subsidiaries (31 December 2020: TEUR 324,953). Of this total, EUR 14,987,354.14 (31 December 2020: TEUR 0) have a remaining term of more than five years.

Other liabilities consist chiefly of tax liabilities totalling EUR 364,709.36 (31 December 2020: TEUR 455) and social security liabilities of EUR 272,141.59 (31 December 2020: TEUR 257), 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 provided guarantees or pledges of EUR 32,579,500.00 (31 December 2020: TEUR 34,186) to financial institutions on behalf of subsidiaries. IMMOFINANZ AG has also accepted liabilities of EUR 11,540,000.00 (31 December 2020: TEUR 17,610) to third parties on behalf of subsidiaries.

	31 12 2021 EUR	31 12 2020 TEUR
Guarantees for bank loans	32,579,500.00	45,004
Other guarantees	11,540,000.00	17,610
Total	**44,119,500.00**	**62,614**
thereof on behalf of subsidiaries	44,119,500.00	51,796
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 2021, IMMOFINANZ AG invoiced a total of EUR 15,417,763.78 (2020: TEUR 17,031) 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 5,096,364.07 (31 December 2020: TEUR 2,022).

Other operating expenses

Impairment losses to and the derecognition of receivables totalled EUR 6,364,584.09 in 2021 (2020: TEUR 61,766), whereby EUR 6,054,853.01 (2020: TEUR 21,991) represent impairment losses to receivables due from subsidiaries. In 2021, IMMOFINANZ AG wrote off aperiodic tax receivables of EUR 145,676.98 (2020: MEUR 39.8) in connection with the liquidation of several IMMOEAST companies. The corresponding income is included under income taxes.

This position also includes consulting fees of EUR 4,781,913.73 (2020: TEUR 3,374), leasing and rental expenses of EUR 942,814.19 (2020: TEUR 806), IT costs of EUR 3,607,997.33 (2020: TEUR 3,105) and advertising expenses of EUR 3,595,684.45 (2020: TEUR 4,018).

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 2021 financial year.

Income from investments

This position consists primarily of the dividends received from Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu. (EUR 835,983.31: 2020: IMBEA IMMOEAST Beteiligungs-verwaltung GmbH at TEUR 24,210 and GENA ELF Immobilienholding GmbH at TEUR 7,132). In addition, a dividend of EUR 9,749,718.50 was received from S IMMO in 2021 (2020: TEUR 13,650).

Income from other securities (financial assets)

The income from other securities consists chiefly of interest income of EUR 3,493,890.42 (2020: TEUR 2,445) FROM LOANS GRANTED TO SUBSIDIARIES.

Interest and similar income

Interest and similar income include, above all, interest income of EUR 12,434,139.95 (2020: TEUR 12,974) from Group receivables. A WRITE-DOWN OF EUR 483,564.91 (2020: TEUR 7,476) was recognised to the interest income from Group receivables.

Income from the disposal and write-up of financial assets and current securities

This income includes a write-up of EUR 214,062,323.90 (2020: TEUR 2,471) to shares in subsidiaries and a write-up of EUR 27,078,211.00 (2020: TEUR 0) to the investment in S IMMO.

Expenses arising from financial assets

In 2021, impairment losses of EUR 5,160,488.19 (2020: TEUR 75,849) were recognised to shares in subsidiaries and EUR 0.00 (2020: TEUR 27,078) 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 1,584.35 (2020: TEUR 140) were also recognised to loans granted to subsidiaries.

Interest and similar expenses

This position includes interest expense of EUR 4,926,994.01 (2020: TEUR 7,824) on liabilities to subsidiaries and interest expense of EUR 40,688,028.46 (2020: TEUR 28,121) on the convertible bonds, mandatory convertible bond, bonds and liabilities with financial institutions.

Income taxes

This position comprises the following items:

	31 12 2021 EUR	31 12 2020 TEUR
Corporate income tax	-105,500.00	-267
Corporate income tax, prior years	-29,151.35	0
Withholding tax	-252,086.87	-236
Income tax expense (Group taxation), other periods	-169,873.90	-2,806
Income tax expense (Group taxation)	0.00	0
Income tax credits (Group taxation)	3,961,899.93	2,654
Income tax credits (Group taxation), other periods	216,036.65	39,979
Deferred tax expense	-5,677,629.71	-12,614
Deferred tax expense, other periods	0.00	0
Deferred tax credits	5,677,629.71	12,614
Deferred tax credits, other periods	0.00	0
Addition/reduction to provision for negative tax charges to Group members	0.00	0
Total	**3,621,324.46**	**39,324**

In the 2021 financial year, income tax credits (group taxation) include aperiodic income of EUR 145,676.98 (2020: MEUR 39.8) 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 2021 EUR	31 12 2020 TEUR
Intangible assets	-11,374.99	-58
Property, plant and equipment	-90,395.26	-90
Investments in associated and jointly controlled entities	47,639.99	23,210
Treasury shares	27,079,439.31	23,131
Provisions for termination benefits	35,369.51	35
Costs for the procurement of funds	638,076.64	664
Bonds	4,847,139.26	8,271
Total – total difference calculation	**32,545,894.46**	**55,163**
Plus 75% tax loss carryforwards	0.00	0
Minus calculation of surplus deferred tax assets	-32,545,894.46	-55,163
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 2021 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 in a corporate group as defined in § 9 of the Austrian Corporate Income Tax Act. The company and the members of the tax group concluded an agreement for the settlement of taxes, which was amended in 2011/12. In accordance with the amended agreement, each member of the Group with positive results must pay a tax charge equal to 25% of the assessment base to the head of the group. Any losses by members of the group are registered and can be offset in full against taxable profit recorded by the respective member in subsequent years. Consequently, there are no payments by the head of the group to members.

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 2021 EUR	31 12 2020 TEUR
Obligations for the following year	911,173.95	1,050
Obligations for the following five years	4,224,082.97	4,966

Average number of employees

	31 12 2021	31 12 2020
Salaried employees	165	168
Total	**165**	**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 2021):

