

Q1-2

News for our investors

**FINANCIAL REPORT FOR Q1-2
OF THE 2016 ABBREVIATED FINANCIAL YEAR**
1 May 2016 – 31 October 2016

Increase in results of operations

Improvement in results of Asset Management due to reduction in operating expenses

Portfolio optimisation continues

Sale of smaller office and retail properties, several STOP SHOP retail parks completed and opened

Loss for the reporting period negatively influenced by valuation effects

Market environment in Russia remains difficult

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KEY FIGURES

Earnings Data

		Q1-2 2016A	Q1-2 2015/16	Change in %
Rental income	in MEUR	153.3	160.3	-4.4%
Results of asset management	in MEUR	107.3	102.1	5.1%
Results of property sales	in MEUR	-2.5	6.1	n.a.
Results of property development	in MEUR	0.7	-5.6	n.a.
Results of operations	in MEUR	87.6	68.3	28.2%
Revaluations	in MEUR	-132.4	374.1	n.a.
EBIT	in MEUR	-60.7	430.8	n.a.
Financial results	in MEUR	-83.8	-203.1	58.7%
EBT	in MEUR	-144.5	227.8	n.a.
Net profit for the period	in MEUR	-154.4	133.2	n.a.
FFO 1 (excl. results of property sales)	in MEUR	16.9	15.6	8.8%
FFO 2 (incl. results of property sales)	in MEUR	14.5	21.7	-33.4%

Asset Data

		31 10 2016	30 4 2016	Change in %
Balance sheet total	in MEUR	7,200.6	7,246.8	-0.6%
Equity as % of the balance sheet total	in %	37.2%	39.8%	n.a.
Net financial liabilities	in MEUR	3,298.5	3,088.9	6.8%
Cash and cash equivalents	in MEUR	359.5	371.6	-3.2%
Loan to value ratio (net)	in %	51.6%	49.4%	n.a.
Gearing	in %	117.4%	101.3%	n.a.
Average interest rate on financial liabilities, incl. hedging	in %	3.8%	3.9%	n.a.
Average term of financial liabilities	in years	3.5	3.8	-6.7%

Property Data

		31 10 2016	30 4 2016	Change in %
Total number of properties		351	385	-8.8%
Lettable space	in sqm	2,146,314	2,241,587	-4.3%
Occupancy rate	in %	87.5%	86.3%	n.a.
Gross return	in %	6.3%	6.2%	n.a.
Gross return adjusted for occupancy	in %	7.2%	7.2%	n.a.
Portfolio value	in MEUR	5,241.1	5,484.0	-4.4%
thereof investment properties	in MEUR	4,692.1	4,961.8	-5.4%
thereof property under construction	in MEUR	452.5	410.0	10.3%
thereof real estate inventories	in MEUR	96.5	112.1	-14.0%
Unencumbered investment property	in MEUR	676.8	871.4	-22.3%

EPRA Indicators

		31 10 2016	30 4 2016	Change in %
EPRA Net Asset Value	in MEUR	3,036.7	3,270.1	-7.1%
EPRA Net Asset Value per share	in EUR	3.14	3.39	-7.1%
EPRA Triple Net Asset Value	in MEUR	2,972.1	3,204.3	-7.2%
EPRA Triple Net Asset Value per share	in EUR	3.08	3.32	-7.2%

		31 10 2016	31 10 2015	Change in %
EPRA earnings	in MEUR	-46.7	-189.9	75.4%
EPRA earnings per share	in EUR	-0.05	-0.19	75.1%
EPRA earnings after company-specific adjustments	in MEUR	3.8	1.4	≥ +100.0%
EPRA earnings per share after company-specific adjustments	in EUR	0.00	0.00	≥ +100.0%
EPRA Net Initial Yield	in %	5.4%	4.6%	n.a.

Stock Exchange Data

		31 10 2016	30 4 2016	Change in %
Book value per share	in EUR	2.78	2.99	-7.1%
Share price at end of period	in EUR	1.96	2.06	-4.7%
Discount of share price to diluted NAV per share	in %	37.6%	39.2%	n.a.
Number of shares		975,955,651	975,955,651	0.0%
Number of treasury shares		9,999,973	10,000,000	0.0%
Market capitalisation at end of period	in MEUR	1,915.8	2,009.5	-4.7%

		31 10 2016	31 10 2015	Change in %
Earnings per share	in EUR	-0.16	0.14	n.a.
Earnings per share (diluted)	in EUR	-0.16	0.13	n.a.

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

“During the past two quarters we successfully continued our focus on the office and retail core businesses, improved the efficiency of our portfolio and further increased the occupancy rate.”

Oliver Schumy, CEO

Dear Shareholders,

Improvements in quality and efficiency, the strengthening of ties with current tenants and the acquisition of new tenants as well as the optimisation of our offering remained the focal points for our operating business in the first half of the abbreviated 2016 financial year.

In the retail sector, we are working quickly and efficiently to meet our goal of expanding the STOP SHOP portfolio to more than 100 locations and, through these efforts, position IMMOFINANZ as the leading retail park operator in Central and Eastern Europe. The first half-year brought the opening of three fully rented STOP SHOPS in Poland and Serbia. We also acquired eight locations in Slovakia and Hungary which will subsequently be rebranded to reflect the STOP SHOP concept. These transactions will close in several steps, presumably by the end of the first quarter of 2017. IMMOFINANZ's STOP SHOP portfolio will then cover 67 locations in seven countries with nearly 450,000 sqm of rentable space and a carrying amount of over EUR 600 million. Five further locations in Serbia and Poland are currently under development and should open in 2017. The market entry of STOP SHOP in Romania is also planned for next year.

VIVO!, our shopping center brand, is currently being rolled out to our shopping centers in four countries: Poland, Romania, the Czech Republic and Slovakia. We have also started work on a VIVO! shopping center in Krosno, a city in southern Poland. It will have roughly 21,000 sqm of space and open at the end of 2017.

The very positive experience with our STOP SHOP and VIVO! brands in the retail sector led to the development of myhive, an international office brand, which we are now rolling out to 20 of our office buildings in six countries. myhive stands for a friendly and lively environment combined with optimal infrastructure and services. The buildings are characterised by an inviting and lively atmosphere, attentive and helpful staff, easy accessibility and numerous services. This concept should increase the attractiveness of the properties for our tenants and lead to a further increase in occupancy. The standardisation will also create cost advantages. Work has already been completed at several locations and, for example, the tenants in the *myhive Twin Tower* in Vienna can now make use of our new offering.