Company	Balance sheet date	Share owned	Equity as of 31 12 2020		Profit / loss for the year	
IMBEA IMMOEAST Beteiligungsverwaltung GmbH, Vienna	31 December 2021	100%	1,655,225,502.07	EUR	-48,154,349.82	EUR
IMMOWEST Immobilien Anlagen GmbH, Vienna	31 December 2020	100%	115,025,324.11	EUR	-2,234,515.60	EUR
EHL Immobilien GmbH, Vienna	31 December 2020	49%	9,109,008.19	EUR	8,999,008.19	EUR
IMMOEAST Acquisition & Management GmbH, Vienna	31 December 2020	100%	4,922,767.42	EUR	-25,158.01	EUR
Immofinanz Gamma Liegenschafts- und Mobilienvermietungsgesellschaft m.b.H. in Liqu., Vienna	31 December 2020	100%	872,319.73	EUR	62,667.24	EUR
Immofinanz Services d.o.o., Belgrade	31 December 2020	100%	574,791.00	TRSD	3,931.00	TRSD
Immofinanz Services Poland Sp. z o.o., Warsaw	31 December 2020	100%	369,305,917.53	PLN	-5,153,901.44	PLN
IMMOFINANZ Services Hungary Kft., Budapest	31 December 2020	100%	80,212,343.00	THUF	174,502.00	THUF
IMMOFINANZ Services Slovak Republic, s.r.o., Bratislava	31 December 2020	99%	61,434,259.00	EUR	2,062,388.00	EUR
IMMOFINANZ Services Czech Republic, s.r.o., Prague	31 December 2020	100%	5,602,667.00	TCZK	4,438.00	TCZK
IMMOFINANZ Services Romania s.r.l., Bucharest	31 December 2020	99%	1,151,949,716.00	RON	12,942,512.00	RON
PBC Liegenschaftshandelsgesellschaft m.b.H., Vienna	31 December 2020	100%	99,056.93	EUR	-76,094.16	EUR
IMMOEAST Projekt Hekuba Holding GmbH in Liqu., Vienna	31 December 2020	100%	34,019.24	EUR	985.20	EUR
Immobilia L Liegenschafts Vermietungs GmbH, Vienna	31 December 2020	100%	101,035.90	EUR	18,562.96	EUR
SITUS Holding GmbH, Vienna	31 December 2020	100%	37,218.74	EUR	10,053.87	EUR
Retail Park Four d.o.o., Belgrade	31 December 2020	100%	1,635,465.00	TRSD	13,728.00	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 from 4 May 2020 to 29 June 2021
Dietmar Reindl – Member of the Executive Board, Property Management
Stefan Schönauer – Member of the Executive Board, Finances

The members of the Executive Board received remuneration of EUR 2,046,524.13 in the 2021 financial year (2020: TEUR 6,564). The year-on-year decline 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 38,797.82 (2020: TEUR 51) were made to the employee severance compensation fund and EUR 189,614.51 (2020: TEUR 157) to the pension fund.

Supervisory Board

Bettina Breiteneder – Chairwoman up to 31 March 2022
Sven Bienert – Vice-Chairman up to 31 March 2022
Michael Mendel – Vice-Chairman from 19 October 2021 to 31 March 2022
Miroslava Greštiaková – Chariwoman since 31 March 2022
Martin Němeček – Vice-Chairman since 31 March 2022
Dorothee Deuring – Member from 19 October 2021 to 31 March 2022
Gayatri Narayan – Member since 19 October 2021
Stefan Guetter – Member since 19 October 2021
Christian Böhm – Vice-Chairman up to 19 October 2021
Nick J. M. van Ommen – Member up to 19 October 2021

The Works Council of IMMOFINANZ AG delegated the following persons to the Supervisory Board:
Philipp Amadeus Obermair – Member
Rita Macskasi-Temesvary – Member from 19 October 2021 up to 31 March 2022
Werner Ertelthalner – Member since 19 October 2021

Following the extraordinary general meeting on 31 March 2022, the Supervisory Board consists of four elected shareholder representatives – Miroslava Greštiaková, Martin Němeček, Gayatri Narayan and Stefan Guetter – as well as two members delegated by the Works Council – Philipp Amadeus Obermair and Werner Ertelthalner.

Use of profit

Profit for the 2021 financial year totals EUR 577,262,500.41. A final estimate of the total liquidity requirements for the repayment of bank financing and the corporate bonds due to the change-of-control event is not possible at the present time. Therefore, the recommendation for the distribution of profit for the 2021 financial year will be communicated on a timely basis before the annual general meeting in July 2022. In March 2022, the CPI Property Group (CPIPG) attained a controlling influence over IMMOFINANZ with over 50% of the shares. That triggered a change-of-control event for existing bank financing and for the two corporate bonds with terms ending in 2023 and 2027. It entitles the financing banks to call their loans prematurely if they do not agree with the change-of-control event. The bondholders are entitled to exercise their right to sell and can put their bonds to the company for repayment at 101% of the nominal value plus unpaid, accrued interest up to 25 April 2022 (details on the change-of-control clauses can be found under "Information on equity").

Subsequent events

The CPI Property Group (CPIPG) published the offer document for its anticipatory mandatory offer for shares of IMMOFINANZ AG on 12 January 2022. The offer price equalled EUR 21.20 per share (cum dividend) and EUR 102,746.53 per nominal value of EUR 100,000 for the convertible bond 2024. On 10 February 2022, CPIPG announced a change in the anticipatory mandatory offer. The offer price for shares was increased from EUR 21.20 to EUR 23.00 (cum dividend) and the offer price for the convertible bond was raised from EUR 102,746.53 to EUR 111,470.29 per nominal value of EUR 100,000.

CPIPG announced the results of the acceptance period (12 January – 23 February 2022) on 24 February 2022 and, on 3 March 2022, attained control over IMMOFINANZ with over 50% of the shares. As of 8 April 2022, CPIPG held 55.07% of the outstanding voting rights in IMMOFINANZ. The statutory extension period for the offer runs to 28 May 2022.

On 7 March 2022, CPIPG requested the convocation of an extraordinary general meeting of IMMOFINANZ AG for elections to the Supervisory Board.

IMMOFINANZ acquired the Retail Park Terminal North in Udine, Italy, on 9 March 2022. The seller of this 33,000 sqm is the private equity firm ER INCOME FUND 1, which is headquartered in London. The transaction costs totalled approximately EUR 69.5 million.

At the extraordinary general meeting on 31 March 2022, Miroslava Greštiaková was elected chairwoman and Martin Němeček vice-chairman of the IMMOFINANZ Supervisory Board and the number of shareholder representatives on the Supervisory Board was reduced to four.

The number of voting rights totalled 138,354,690 as of 8 April 2022. Share capital equalled EUR 138,354,690.00 on that date and was divided into 138,354,690 zero par value, voting shares, each of which represented a stake of EUR 1.00 in share capital. The changes resulted from the issue of 15,060,895 shares from conditional capital to the holders of the convertible bonds which are due in 2024 following the exercise of conversion rights after the balance sheet date.

The ongoing armed conflict in Ukraine and the related sanctions against the Russian Federation can influence the development of the European as well as the global economy. IMMOFINANZ has, as a consequence, analysed its business relations with tenants, suppliers and other business partners. The company has no direct material commitments in Ukraine, Russia or Belarus and currently sees no indirect effects on its rents receivable or other business relations. The impact on the general economic environment could lead to changes in certain assumptions and estimates in the future which, in turn, could require an adjustment to the carrying amount of certain assets during the next financial year. Moreover, restrictions in the form of sanctions could lead to delays or the temporary suspension of cash inflows from the outstanding purchase price receivables of EUR 12.7 million. Management is unable at the present time to reliably estimate the resulting effects as events are changing on a daily basis.

Vienna, 8 April 2022

The Executive Board of
IMMOFINANZ AG

Stefan Schönauer CFO

Dietmar Reindl COO

Development of Non-current Assets in acc. with § 226 (1) of the Austrian Commercial Code

	Acquisition or production cost				
Amounts in EUR	Balance on 01 01 2021	Additions	Disposals	Reclassifications	Balance on 31 12 2021
1. Trademarks and software	2,350,403.37	100,963.78	30,000.00	0.00	2,421,367.15
Intangible assets	**2,350,403.37**	**100,963.78**	**30,000.00**	**0.00**	**2,421,367.15**
1. Furniture, fixtures and office equipment	2,517,644.45	675,249.99	358,184.82	0.00	2,834,709.62
Tangible assets	**2,517,644.45**	**675,249.99**	**358,184.82**	**0.00**	**2,834,709.62**
1. Investments in subsidiaries	7,038,912,888.07	44,494,006.93	540,798,612.39	0.00	6,542,608,282.61
2. Loans granted to subsidiaries	153,538,529.51	36,668,179.66	40,004,393.68	0.00	150,202,315.49
3. Investments in associated and jointly controlled entities	391,517,068.75	1,000,000.00	0.00	0.00	392,517,068.75
4. Non-current securities (rights)	21,191,815.26	0.00	0.00	0.00	21,191,815.26
5. Other originated loans	7,444,110.43	35,741.54	920,741.54	0.00	6,559,110.43
Financial assets	**7,612,604,412.02**	**82,197,928.13**	**581,723,747.61**	**0.00**	**7,113,078,592.54**
Total non-current assets	**7,617,472,459.84**	**82,974,141.90**	**582,111,932.43**	**0.00**	**7,118,334,669.31**

	Accumulated amortisation/depreciation				
Amounts in EUR	Balance on 01 01 2021	Additions	Disposals	Write-ups	Balance on 31 12 2021
1. Trademarks and software	2,162,453.76	171,870.69	27,750.00	0.00	2,306,574.45
Intangible assets	**2,162,453.76**	**171,870.69**	**27,750.00**	**0.00**	**2,306,574.45**
1. Furniture, fixtures and office equipment	1,297,228.03	436,604.52	358,184.82	0.00	1,375,647.73
Tangible assets	**1,297,228.03**	**436,604.52**	**358,184.82**	**0.00**	**1,375,647.73**
1. Investments in subsidiaries	4,262,892,704.65	5,160,488.19	539,772,500.00	214,062,323.90	3,514,218,368.94
2. Loans granted to subsidiaries	162,330.76	1,584.35	162,330.76	0.00	1,584.35
3. Investments in associated and jointly controlled entities	27,078,211.00	0.00	0.00	27,078,211.00	0.00
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	**4,290,133,246.41**	**5,162,072.54**	**539,934,830.76**	**241,140,534.90**	**3,514,219,953.29**
Total non-current assets	**4,293,592,928.20**	**5,770,547.75**	**540,320,765.58**	**241,140,534.90**	**3,517,902,175.47**

	Carrying amounts	
Amounts in EUR	31 12 2021	31 12 2020
1. Trademarks and software	114,792.70	187,949.61
Intangible assets	**114,792.70**	**187,949.61**
1. Furniture, fixtures and office equipment	1,459,061.89	1,220,416.42
Tangible assets	**1,459,061.89**	**1,220,416.42**
1. Investments in subsidiaries	3,028,389,913.67	2,776,020,183.42
2. Loans granted to subsidiaries	150,200,731.14	153,376,198.75
3. Investments in associated and jointly controlled entities	392,517,068.75	364,438,857.75
4. Non-current securities (rights)	21,191,815.26	21,191,815.26
5. Other originated loans	6,559,110.43	7,444,110.43
Financial assets	**3,598,858,639.25**	**3,322,471,165.61**
Total non-current assets	**3,600,432,493.84**	**3,323,879,531.64**

Management Report for the 2021 Financial Year

A. General Information

IMMOFINANZ AG is a listed real estate company in Austria. Its headquarters are located at 1100 Vienna, Wienerbergstrasse 9. 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 2021, the company had 123,293,795 zero par value, voting shares outstanding. Market capitalisation amounted to approximately EUR 2.8 billion as of 31 December 2021 based on a closing price of EUR 22.54 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 225 properties with a carrying amount of EUR 5.2 billion as of 31 December 2021. 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 was EUR 7,251,659.50 lower year-on-year at EUR 4,515,801,024.84 as of 31 December 2021. This decline resulted, above all, from the repayment of liabilities to subsidiaries and was contrasted by write-ups to the shares in subsidiaries. The equity ratio equalled 65.65% (31 December 2020: 60.43%).

Earnings position

Results for the 2021 financial year show net profit of EUR 204,129,585.58 (31 December 2020: loss of TEUR 128,010) which was based primarily on the valuation of shares in subsidiaries and investments in associated and jointly controlled entities.

Financial position

The change in cash and cash equivalents amounted to TEUR -230,526 (31 December 2020: TEUR 656,466). Net cash flow from operating activities totalled TEUR -21,086 (31 December 2020: TEUR -26,607), and net cash flow from investing activities equalled TEUR 39,330 (31 December 2020: TEUR -131,101). Net cash flow from financing activities amounted to TEUR -248,769 (31 December 2020: TEUR 814,174).

Net cash flow from operating activities	2021 TEUR	2020 TEUR
Profit/(loss) for the year	200,508	-167,334
Depreciation and amortisation	608	618
Impairment losses to financial assets	5,162	103,085
Write-ups to financial assets	-241,141	-2,471
Loss/gain on the disposal of tangible and intangible assets	2	173
Loss/gain on the disposal of financial assets	-323	2
Income from investments, income from other securities and loans from financial assets, other interest and similar income/interest and similar expenses	22,706	-5,807
Change in valuation adjustments to receivables	-1,569	-4,562
Release of provisions	-571	-401
Non-cash write-offs of receivables	6,365	61,835
Non-cash interest income and expenses	-5,936	10,263
Non-cash release of valuation adjustments to receivables	-5,096	-2,006
Non-cash dividends	0	-24,210
Non-cash management fees	-1,617	-116
Net cash flow from the operating result	-20,902	-30,932
Change in receivables	-1,488	-6,201
Change in liabilities	-628	6,514
Change in provisions	40	-683
Change in prepaid expenses and deferred charges	-690	-17
Net cash flow from operating activities (before tax)	-23,668	-31,319
Income tax payments	2,582	4,712
Total	**-21,086**	**-26,607**
Net cash flow from investing activities		
Investments in tangible and intangible assets	-1,034	-847
Investments in financial assets	-78,722	-44,775
Loans receivable	63,329	-114,737
Proceeds from the disposal of tangible assets	0	15
Proceeds from the disposal of financial assets	42,112	5,768
Payments received for income from investments, interest and securities	13,644	23,475
Total	**39,330**	**-131,101**
Net cash flow from financing activities		
Increase/decrease in borrowings	-1,100	-1,000
Increase/decrease in bonds	0	609,280
Loans payable	-118,849	-12,500
Placement of shares	0	236,062
Distributions	-92,470	0
Payments made for interest and similar expenses	-36,350	-17,668
Total	**-248,769**	**814,174**
Cash change in cash and cash equivalents	**-230,526**	**656,466**
Change in cash and cash equivalents		
Balance at the beginning of the period	663,533	7,067
Balance at the end of the period	433,007	663,533
Total	**-230,526**	**656,466**

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 remained unchanged at EUR 123,293,795.00 as of 31 December 2021 and was divided into 123,293,795 zero par value shares with voting rights, each of which represented a proportional share of EUR 1.00 in share capital.