We also sold 18.5 million BUWOG shares for approx. EUR 360 million during the first half-year, which represented the remaining freely available part of our investment. That was the final step in the plans we announced at the time of the BUWOG spin-off in April 2014 to withdraw from our former residential property subsidiary over the medium-term. We still hold nearly 10 million BUWOG shares, which are reserved for the proportional servicing of our two IMMOFINANZ convertible bonds that are scheduled to mature in 2017 and 2018.

At the beginning of the second quarter, we finalised the acquisition of approx. 26% and four registered shares of CA Immobilien Anlagen AG. The closing followed the fulfilment of all conditions precedent within a very short time and the release of the transaction by the antitrust authorities in six countries. This acquisition creates the basis for the merger of IMMOFINANZ and CA Immo into one of the leading real estate companies in Europe.



Oliver Schumy

Outlook

IMMOFINANZ plans to sell or spin off its Russian portfolio prior to the announced merger, since these properties are characterised by distinct market dynamics and a different risk profile. The transaction should be completed in 2017.

For our core markets, excluding Russia, we expect a continuation of the generally favourable economic environment. Our focus for the remainder of the abbreviated 2016 financial year and beyond will remain on increasing the efficiency of our portfolio through an improvement in the occupancy rate and the sale of properties that do not fit with our core businesses due to their size, location, quality or other features. The proceeds from these sales will be invested in value-creating growth in order to strengthen our standing investments.

We look forward to continuing this course in your interests with our full strength, commitment and passion.

Vienna, 16 December 2016

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

Oliver Schumy
CEO

Our Company at a Glance

Focus on office and retail properties in eight core markets

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

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

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

Key data on the property portfolio		31 October 2016	30 April 2016	Change in %
Total number of properties		351	385	-8.8%
Rentable space	in sqm	2,146,314	2,241,587	-4.3%
Occupancy rate	in %	87.5%	86.3%	n.a.
Gross return on the standing investments	in %	6.3%	6.2%	n.a.
Gross return on the standing investments occupancy-adjusted	in %	7.2%	7.2%	n.a.
Portfolio value ¹	in MEUR	5,243	5,484	-4.4%
Thereof office	in MEUR	2,582	2,707	-4.6%
Thereof retail	in MEUR	2,403	2,472	-2.8%
Thereof other	in MEUR	258	305	-15.3%

¹ Including properties held for sale



BB Centrum Gamma
Prague | CZ | approx. 31,000 sqm
rentable space

KEY DATA ON THE STANDING INVESTMENT PORTFOLIO BY CORE MARKET AS OF 31 OCTOBER 2016

Share of the carrying amount of the standing investments (MEUR 4,459.0)

24.1%
RUSSIA

13.3%
POLAND

1.9%
GERMANY

8.3%
CZECH REPUBLIC

3.9%
SLOVAKIA

22.4%
AUSTRIA

9.7%
HUNGARY

14.2%
ROMANIA

RUSSIA	24.1%
Number of properties	5
Carrying amount in MEUR	1,072.8
Rentable space in sqm	278,459
Occupancy rate in %	82.4%
Rental income Q2 2016A (MEUR) ¹	17.8
Gross return in %	6.6%
Gross return in % (occupancy-adjusted)	8.1%

AUSTRIA	22.4%
Number of properties	127
Carrying amount in MEUR	997.2
Rentable space in sqm	515,617
Occupancy rate in %	86.0%
Rental income Q2 2016A (MEUR) ¹	13.8
Gross return in %	5.5%
Gross return in % (occupancy-adjusted)	6.4%

HUNGARY	9.7%
Number of properties	23
Carrying amount in MEUR	433.8
Rentable space in sqm	281,926
Occupancy rate in %	88.1%
Rental income Q2 2016A (MEUR) ¹	6.6
Gross return in %	6.1%
Gross return in % (occupancy-adjusted)	6.9%

GERMANY	1.9%
Number of properties	5
Carrying amount in MEUR	83.7
Rentable space in sqm	34,174
Occupancy rate in %	82.1%
Rental income Q2 2016A (MEUR) ¹	1.3
Gross return in %	6.2%
Gross return in % (occupancy-adjusted)	7.6%

ROMANIA	14.2%
Number of properties	20
Carrying amount in MEUR	633.3
Rentable space in sqm	344,957
Occupancy rate in %	91.8%
Rental income Q2 2016A (MEUR) ¹	11.2
Gross return in %	7.1%
Gross return in % (occupancy-adjusted)	7.7%

CZECH REPUBLIC	8.3%
Number of properties	20
Carrying amount in MEUR	371.7
Rentable space in sqm	236,301
Occupancy rate in %	82.3%
Rental income Q2 2016A (MEUR) ¹	5.6
Gross return in %	6.0%
Gross return in % (occupancy-adjusted)	7.3%

NON-CORE COUNTRIES²	2.2%
Number of properties	10
Carrying amount in MEUR	97.7
Rentable space in sqm	75,369
Occupancy rate in %	81.4%
Rental income Q2 2016A (MEUR) ¹	1.8
Gross return in %	7.2%
Gross return in % (occupancy-adjusted)	8.8%

POLAND	13.3%
Number of properties	20
Carrying amount in MEUR	592.8
Rentable space in sqm	288,693
Occupancy rate in %	92.6%
Rental income Q2 2016A (MEUR) ¹	8.8
Gross return in %	5.9%
Gross return in % (occupancy-adjusted)	6.4%

Slovakia	3.9%
Number of properties	12
Carrying amount in MEUR	176.0
Rentable space in sqm	90,819
Occupancy rate in %	98.5%
Rental income Q2 2016A (MEUR) ¹	3.3
Gross return in %	7.4%
Gross return in % (occupancy-adjusted)	7.5%

IMMOFINANZ	100%
Number of properties	242
Carrying amount in MEUR	4,459.0
Rentable space in sqm	2,146,314
Occupancy rate in %	87.5%
Rental income Q2 2016A (MEUR) ¹	70.1
Gross return in %	6.3%
Gross return in % (occupancy-adjusted)	7.2%

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

² In declining order based on the carrying amount: Slovenia, Serbia, Croatia, Bulgaria

OUR BRANDS

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

MYHIVE

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

OUR OFFICE PORTFOLIO AS OF 31 OCTOBER 2016

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
myhive ¹	18	867.4	68.4	0.0	935.8	17.8%
Prime Office	24	484.0	317.3	0.0	801.3	15.3%
Functional Office	51	769.2	13.8	61.8	844.8	16.1%
Office	93	2,120.6	399.4	61.8	2,581.8	49.2%

¹ Twenty properties will be branded as myhive. Of this total, two buildings are not shown separately because they are part of the IRIDE Business Park.