At the end of March 2022, i.e. after the end of the 2021 financial year, share capital totalled EUR 138,281,992.00 and the number of issued shares equalled 138,281,992. This change resulted from a capital increase from conditional capital of EUR 14,988,197.00, or 14,988,197 shares, in the first quarter of 2022 which was carried out to service the conversion rights from the convertible bonds 2017–2024. Information on the convertible bonds is provided in the consolidated financial statements under section 4.13.

Treasury shares

Treasury shares held

The number of treasury shares fell to 1,028 in 2021 with a proportional share of EUR 1,028.00 in share capital. That represented approximately 0.00% of share capital at year-end 2021. As of 31 December 2020, IMMOFINANZ had held 6,998,228 treasury shares with a proportional share of EUR 6,998,228.00 in share capital, which represented approximately 5.68% of share capital on that date.

Issue of treasury shares following the premature mandatory conversion of the mandatory convertible bond 2020–2023

In connection with the premature mandatory conversion of the mandatory convertible bond 2020–2023, 6,997,200 treasury shares, representing approximately 5.68% of the company's share capital as of 31 December 2021, were issued to the holders of the mandatory convertible bond 2020–2023 in October 2021.

Development of treasury shares during the 2021 financial year

Date	Number of shares	Circumstances/authorisation	Proportional share of share capital as of 31 12 2021 in %	Purchase/sale price in EUR
December 2020	**6,998,228**		**5.7**	**n. a.**
October 2021	-6,997,200	Issue to bondholders following mandatory conversion of mandatory convertible bond 2020–2023	5.7	n. a.
December 2021	**1,028**		**0.0**	**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 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 as of 31 December 2021), 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 had not been used up to 31 December 2021 (see the section on "Subsequent events").

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 were entitled to tender their securities and to demand immediate repayment at the nominal value plus accrued interest as of the tender date. Details on these provisions are provided in the terms and conditions for the convertible bond 2017–2024 (also see section 4.13 in the consolidated financial statements).

The acquisition of an investment of approximately 21.4% by the CPI Property Group S.A. in the share capital of the company triggered a change-of-control event in December 2021. In this connection, conversion rights were exercised at a reduced conversion price for convertible bonds with a nominal value of EUR 282,800,000 and 14,963,965 new shares in the company were issued from conditional capital in January 2022. There were no premature cancellations by bondholders.

Corporate bonds 2019–2023 and 2020–2027

The issue terms of the corporate bond 2019–2023 issued in January 2019 and the corporate bond 2020–2027 issued in October 2020 entitle the bondholders to terminate their bonds and demand immediate repayment at 101% of the nominal value plus accrued interest as of the respective date 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.

The acquisition of a controlling investment by the CPI Property Group S.A. in the share capital of the company at the beginning of March 2022 triggered a change-of-control event for the IMMOFINANZ bonds 2019–2023 and 2020–2027. Each bondholder is entitled up to (and including) 25 April 2022 to demand repayment at 101% of the nominal amount plus accrued interest.

Property financing

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

The acquisition of a controlling and majority investment in the company by the CPI Property Group S.A. at the beginning of March 2022 triggered lenders' cancellation rights for a total credit volume of approximately EUR 1.4 billion. No material real estate financing agreements had been cancelled by the end of March 2022 due to the 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 2021, the corporate credit line had not been used.

The corporate credit line was not cancelled due to the change of control at the beginning of March 2022, respectively, the financing bank waived its cancellation right following the attainment of control by the CPI Property Group S.A.

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 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 equals two years at most.

The acquisition of a controlling investment in the company by the CPI Property Group S.A. at the beginning of March 2022 triggered cancellation rights for the members of the Executive Board in accordance with the change-of-control clauses in their employment contracts.

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, directors' dealings notifications and other disclosures show the following investments and attributed voting rights which exceeded 4% of share capital as of 31 December 2021:

- Radovan Vitek (through CPI Property Group S.A. and WXZ1 a.s.): 31.97% (21.40% from shares and 10.57% from a share purchase contract subject to a condition precedent concluded with RPPK Immo GmbH, which is controlled by Peter Korbačka)
- S IMMO AG (through CEE Immobilien GmbH): 14.23% from shares
- Peter Korbačka (through RPPK Immo GmbH): 10.57% from shares
- Klaus Umek (Petrus Advisers): 5.02% (1.68% from shares and 3.35% from financial/other instruments)

In March 2022, after the end of the 2021 financial year, IMMOFINANZ was informed that the share of voting rights held by the CPI Property Group S.A. – after the purchase of shares and completion of the anticipatory mandatory offer – equalled approximately 55.07% (54.88% from shares and 0.19% from financial/other instruments) of the outstanding share capital of the company at that time (notification on 4 March 2022 and announcement on 7 March 2022 pursuant to the Austrian Takeover Act to complete the purchase of shares). S IMMO AG (through CEE Immobilien GmbH), Peter Korbačka (through RPPK Immo GmbH) and Klaus Umek (Petrus Advisers) no longer held any voting rights following the transfer to the CPI Property Group S.A.

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 is reflected in the research and development contract concluded between IMMOFINANZ and the Vienna University of Technology (TU Wien) on the subject of office solutions. The Vienna University of Technology is also working on this assignment together with the Mechanical Design Department of Stanford University.

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 IMMOFINANZ's 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.

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

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 IMMOFINANZ and for the entire market environment in 2021 was still influenced by the COVID-19 pandemic, with only an immaterial reduction in uncertainty compared with the previous year. The potential effects of the COVID-19 pandemic on the 2022 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.

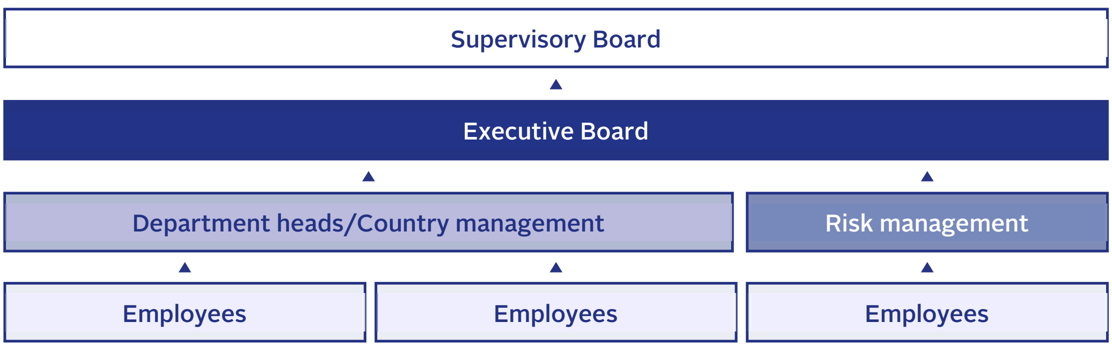
Monitoring and control of the risk management system
The risk management system is monitored and controlled through two corporate channels. On the one hand, internal audit evaluates the effectiveness of risk management and contributes to its improvement. On the other hand, the auditor reviews the effectiveness 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 2021 to January 2022. 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, the risk management system instituted by IMMOFINANZ as of 31 December 2021 – based on the comprehensive framework for corporate risk management according to COSO – is functional.

Structure or risk management

The goal of IMMOFINANZ's 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

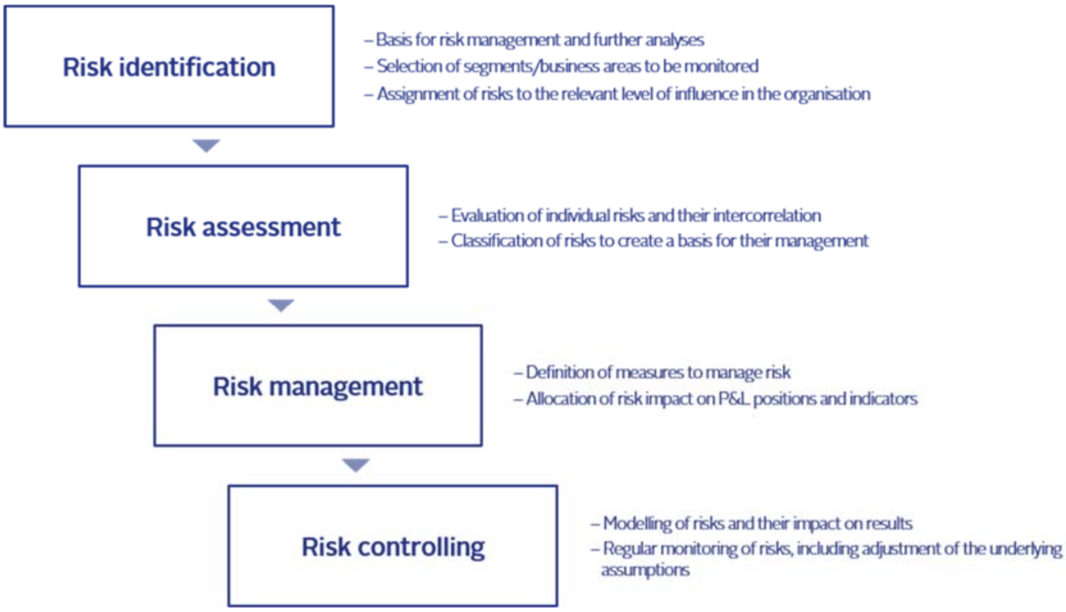


The Executive Board, as a whole, is responsible for risk management in the IMMOFINANZ Group and defines the corporate goals and related risk strategy.

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 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



Material risk categories

The risk categories relevant for IMMOFINANZ follow the company's value chain and are also focused on environmental, governance and social risks. IMMOFINANZ has defined a broad range of measures to address and counter risks. These measures represent an integral part of all corporate processes and, consequently, form the basis for the reduction of risk.

Risk category	Description	Countermeasures
Business risks	These risks are related to the general framework conditions for business activities and exceed the scope of property-specific risks.	These risks are countered by strategic decisions at the corporate level.
	Financial risks are related to lenders or the terms and conditions for the provision of cash and cash equivalents (see section 7.2 in the notes to the consolidated financial statements).	The continuous monitoring of asset and liability positions as well as proactive analyses form the basis for strategic measures to safeguard financing power.
	Operational risk can arise through detrimental actions by corporate bodies and/or employees to the disadvantage of the company.	The company's activities are separated into individual processes and relevant process steps are controlled internally.
	Other risks represent individual risks with a Group-wide impact.	These risks are countered by strategic decisions at the corporate level.
Risks of improper business practices	IMMOFINANZ is committed to responsible and transparent actions and to compliance with legal rules and regulations. Risks in this area arise from deviations from these general principles.	Guidelines have been issued to cover the actions of corporate bodies and employees in individual areas to prevent these risks from occurring.
Social risks	The company is responsible for its employees as well as other service providers in the broader sense of the term. Risks arising from the company's role as an employer in the broader sense of the term are aggregated in this risk category.	IMMOFINANZ's commitment to compliance with all fundamental and human rights as well as regular surveys of employees' needs represent the cornerstones of risk minimisation in this area.
Environmental and climate risks	Climate risks arise from the meteorological conditions at a property's location. In addition, environmental risks arise from the construction and operation of buildings.	Measures are implemented on a timely basis to prevent any negative effects on a property. When new buildings are constructed, a special focus is also placed on minimising the negative impact on the environment.
	The attainment of climate neutrality and the development of a circular economy are connected with risks arising from the technological and regulatory transition.	IMMOFINANZ takes the necessary steps to support the technological improvement and sustainable management of its buildings. It also supports the creation of a greater awareness for these issues by all stakeholders.
Project development risks	Planning risks are risks which occur during the planning phase of a property. This phase extends from the design to the approval of a project.	Project development risks are prevented by the exact inspection of new locations, the timely involvement of all stakeholders and measures to anticipate future developments.
	Realisation risks represent the risks arising in connection with the construction of a building, beginning with the receipt of the building permit.	Realisation risks are prevented through quality assurance measures in processes as well as measures to externalise risk.
	Marketing risks are related to the commercialisation of a project and are very important in regard to profitability.	Marketing risks are precluded by timely risk and opportunity analyses as well as long-term market monitoring.
Asset management risks	Earnings risks are risks connected with the generation of steady income from the standing investments.	IMMOFINANZ is taking steps to evolve from a conventional landlord to a service provider who reacts early on to market trends.
	Usage risks, as a group, represent the risks involved with the management of a property and, consequently, have a significant influence on the company's earning power.	Active portfolio management and the continuous technical monitoring of properties are designed to reduce usage risks.
	Owners, tenants and facility mangers are exposed to management risks during the ongoing operation of a property.	IMMOFINANZ follows a clear externalisation strategy with regard to management risks.
Portfolio and valuation risks	Portfolio and valuation risks include the factors that would lead to a change in the value of a portfolio.	Active portfolio management and the expertise from long-term market monitoring help IMMOFINANZ to identify potential problems at an early stage.
Transaction risks	Transaction risks are connected with the acquisition and sale of properties and include additional irregularities on the transaction market.	Process measures and regular monitoring of the transaction markets are designed to minimise existing risks. Market problems are managed with risk prevention measures.