STRUCTURE OF THE OFFICE PORTFOLIO PER 31 OCTOBER 2016

Total carrying amount: MEUR 2,120.6



VIVO!

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

STOP SHOP

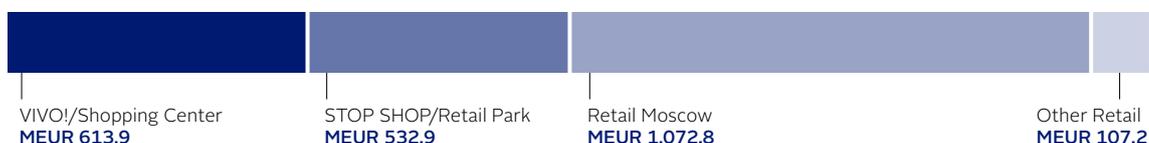
STOP SHOP is our brand for retail parks in Central and Eastern Europe. They are appealing and practical local suppliers in catchment areas of 30,000 to 150,000 residents and have a diverse product offering with attractive value for money. With their good traffic links and extensive parking, they address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

OUR RETAIL PORTFOLIO AS OF 31 OCTOBER 2016

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
VIVO!/Shopping Center	13	613.9	5.3	9.1	628.3	12.0%
STOP SHOP/Retail Park	66	532.9	13.2	5.8	551.9	10.5%
Retail Moscow	6	1,072.8	0.0	4.1	1,076.9	20.5%
Other Retail	100	107.2	0.5	38.1	145.7	2.8%
Retail	185	2,326.8	19.0	57.0	2,402.9	45.8%

STRUCTURE OF THE RETAIL PORTFOLIO AS OF 31 OCTOBER 2016

Total carrying amount: MEUR 2,326.8



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

IMMOFINANZ on the Capital Market

THE MARKET ENVIRONMENT AND THE IMMOFINANZ SHARE

Developments on the European stock markets during the first half of 2016 were characterised by an initial sharp drop in share prices following the surprising outcome of the BREXIT referendum in the United Kingdom at the end of June. The subsequent market recovery was based, above all, on positive economic indicators from the USA, China and the Euro zone as well as the absence of a further interest rate hike by the US Federal Reserve during the reporting period.

The IMMOFINANZ share started the abbreviated 2016 financial year at EUR 2.06 and equalled EUR 1.96 at the end of October 2016.

INFORMATION ON THE IMMOFINANZ SHARE

		31 October 2016	30 April 2016	Change in %
EPRA Net Asset Value per share	in EUR	3.14	3.39	-7.1%
EPRA Triple Net Asset Value per share	in EUR	3.08	3.32	-7.2%
Book value per share	in EUR	2.78	2.99	-7.1%
Discount of share price to NAV per share	in %	37.6%	39.2%	n.a.

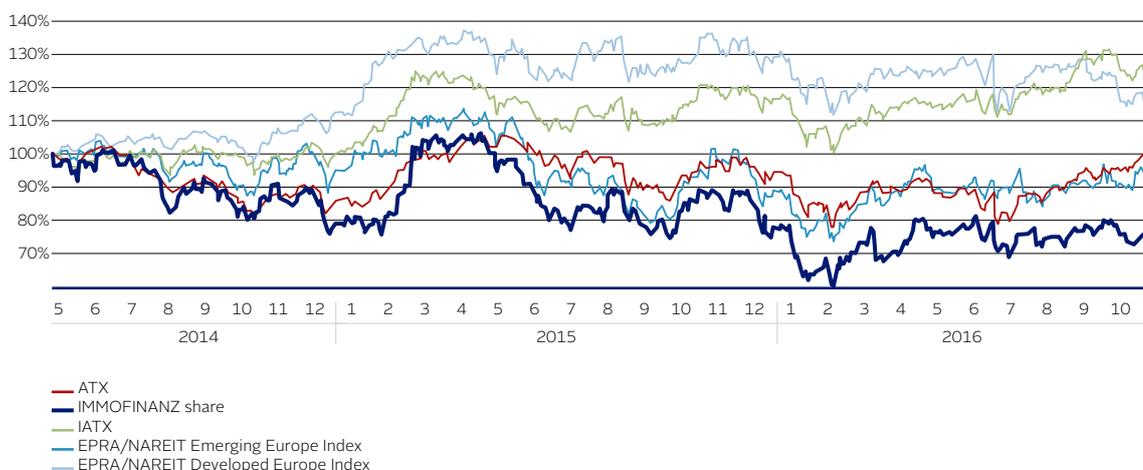
		31 October 2016
Share capital	in EUR	975,955,651.00
Total number of shares		975,955,651
Thereof treasury shares		9,999,973
Free float	in %	79%
Established		April 1990
Segment		ATX, WIG
Class of shares		Bearer common shares
ISIN		AT0000809058
Reuters		IMFI VI
Bloomberg		IJA AV
Datastream		O: IMMO 866289
ISIN ADR Programme		US45253U2015
2016 abbreviated financial year		1 May to 31 December 2016
Share price on 31 October 2016	in EUR	1.96
Share price high H1 2016A (end of the day)	in EUR	2.17
Share price low H1 2016A (end of the day)	in EUR	1.85
Market capitalisation on 31 October 2016	in MEUR	1,915.8

PERFORMANCE COMPARISON

1 May to 31 October 2016	in %
IMMOFINANZ share	-4.7%
ATX	6.2%
Immobilien ATX	7.4%
EPRA/NAREIT Emerging Europe Index	-0.3%
EPRA/NAREIT Developed Europe Index	-7.8%

DEVELOPMENT OF THE IMMOFINANZ SHARE VS. SELECTED INDEXES

Indexed as of 1 May 2014



SHARE CAPITAL AND DISTRIBUTION POLICY

The share capital of IMMOFINANZ AG totalled EUR 975,955,651 as of 31 October 2016 (30 April 2016: EUR 975,955,651) and was divided into 975,955,651 bearer shares (ISIN AT0000809058; 2015/16: 975,955,651 shares), each of which represents a proportional share of EUR 1.00 in share capital. IMMOFINANZ held 9,999,973 treasury shares at the end of the reporting period.

Dividend

The 23rd annual general meeting on 29 September 2016 approved the payment of a EUR 0.06 dividend per share for the 2015/16 financial year. That represents a total pay-out of EUR 58 million to IMMOFINANZ shareholders. The dividend is classified as a repayment of capital under Austrian law (§ 4 (12) of the Austrian Income Tax Act) and is therefore not subject to withholding tax for natural persons who are resident in Austria and who hold IMMOFINANZ shares as part of their private assets.*

An ordinary dividend of EUR 0.06 per share is planned for the current abbreviated 2016 financial year (1 May 2016 to 31 December 2016).