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 major legal directives and the business policies defined by the Executive Board.

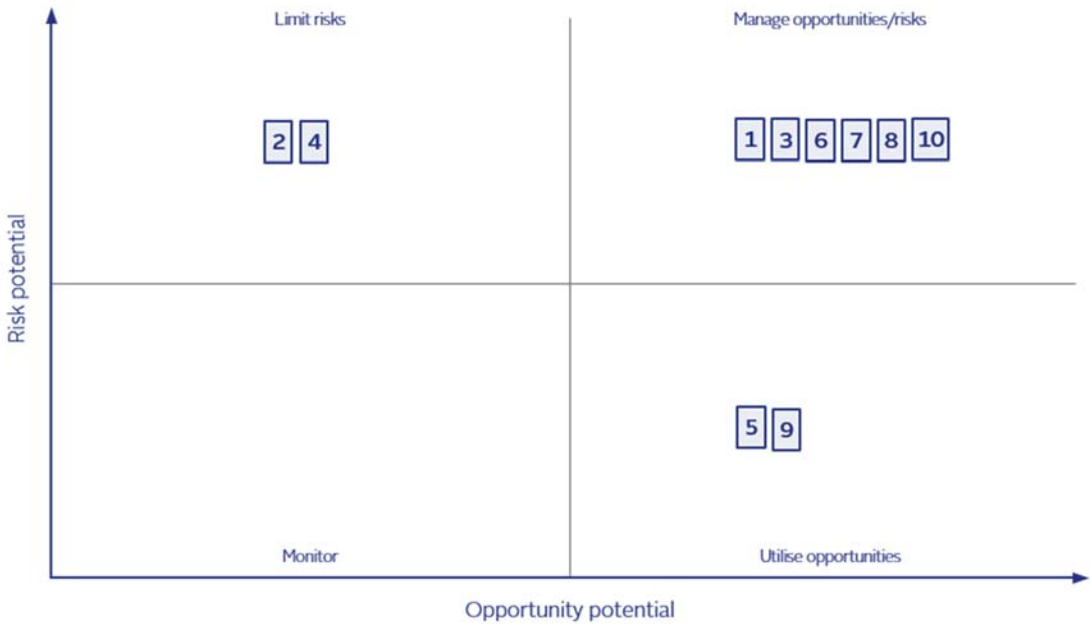
The ICS is integrated in all corporate processes. Its key features involve the appropriate segregation of duties, the application of the four-eyes principle in all order and invoice release procedures, compliance with internal guidelines (e.g. IMMOFINANZ's IFRS accounting manual), the review of accounting 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 assurance. 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 explains its activities and summarises the major audit areas and results.

Opportunity and risk position in 2021

Overview of opportunities and risks as of 31 December 2021



Risks arising from climate change (1)
Real estate is responsible for roughly 40% of global greenhouse gas emissions and, consequently, public interest in reaching climate neutrality in this sector is high. IMMOFINANZ takes its responsibility seriously and continued to focus intensively on this issue during the 2021 financial year. As a result, the Net Zero Emission Strategy was presented towards year-end. It defines the course that will allow IMMOFINANZ to attain climate neutrality throughout the entire corporation by 2040. This strategy includes numerous individual measures

and also sets individual focal points for innovation and digitalisation. To reach these goals, IMMOFINANZ plans to offer new services in the future which will require digital solutions for their implementation. The real estate branch is currently in the midst of a disruptive development and business models will change significantly in the coming years.

IMMOFINANZ's standing investment portfolio was the subject of an extensive review in 2021, which identified conventional branch risks as well as opportunities for optimisation in regard to energy. A few, but highly effective measures can help the company reach its goal and achieve a 60% reduction in greenhouse gas emissions by 2030. These measures include the exit from fossil energy carriers as well as the electrification of the portfolio and the use of sustainable sources to meet energy requirements. Given the economies of scale, IMMOFINANZ is optimistic that the costs for the necessary technologies will continue to decline. The Net Zero Emission Strategy will be implemented in agreement with the requirements of the European Union's Taxonomy Regulation, which will lead to a steady increase in the share of "green" revenues and costs for the company in the next years.

Detailed information on the identified individual risks is provided under the following points: valuation risks, energy efficiency, and climate and environmental risks.

COVID-19 (2)

The risk position in 2021 was still 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 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. The office business was not affected by the government-ordered, temporary shutdowns, but most of the tenants followed the call to introduce home office as a pandemic containment measure. Tenants received support in returning to work with back-to-office plans that included room concepts, distance guidelines, disinfection, protective measures and access rules.

The growing momentum of vaccination campaigns led to the easing of restrictions in the core markets which, in turn, benefited retail tenants. Containment measures focused less on business closings as the year progressed. Whereas roughly 48% of IMMOFINANZ's retail space was still affected by temporary shutdowns at the end of March 2021, this level had fallen to only 15% by the end of November despite a further lockdown period and retail areas have since opened step-by-step. After the emergence of the more contagious omicron variant of the coronavirus in the first quarter of 2022, experts now see an imminent end to the pandemic. The expected long-term consequences of the COVID-19 pandemic include, among others, changes in consumer behaviour and in the modern working world which could have an influence on IMMOFINANZ's property solutions. In the retail business, this could lead to more conscious purchasing behaviour as well as the avoidance of public spaces and stronger use of online retailing. The office business could see a change in the demand for space due to the increased use of home office. With its cost-efficient STOP SHOP and VIVO! retail concepts and high-quality, innovative office solutions, the IMMOFINANZ Executive Board believes the company is well positioned for these possible changes in operating conditions.

Macroeconomic conditions (3)

The COVID-19 pandemic remained the dominant factor in 2021 and had a significant negative influence on business activity during the first months of the year. The progress of vaccination campaigns led to the easing of restrictions and strong economic recovery. Driven by catch-up effects, demand soon exceeded the available supply. However, problems in global supply chains combined with the growing demand for energy carriers led to a noticeable upturn in inflation. The economic recovery had a positive influence on IMMOFINANZ's retail portfolio, but the higher inflation rates led to an increase in the interest curve on the long end. The resulting increase in expected returns will influence property valuation over the medium term and increase the risk of write-downs.

It is currently impossible to estimate the geopolitical developments surrounding the Ukraine crisis, but there is a risk of a substantial, long-term influence on IMMOFINANZ's commercial success.