SHAREHOLDER STRUCTURE

IMMOFINANZ shares are widely held, primarily by Austrian private investors and long-term value-oriented institutional investors from Europe and the USA. Free float, excluding treasury shares, equals roughly 79%.

LARGEST SINGLE SHAREHOLDERS

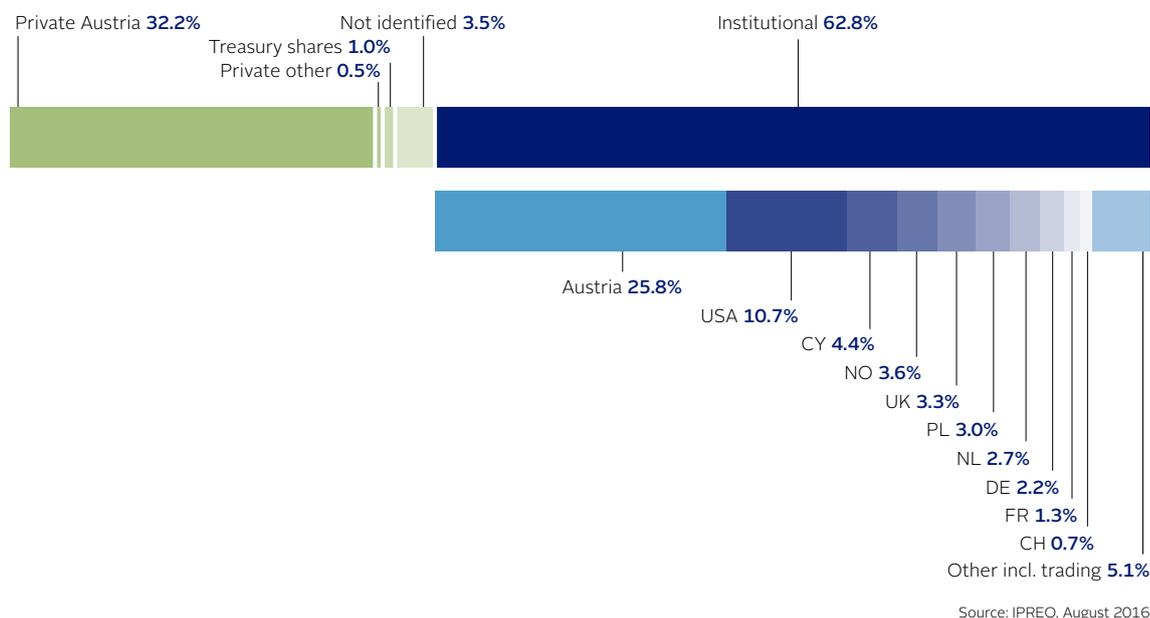
Fries Group	69,781,813 shares	7.2%
CA Immobilien Anlagen (via PHI Finanzbeteiligungs und InvestmentGmbH)	54,805,566 shares	5.6%
O1 Group (via EG Immobilien Europe)	42,800,000 shares	4.4%
Erste Asset Management (together with subsidiaries)	39,001,120 shares	4.0%

Detailed analysis

Regular shareholder surveys help to define the regional focal points for investor relations activities. The latest survey was carried out in August 2016 and showed the following picture: 32.2% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold approx. 62.8%, whereby most come from Austria (25.8%), the USA (10.7%), Cyprus (4.4%), Norway (3.6%) and United Kingdom (3.3%). Polish investors hold 3.0% of the shares. The remaining 5.0% are not identified or represent treasury shares or holdings by foreign private investors.

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

PRIVATE AND INSTITUTIONAL INVESTORS BY COUNTRY



23RD ANNUAL GENERAL MEETING

The 23rd annual general meeting of IMMOFINANZ AG was held in the METASTadt in Vienna on 29 September 2016 with more than 500 shareholders or shareholder representatives in attendance. The related documents and information can be found on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/general-meeting. The agenda is listed below, and all proposals were approved by the shareholders.

1. Presentation of the adopted annual financial statements including the management report, the corporate governance report, the consolidated financial statements including the group management report and the report of the supervisory board on the 2015/16 financial year.
2. Resolution on the appropriation of the balance sheet profit stated in the financial statements for the 2015/16 financial year.
3. Resolution on the approval of the actions of the members of the executive board
4. Resolution on the approval of the actions of the members of the supervisory board
5. Resolution on the remuneration of the supervisory board members
6. Election of the auditor for the individual and consolidated financial statements
7. Elections to the supervisory board
8. Resolution on authorisations of the executive board for the repurchase and sale of treasury shares
9. Resolution upon the approval of a settlement with the former member of the executive board Mr. Norbert Gertner according to § 84 (4) sentence 3 of the Austrian Stock Corporation Act

BONDS

IMMOFINANZ had two convertible bonds and one corporate bond outstanding as of 31 October 2016. These securities have a total nominal value of EUR 628.5 million.

The 4.25% convertible bond 2018 (ISIN XS0592528870) had an issued volume of EUR 507.1 million and will be repaid on 8 March 2018 (maturity date) unless there are conversions into shares before that date. One certificate of this bond (nominal value: EUR 4.12) can currently be converted into 1.1908 IMMOFINANZ shares and 0.0649 BUWOG shares.

The 1.25% convertible bond 2017 (ISIN XS0332046043) still has a nominal value of EUR 21.4 million outstanding and will be repaid on 19 November 2017 (maturity date) unless it is redeemed in full or in part before that date. One certificate of the convertible bond 2017 (nominal value: EUR 100,000.0) can currently be converted into 12,909.75 IMMOFINANZ shares and 718.10 BUWOG shares.

IMMOFINANZ held approx. 9.96 million BUWOG shares as of 31 October 2016, which represent an investment of 9.98%. These BUWOG shares are reserved for the proportional servicing of the convertible bonds issued by IMMOFINANZ.

The 5.25% corporate bond 2017 (AT0000AOVDP8) was issued in July 2012 with a nominal value of EUR 100 million and will be redeemed at 100% of this amount on 3 July 2017.

Additional details on the bonds are provided under Financing on page 36.

INVESTOR RELATIONS ACTIVITIES

The goal of investor relations activities is to communicate an accurate picture of the Group and thereby ensure an appropriate valuation of the IMMOFINANZ share. We participated in a wide variety of investor conferences, roadshows and information events since the start of the abbreviated 2016 financial year, among others in Amsterdam, Berlin, Chicago, Frankfurt/Main, London, Montreal, Munich, New York, Paris, Prague, Stegersbach (Austria), Tallinn, The Hague, Warsaw and Vienna. In addition, numerous investors and analysts took advantage of the opportunity to learn about the IMMOFINANZ property portfolio through visits to various core markets. The continuous and timely distribution of information is supported by our website www.immofinanz.com, corporate blog <http://blog.immofinanz.com/en/> and newsletter.

As an additional service for investors and analysts, IMMOFINANZ offers a free investor relations app for iPhone, iPad and Android. This app can be used to review and download news, the share price and financial reports. IMMOFINANZ's financial calendar can also be transferred to personal planners with a simple click.

ANALYSTS' RECOMMENDATIONS

The following 11 national and international houses publish regular evaluations and studies on IMMOFINANZ: Alpha Value, Baader Bank, Barclays, Deutsche Bank, Erste Group, HSBC, Kepler Cheuvreux, Morgan Stanley, Raiffeisen Centrobank, Société Générale and Wood & Company. These evaluations are updated regularly and can be reviewed on the IMMOFINANZ website under www.immofinanz.com/en/investor-relations/our-share/analyses.

CONTACT

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

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Nimbus
PL | approx. 21,000 sqm
rentable space

GROUP MANAGEMENT REPORT

Economic Overview and Property Markets

The EU Commission raised its growth expectations for 2016 in the autumn report released at the beginning of November 2016, whereby the projected increase will be supported by favourable raw material prices and foreign exchange effects in the first half-year. At the same time, the report also included a downward revision to the forecasts for long-term growth. This adjustment was based on the continuing political uncertainty, reserved growth outside the EU and weak global trade. GDP growth in the Euro zone is expected to reach 1.7% in 2016 (spring forecast: 1.6%), 1.5% in 2017 (1.8%) and 1.7% in 2018. The forecast for the EU is slightly higher at 1.8% in 2016 (1.8%), 1.6% in 2017 (1.9%) and 1.8% in 2018.

Generally positive growth expectations for the IMMOFINANZ core markets

The Commission's estimates for the IMMOFINANZ core markets include unchanged growth expectations only for Austria (2016: 1.5%; 2017: 1.6%). Upward revisions were made to the forecasts for Germany (1.9% and 1.5%), Romania (5.2% and 3.9%), Slovakia (3.4% and 3.2%) and the Czech Republic (2.2% and 2.6%). In contrast, the forecasts were reduced for Hungary (2.1% in 2016 and 2.6% in 2017) and Poland (3.1% and 3.4%).

On a positive note, the unemployment rate declined in both the Euro zone (October 2016: 8.3%; April 2016: 8.7%) and in the EU (October 2016: 9.8%; April 2016: 10.2%). A further reduction is also expected in 2017 and 2018.

Inflation rose in line with the general economic development, but is still at a low level. The inflation rate equalled 0.5% in the Euro zone and the EU during October (April 2016: -0.2%).

These forecasts do not include the effects of the US elections. A recent survey of German economics professors by the Munich ifo-Institute points to expected impulses for growth and positive employment effects. These factors are contrasted, however, by numerous earlier studies which present a less optimistic picture. The actual trends will only become visible over the coming months.

The World Bank has issued an upward revision to its forecasts for Russia. Its November report includes an expected GDP decline of 0.6% for 2016 (April report 2016: -3.7%). In addition, the recovery of oil and gas prices should increase growth to 1.5% in 2017 and 1.7% in 2018. The unemployment rate is unchanged at 5.6%, and the inflation rate stabilised at 7.4% in October 2016 (April report 2016: 15.6%).

DYNAMIC TRANSACTION MARKET

Influenced by the generally positive economic climate, the transaction market in Europe remains dynamic. The investment volume for the first three quarters of the 2016 calendar year totalled approx. EUR 163 billion according to CBRE, which is 16% lower than the previous year. This decline is attributable primarily to the United Kingdom and the substantial uncertainty surrounding the Brexit. In total, the transaction volume in Europe is significant higher than the 10-year average.

Germany as the largest European market for real estate transactions in 2016

The investment volume on the commercial property market in Europe totalled EUR 51.6 billion in the third quarter of 2016. Nearly 30% of these investments were made in Germany, which has now outperformed the United Kingdom to become the largest European transaction market. The strong demand for German office properties also reflects investors' confidence in the long-term stable development of the economy. The prime yields for office properties equal 4.10% in Düsseldorf, but have declined to 3.75% for the Top-5 cities.

In Austria, the transaction volume amounted to approx. EUR 1.75 billion in the first three quarters of 2016. That represents a decline of 12% compared with the record results from 2015, but is 30% above the long-term average based on an analysis of the years since 2010. Prime yields on the Vienna office market currently equal roughly 4.25% and are expected to move towards 4.0%.



Tarasy Zamkowe
Lublin | PL | approx. 39,000 m²
rentable space

The transaction volume in the CEE core region* totalled approx. EUR 6 billion in the first three quarters of 2016, compared with EUR 4.6 billion in the first three quarters of the previous year. Rental prices were generally stable. The first signs of stabilisation have also been noted on the Warsaw office market, which has been characterised by pressure on prime rents in recent quarters.

The Russian property market also recorded an increase in transaction volumes to USD 2.9 billion in the first three quarters of 2016. These business deals generally involve government-related companies, while the outlook by foreign investors remains reserved.

IMMOFINANZ's core markets show stable to declining vacancy rates. Only the office markets in Warsaw and Bucharest reported a slight increase to 14.6% and 12.3%, respectively, at the end of the third quarter of 2016 due to numerous completions. This is contrasted by historical lows on the office markets in Vienna (5.6%) and Germany (Düsseldorf: 7.7%; Cologne: 5.6%). Vacancies on the Moscow retail market have risen to 11.4% following numerous completions: in the first three quarters of 2016 alone, six shopping centers with approx. 361,000 sqm of rentable space were opened.

Continued positive trends in vacancy rates

* The CEE core region according to CBRE: Czech Republic, Hungary, Poland, Romania and Slovakia

Portfolio Report

The core business of IMMOFINANZ covers the management and development of retail and office properties in selected countries of Central and Eastern Europe. The company's activities in the office sector are concentrated on the capital cities of the core countries and on the largest office locations ("Big 7" cities) 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. The company's goal is to create a high-quality, profitable portfolio of commercial properties.

Portfolio value of EUR 5.2 billion

The property portfolio contained 351 properties with a combined value of EUR 5,243.1 million* as of 31 October 2016, which are located in the core markets of Austria, Germany, Czech Republic, Slovakia, Hungary, Romania, Poland and Moscow. Standing investments represent the largest component at EUR 4,459.0 million, or 85.0% of the total carrying amount and approx. 2.1 million sqm of rentable space. These properties generate steady rental income and are allocated to the Asset Management sector. Active development projects comprise EUR 452.5 million, or 8.6% of the carrying amount, and real estate inventories EUR 96.5 million, or 1.8%. A carrying amount of EUR 235.1 million, or 4.5% is attributable to pipeline projects, which include future planned development projects and undeveloped land.