Legal proceedings (4)
IMMOFINANZ has settled numerous, very old legal disputes in recent years. The court 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 (5)
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. S IMMO shares are listed in the Prime Segment of the Vienna Stock Exchange and are therefore exposed to market price risks. As of 31 December 2020, the carrying amount of the S IMMO investment equalled EUR 363.6 million. The significant improvement in the price of the S IMMO share in the first quarter of 2021 led to the revaluation of this investment. The carrying amount equalled EUR 390.7 million as of 31 December 2021. This investment was not financed externally.

Valuation risks (6)
The valuation of IMMOFINANZ's properties by CBRE in 2021 also focused on ESG issues. Numerous aspects, for example risks arising from climate change, were examined in addition to the social added value of the properties and compliance with human rights. IMMOFINANZ will adapt its properties to meet the climate change through measures like thermal refurbishment, the digitalisation of building technology and many other steps. From the viewpoint of risk assessment, this will counteract the risks associated with rentals, e.g. a decline in demand or occupancy, as well as a loss of value in the standing investment portfolio. IMMOFINANZ intends to create the potential for an increase in the value of properties with high ESG standards as part of its sustainable portfolio strategy. That will also create the basis for suitable properties to generate even better rental performance in the coming years.

IT risks (7)
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 2021 were realised as planned, with the issues of data protection and cybersecurity representing 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 established procedures, the risk to critical corporate processes can be considered low.

Energy efficiency (8)
Energy efficiency in properties is crucial for the improvement of the Group's CO_2 footprint. IMMOFINANZ's goal is to identify opportunities for savings and continuously improve the portfolio with regard to energy efficiency and the best possible contribution to climate protection. Measures to achieve climate neutrality by 2040 were defined and are currently being implemented. These goals will be reached through the exit from fossil energy carriers with parallel electrification of the portfolio. The properties will also be optimised as regards the in-house production of energy to reach a maximum level of energy self-sufficiency. These measures, which are related to the implementation of the EU's Taxonomy Regulation, will strengthen the sustainable focus of IMMOFINANZ's portfolio. Energy-efficient properties and activities considered "sustainable" under the EU Taxonomy will create numerous opportunities, for example in the areas of tenant satisfaction, financing, capital market positioning and the contribution to climate protection.

Climate and environmental risks (9)
In view of the high share of global greenhouse gas emissions from the real estate sector, IMMOFINANZ is committed to supporting climate protection. The ambitious Net Zero Emission Strategy was developed and is currently in implementation. The related measures will be particularly efficient in the retail portfolio due to the high degree of standardisation. In the office business, the most appropriate measures from the existing catalogue must be identified and implemented. The Net Zero Emission Strategy will prevent the rising costs from CO_2-pricing and the related negative effects. Moreover, the over-achievement of legal requirements could create additional opportunities for an increase in the value of the standing investment portfolio.

An external climate audit was carried out to identify the effects of climate change on IMMOFINANZ's real estate. The results flowed into the definition of targeted measures for each property. A differentiation was made between elementary events from the long-term effects of climate change. These events (flooding, forest fires, rising sea levels, storms and earthquakes) were previously managed by the public sector. Existing protective measures were analysed and, where necessary, actions at the property level were evaluated and/or the risk was referred to the public authorities. Measures were also implemented at the individual property level to handle the long-term effects of climate change (rising temperatures and irregular precipitation). These measures range from the adaptation of the building shell or technical facilities to rainwater storage.

Portfolio risks (10)
The occupancy rate in the standing investment portfolio remained constant at a high 95.1% as of 31 December 2021 (31 December 2020: 96.0%). The retail properties were practically fully rented at 98.7%. The occupancy rate in the office portfolio weakened slightly to 90.6% in 2021 (31 December 2020: 93.7%), whereby the decline since the beginning of the year was caused primarily by a single tenant in Germany who was severely affected by the COVID-19 pandemic and by reclassifications in Romania (larger modernisation projects and IFRS 5).

IMMOFINANZ's active development projects (properties under construction) have a combined carrying amount of EUR 460.8 million (31 December 2020: EUR 300.8 million). The outstanding construction costs for these projects totalled EUR 216.2 million at year-end 2021 (31 December 2020: EUR 62.2 million). Pipeline projects, including real estate inventories, had a carrying amount of EUR 180.3 million as of 31 December 2021 (31 December 2020: EUR 191.8 million).

H. Outlook

The past financial year clearly showed that IMMOFINANZ implemented the right measures during the pandemic and confirmed that the Group has emerged stronger from this crisis. Although the markets generally remained under the influence of the COVID-19 pandemic and the related containment measures during the first half of 2021, IMMOFINANZ not only generated significant earnings growth, but – with key indicators like the results of operations and EBT – even exceeded the very good pre-crisis level in 2019.

Infections are currently on the rise in several of our core countries, and especially in Austria, but most governments have taken steps to ease the corona restrictions. The warmer spring and summer weather is expected to bring about a substantial flattening of the infection curves – before the autumn and winter bring a new wave of infections. The emergence of further virus mutations can also not be excluded.

Expected market environment

The COVID-19 pandemic continues to represent a risk for the 2022 financial year. Nevertheless, experts had originally still projected very sound growth for the economies in our core countries (generally between 4% and 5% for 2022), but these forecasts are likely to be substantially undermined by Russia's invasion of Ukraine at the end of February 2022. The International Monetary Fund (IMF) issued a statement in mid-March that the Ukraine conflict could trigger fundamental changes in the global economic order. In addition to short-term consequences like rising inflation and weaker growth, longer-term effects are conceivable if energy trading shifts, supply chains change, payment networks crumble and countries rethink their currency reserves. The IMF has already signalised a reduction in its previous forecast for global growth in 2022.

These geopolitical and macroeconomic developments are a source of increasing uncertainty, and it is impossible to conclusively evaluate the resulting effects. IMMOFINANZ – with its flexible and crisis-resistant real estate products – believes it is optimally positioned for the future, also in an environment that is characterised by greater uncertainty.

Property portfolio and sustainability

IMMOFINANZ's standing investment portfolio totalled approximately EUR 4.5 billion as of 31 December 2021: roughly EUR 2.7 billion, or 60%, of office properties and EUR 1.8 billion, or 40%, of retail properties.

In its portfolio strategy, IMMOFINANZ continues to focus on clearly defined brands and innovative property solutions: myhive for high-quality, flexible offices with a friendly atmosphere as well as the cost-efficient STOP SHOP and VIVO! retail brands. We are also working on the expansion of our property offering to include affordable and sustainable housing. Our recently introduced "On Top Living" brand involves the build-over of single-storey STOP SHOP retail parks to create low-cost, resource-conserving residential space. With this product, we will meet people's housing needs and, at the same time, make an important contribution to the fight against climate change, ground sealing and exploding housing costs. We see a potential here for roughly 12,000 smart, climate-friendly apartments over the medium term.