STRUCTURE OF THE PROPERTY PORTFOLIO

Total carrying amount: MEUR 5,243.1¹



¹ This portfolio report does not include the assets held for sale as of 31 October 2016, which had a carrying amount of EUR 335.2 million.

A geographical analysis shows the main focus of the portfolio in Russia with 20.5%, followed by Austria with 19.9%, Romania with 16.3%, Poland with 11.6% and Hungary with 8.9%. Properties in the non-core countries represent 2.2% of the carrying amount of the property portfolio.

PROPERTY PORTFOLIO BY CORE MARKETS

	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
Austria	134	997.2	34.0	0.3	11.2	1,042.6	19.9%
Germany	23	83.7	290.6	88.1	0.0	462.3	8.8%
Czech Republic	22	371.7	21.4	0.0	0.9	394.0	7.5%
Hungary	30	433.8	3.7	0.0	31.6	469.1	8.9%
Poland	28	592.8	5.4	6.2	4.0	608.4	11.6%
Romania	76	633.3	44.8	1.7	173.5	853.2	16.3%
Russia	6	1,072.8	0.0	0.0	4.1	1,076.9	20.5%
Slovakia	15	176.0	42.7	0.0	1.1	219.8	4.2%
Non-Core Countries ¹	17	97.7	10.0	0.2	8.8	116.7	2.2%
IMMOFINANZ	351	4,459.0	452.5	96.5	235.1	5,243.1	100.0%
		85.0%	8.6%	1.8%	4.5%	100.0%	

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

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

* This portfolio report does not include the assets held for sale as of 31 October 2016, which had a carrying amount of EUR 335.2 million.

PROPERTY SALES

In line with the concentration on the office and retail sectors, IMMOFINANZ is continuing to optimise the portfolio structure. Further property sales are planned in connection with the portfolio optimisation. These sales will primarily involve properties that do not fit with the core portfolio because of their size, location, quality or other characteristics. The focus for the office sector, for example, is on larger buildings because they can be managed more efficiently. The proceeds from these sales will be invested to expand the portfolio, in other words in development projects and acquisitions.

This strategy was consistently followed during the first half of 2016A. Properties with a value of EUR 224.4 million were sold, including the *BB Centrum A* and *B* office buildings in Prague, the *Carlsquartier* development project in Düsseldorf and several smaller office, retail and residential properties in Austria.

ACQUISITIONS

IMMOFINANZ announced the acquisition of eight retail parks in Slovakia and Hungary shortly after the end of the reporting period on 31 October 2016. The transactions are expected to be finalised in several steps, presumably by the end of the first quarter of 2017. The property package in Slovakia consists of six retail parks in Bardejov, Michalovce, Prievidza, Rožnava, Prešov and Bratislava Raca. These acquisitions will increase IMMOFINANZ's retail park portfolio in Slovakia to 16 locations with 112,000 sqm of rentable space. The remaining acquisitions involve retail parks in the Hungarian cities of Hatvan and Szolnok. In Hungary, the STOP SHOP brand will now cover 14 locations with 128,000 sqm of rentable space.

INVESTMENTS

IMMOFINANZ invested a total of EUR 71.8 million in the property portfolio during the first half of 2016A (H1 2015/16: EUR 344.4 million).

THE IMMOFINANZ BRANDS

IMMOFINANZ developed and established the STOP SHOP and VIVO! brands for its retail portfolio in recent years. myhive, an international office brand, was introduced in September 2016. This brand strategy is supporting the steady expansion of the company's competitive position. The VIVO! brand is currently being rolled out to existing shopping centers, and the rebranding of existing office properties to myhive has started. The internal company classification currently covers the following seven categories.

CLASSIFICATION AS OF 31 OCTOBER 2016

Office	Retail
myhive	VIVO!/Shopping Center
Prime Office	STOP SHOP/Retail Park
Functional Office	Retail Moscow
	Other Retail

STRUCTURE OF THE PROPERTY PORTFOLIO BY ASSET CLASS AND CLASSIFICATION

Total carrying amount: MEUR 4,984.7 (excl. Other)

Office



Retail



myhive: the new international office brand

OFFICE

The new international office concept **myhive** is directed to locations in the capital cities of the IMMOFINANZ core countries and the largest office locations in Germany. myhive stands for a friendly and lively atmosphere combined with optimal infrastructure and services. The buildings are characterised by attentive and helpful staff, easy accessibility and numerous services. Included here are shops and services for everyday needs, flexible and serviced offices, fast WLAN in the common areas and a sport offering. The interaction and cooperation between tenants is also supported, for example, by attractive communication zones, tenant lounges and interesting events. The first phase has already started and involves the redesign and rebranding of 20 office properties* as myhive facilities. This category represents an important source of income for IMMOFINANZ with a 17.8% share of the portfolio value and 16.1% of the rental income from standing investments in the second quarter of 2016A. The myhive offices include, among others, the *Vienna Twin Tower* (Vienna, Austria), *S-Park* (Bucharest, Romania), *Park Postępu* and *Nimbus* (Warsaw, Poland) and *Atrium Park* (Budapest, Hungary).

Prime Office covers office properties in the capital cities of the core markets and in the "Big 7" cities of Germany. The distinctive features of these properties are high quality, a good location and a strong service orientation. However, they do not qualify as myhive locations because of their size or other characteristics (e.g. a single tenant). This category had a 15.3% share of the portfolio value and generated 7.9% of the rental income from standing investments in the second quarter of 2016A. The Prime Office properties include, among others, the *City Tower Vienna* and *Ungargasse 37* (Vienna, Austria), *BB Centrum Gamma* (Prague, Czech Republic), *Panta Rhei* (Düsseldorf, Germany) and *Crown Tower* (Warsaw, Poland).

Functional Office represents efficient office properties with good quality for cost-conscious tenants. This category was responsible for 16.1% of the portfolio value and 16.5% of the rental income from standing investments in the second quarter of 2016A.

VIVO! shopping centers in four markets

RETAIL

VIVO! stands for high-quality shopping centers, primarily on a single level. The tenants are generally a mix of international and local retailers, with a focus on fashion and entertainment. The VIVO! concept is based on high standardisation and is therefore optimally suited for further development projects. Current plans call for the roll-out of the VIVO! brand to further shopping centers (excluding Moscow). The VIVO!/Shopping Center properties represented 12.0% of the portfolio value and 15.7% of the rental income from standing investments in the second quarter of 2016A. These shopping centers include, among others, the four Romanian locations *VIVO! Cluj*, *VIVO! Constanta*, *VIVO! Pitesti* and *VIVO! Baia Mare* as well as the two VIVO! shopping centers in the Polish cities of Piła and Stalowa Wola.

STOP SHOP: retail parks for every-day needs

STOP SHOPS are retail parks with a standardised format and an attractive tenant mix. They amounted to 10.5% of the total portfolio value and 14.3% of the rental income from standing investments in the second quarter of 2016A. The STOP SHOP locations are found primarily in catchment areas with 30,000 to 150,000 residents and have 3,000 to 15,000 sqm of rentable space. This concept is suitable, above all, for secondary and tertiary cities in lower-income regions. The STOP SHOPS are attractive properties with uniform quality standards, easy-shopping concept for everyday needs and high recognition value.

* Two buildings are not listed separately in the portfolio report because they are part of the *IRIDE Business Park*.

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

The **Retail Moscow** portfolio comprises five shopping centers in Moscow, which represented 20.5% of the total portfolio value and 25.4% of the rental income from standing investments in the second quarter of 2016A. Since the Russian properties have distinct market characteristics and a different risk profile than the remainder of the portfolio, IMMOFINANZ plans to sell or spin off the Moscow shopping centers.

Other Retail, which represents 2.8% of the total portfolio value, includes the retail properties that cannot be allocated to one of the above retail categories because of their size, location or quality.

OTHER

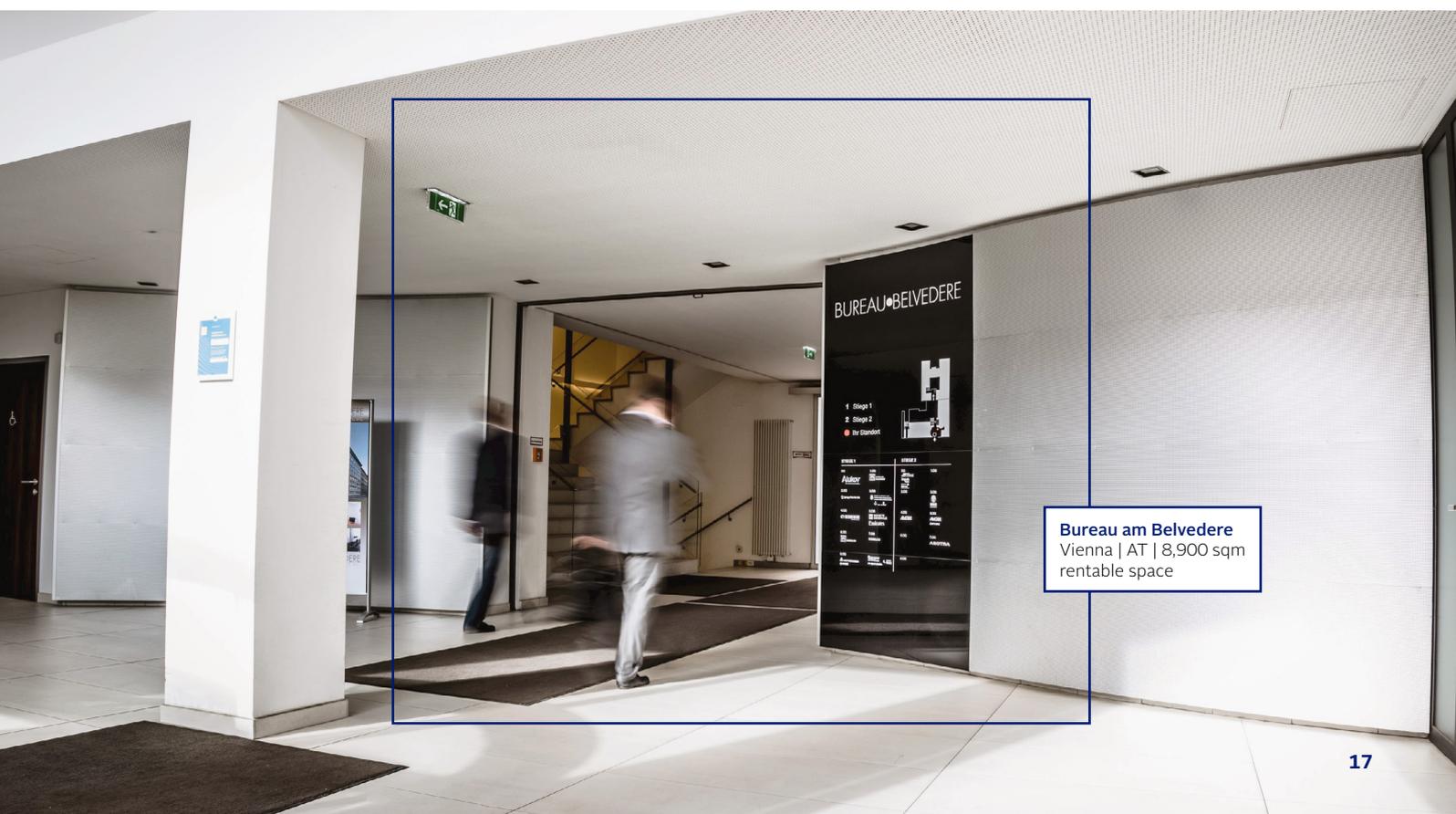
With a 4.9% share of the total portfolio, these properties are not part of IMMOFINANZ's core real estate assets and involve other activities that cannot be allocated to the office or retail business. This category includes, above all, the condominium apartments developed by IMMOFINANZ in Romania (Adama) and Poland as well as the apartments designated for sale in the *Gerling Quartier* in Germany and residential buildings in Austria.

The following table shows the carrying amount of IMMOFINANZ's property portfolio as of 31 October 2016:

PROPERTY PORTFOLIO BY CATEGORY

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Real estate inventories in MEUR	Pipeline projects in MEUR	Property portfolio in MEUR	Property portfolio in %
myhive ¹	18	867.4	68.4	0.0	0.0	935.8	17.8%
Prime Office	24	484.0	317.3	0.0	0.0	801.3	15.3%
Functional Office	51	769.2	13.8	0.0	61.8	844.8	16.1%
Office	93	2,120.6	399.4	0.0	61.8	2,581.8	49.2%
VIVO!/Shopping Center	13	613.9	5.3	0.0	9.1	628.3	12.0%
STOP SHOP/Retail Park	66	532.9	13.2	0.0	5.8	551.9	10.5%
Retail Moscow	6	1,072.8	0.0	0.0	4.1	1,076.9	20.5%
Other Retail	100	107.2	0.5	0.0	38.1	145.7	2.8%
Retail	185	2,326.8	19.0	0.0	57.0	2,402.9	45.8%
Other	73	11.6	34.0	96.5	116.3	258.4	4.9%
IMMOFINANZ	351	4,459.0	452.5	96.5	235.1	5,243.1	100.0%

Rounding differences may result from the use of automatic data processing equipment for the addition of rounded amounts and percentage rates.
1. Twenty properties will be branded as myhive. Of this total, two buildings are not listed separately because they are part of the *IRIDE Business Park*.