Our plans call for further portfolio growth towards the EUR 6 billion-mark in 2022. In the office business, this involves further expansion with myhive in the capital cities of our core countries. The number of STOP SHOP retail parks is scheduled to increase from the current level of 100 to roughly 140 locations by 2024. The country focus here is on the Adriatic region, including Italy and Croatia, CEE, and selective projects in Western Europe. The acquisition of more than 20 sites at the end of 2021 creates the basis for the country-wide establishment of our STOP SHOPs in Croatia and, in March 2022, we took the next step to develop the Italian growth market with the acquisition of a 33,000 sqm retail park in Udine.

As part of our ambitious Net Zero Emission Strategy, we are also working to further improve the sustainable quality of the buildings in our portfolio and to increase resource efficiency. Climate protection and sustainability have top priority for IMMOFINANZ. This is reflected in our goal to make our company emission-free in all areas by 2040. Our strategy includes a wide variety of measures: Extensive energy efficiency upgrades will be carried out in at least 5% of the portfolio properties each year, our own renewable energy production will be massively expanded, and our external electricity supplies are being converted to green electricity. On the rooftops of the STOP SHOP retail parks, for example, additional photovoltaic equipment will be installed during the year and all new locations will operate exclusively with photovoltaics. The currently very high energy prices create a further incentive to expand climate-neutral solar energy generation as quickly as possible.

We see this not only as an important contribution in the fight against climate change, but also as a great opportunity and competitive advantage for IMMOFINANZ. That also applies to financing. The enormous increase in the demand by banks and debt investors for sustainability-oriented investments will support this rapid expansion and also strengthen IMMOFINANZ's competitive position.

Financing and the capital market

IMMOFINANZ has a very solid capital and financing structure. Moreover, the Group has an unsecured, revolving corporate credit line of EUR 100.0 million at its disposal.

Our goal is to continue this conservative financial policy: Gearing, based on the net LTV, is planned to remain below 45% over the medium term and the investment grade rating (BBB-, stable outlook from S&P Global Ratings) will be retained.

The environment for new financing and refinancing at the property level is still considered attractive. The refinancing arranged in 2020 and 2021 will secure the current interest rate level over the long term and improve the maturity profile. IMMOFINANZ meets regularly with its financing banks to discuss the premature extension of expiring financing to further optimise this maturity profile.

IMMOFINANZ is therefore ideally positioned for continued growth. Our forecast for 2022 shows pre-tax FFO 1 of more than EUR 135 million – assuming moderate influence from the COVID-19 pandemic – and we want to distribute 70% of this FFO 1 as dividends to our shareholders for the 2022 financial year.

However, an additional fact to consider is that the CPI Property Group (CPIPG) attained a controlling influence over IMMOFINANZ in March 2022 with over 50% of the shares. That triggered a change-of-control event for existing bank financing and for the two corporate bonds with terms ending in 2023 and 2027. It entitles the financing banks to call their loans prematurely if they do not agree with the change-of-control event. The bondholders are entitled to exercise their right to sell and can put their bonds to the company for repayment at 101% of the nominal value plus unpaid, accrued interest up to 25 April 2022 (details on the change-of-control clauses can be found under "Information on equity"). Depending on the volume of the sale rights exercised by bondholders up to 25 April and the cash outflows for the necessary repayment of bank financing, IMMOFINANZ could see an additional substantial increase in liquidity requirements over the short term until the redeemed bonds and bank financing can be replaced with new instruments. That, in turn, can have an effect on the planned portfolio growth and on further capital market guidance for the 2022 financial year.

Bondholders had exercised their sale rights for a volume of EUR 56.6 million as of 6 April 2022. This leads to a short-term outflow of liquidity totalling EUR 57.6 million. All of the financing banks have issued declarations of consent, where necessary, to the change-of-control event. These declarations are, in part, still conditional and dependent on a know-your-customer process which is currently in progress. IMMOFINANZ considers it probable that all related conditions will be met. No bank financing has been called prematurely to date due to the change-of-control event.

A final estimate of the total liquidity requirements for the repayment of bank financing and the corporate bonds is not possible at the present time. Therefore, the recommendation for the distribution of profit for the 2021 financial year will be communicated on a timely basis before the annual general meeting in July 2022.

As regards the investment in S IMMO, IMMOFINANZ continues to hold all options open.

Takeover offer by the CPI Property Group

A notification of shareholdings from 4 March 2022 indicates that the CPI Property Group (CPIPG) holds an investment of 55.07% in IMMOFINANZ. The statutory extension period for the mandatory takeover offer to IMMOFINANZ investors runs until 28 May 2022. In its offer document, CPIPG stated its intention to provide strong and sustainable support for future strategic measures implemented by IMMOFINANZ in accordance with the Austrian Corporate Governance Code and other rules and regulations in close cooperation with management and other stakeholders for the benefit of IMMOFINANZ.

This outlook reflects the Executive Board's assessments as of 8 April 2022 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 235 and 236.

Vienna, 8 April 2022

The Executive Board of
IMMOFINANZ AG

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 2021, 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 2021, and its financial performance and its cash flows 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, loans granted to, 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 income, other operating expenses, other interest and similar income, income from the disposal and write-up of financial assets and securities recorded under current assets as well as expenses from financial assets.)

The carrying amount of the shares in subsidiaries totals EUR 3,028 million; it was increased by write-ups of EUR 214 million and reduced by impairment losses of EUR 5 million in 2021. The carrying amount of the loans granted to subsidiaries amounts to EUR 150 million. The receivables due from subsidiaries total EUR 461 million; impairment losses of EUR 7 million were recorded in 2021, while impairment losses recorded in previous financial years of EUR 5 million were reversed.

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 information in the management report we refer to the section "Report on the Audit of the Management Report".

In connection with our audit of the financial statements, our responsibility is to read the other information 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 judgment 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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 the internal control system 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 19 October 2021 and commissioned by the supervisory board on 14 June 2021 – subject to appointment by the annual general meeting – to audit the financial statements for the financial year ending 31 December 2021. 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.

Engagement Partner

The engagement partner responsible for the audit is Mag. Nikolaus Schaffer.

Vienna, 8 April 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Nikolaus Schaffer

Certified Public Accountant

Financial calendar 2022

24 May 2022[1]	Announcement of results for the first quarter of 2022
25 May 2022	Interim financial statements on the first quarter of 2022
2 July 2022	Record date for participation in the 29th annual general meeting
12 July 2022	29th annual general meeting
14 July 2022	Expected ex-dividend date
15 July 2022	Expected date for the determination of dividend rights (record date)
18 July 2022	Expected dividend payment date
24 August 2022[1]	Announcement of results for the first half of 2022
25 August 2022	Financial report on the first half of 2022
23 November 2022[1]	Announcement of results for the first three quarters of 2022
24 November 2022	Interim financial statements on the first three quarters of 2022

[1] Publication after the close of trading on the Vienna Stock Exchange

Imprint

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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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