Bureau am Belvedere
Vienna | AT | 8,900 sqm
rentable space

The IMMOFINANZ portfolio had a carrying amount of EUR 5,243.1 million as of 31 October 2016. An analysis ranks the Retail Moscow category first with 20.5%, followed by myhive with 17.8% and Functional Office with 16.1%.

STANDING INVESTMENTS

With 85.0% of the total property portfolio, the standing investments are the most important source of earnings for IMMOFINANZ. Standing investments are properties held to generate rental income. The most important objectives for the management of these properties include the continuous improvement of quality and efficiency, the strengthening of ties with existing tenants and the acquisition of new tenants.

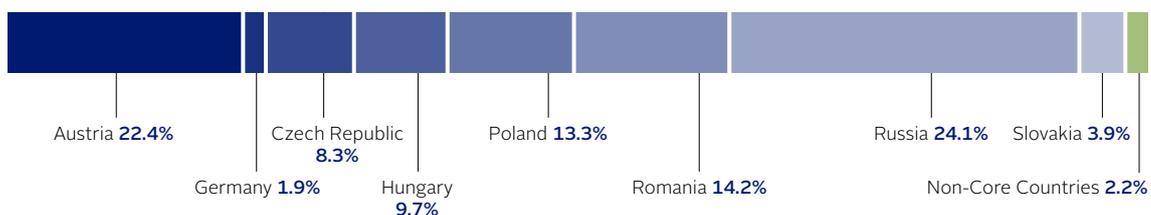
The 242 standing investments had a combined carrying amount of EUR 4,459.0 million as of 31 October 2016. Of this total, 47.6% are attributable to office properties and 52.2% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Russia (EUR 1,072.8 million), Austria (EUR 997.2 million) and Romania (EUR 633.3 million). The standing investments in the non-core countries have a carrying amount of EUR 97.7 million.

The rentable space in the standing investments totals 2,146,314 sqm. Based on annualised rental income*, the gross return on the portfolio equalled 6.3% (occupancy adjusted: 7.2%).

**Occupancy rate
of 87.5%**

The occupancy rate rose to 87.5% in the first half of the abbreviated 2016 financial year (2015/16: 86.3%). IMMOFINANZ rented approx. 148,000 sqm of usable space (excl. Other standing investments) during the reporting period.

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio as of 31 October 2016, based on the carrying amount:



CONTRACT EXPIRATION PROFILE STANDING INVESTMENTS (TOTAL)

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

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
15%	12%	12%	14%	15%	9%	2%	19%	2%

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

* Rental income Q2 multiplied by four

STANDING INVESTMENTS BY CORE MARKET

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate
Austria	127	997.2	22.4%	515,617	443,352	86.0%
Germany	5	83.7	1.9%	34,174	28,045	82.1%
Czech Republic	20	371.7	8.3%	236,301	194,503	82.3%
Hungary	23	433.8	9.7%	281,926	248,347	88.1%
Poland	20	592.8	13.3%	288,693	267,279	92.6%
Romania	20	633.3	14.2%	344,957	316,542	91.8%
Russia	5	1,072.8	24.1%	278,459	229,327	82.4%
Slovakia	12	176.0	3.9%	90,819	89,486	98.5%
Non-Core Countries	10	97.7	2.2%	75,369	61,332	81.4%
IMMOFINANZ	242	4,459.0	100.0%	2,146,314	1,878,213	87.5%

Standing investments	Rental income Q2 2016A in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
Austria	13.8	5.5% (6.4%)	521.1	1.9%	2.8%	52.3%
Germany	1.3	6.2% (7.6%)	41.9	1.3%	1.5%	50.1%
Czech Republic	5.6	6.0% (7.3%)	120.6	2.0%	2.4%	32.4%
Hungary	6.6	6.1% (6.9%)	140.2	1.9%	2.2%	32.3%
Poland	8.8	5.9% (6.4%)	371.5	1.9%	2.2%	62.7%
Romania	11.2	7.1% (7.7%)	193.7	3.3%	4.2%	30.6%
Russia	17.8	6.6% (8.1%)	700.4	7.7%	7.7%	65.3%
Slovakia	3.3	7.4% (7.5%)	70.7	3.1%	3.5%	40.2%
Non-Core Countries	1.8	7.2% (8.8%)	39.7	3.2%	3.6%	40.6%
IMMOFINANZ	70.1	6.3% (7.2%)	2,199.8	3.9%	4.3%	49.3%

Development and pipeline projects	1.5		277.7	1.6%	1.8%	
In Q2 2016A properties sold or reported as held for sale	4.9		0.0	0.0%	0.0%	
Investment financing	0.0		122.0	0.7%	0.7%	
Group financing	0.0		836.8	3.9%	3.9%	
IMMOFINANZ	76.5		3,436.3	3.5%	3.8%	
Market value property portfolio						5,243.1
Market value BUWOG shares (10.0 million shares) ³						219.3
EPRA NAV CA Immo shares (25.7 million shares) ⁴						674.4
Cash and cash equivalents			-359.5			
Properties/liabilities held for sale (asset & share deals)			221.7			254.3
IMMOFINANZ			3,298.5			51.6%

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

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

² Financing costs based on nominal outstanding liability

³ 10 million BUWOG shares multiplied by the stock exchange closing price of EUR 22.015 on 31 October 2016

⁴ 25.7 million shares of CA Immobilien Anlagen AG at the EPRA NAV of EUR 26.25 per share as of 30 September 2016

RENTAL INCOME LIKE-FOR-LIKE

A like-for-like analysis (i.e. acquisitions, completions and sales in the current quarter are deducted to facilitate a comparison with the previous quarter) shows the stable development of rental income during the second quarter for a total of EUR 68.3 million. The rental income from Russia was EUR 0.5 million lower than the previous quarter at EUR 17.8 million, but was contrasted by a slight increase in Germany, Hungary and the Czech Republic.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount 31 10 2016 in MEUR	Carrying amount in %	Carrying amount 31 7 2016 in MEUR
Austria	123	902.3	20.8%	916.0
Germany	5	83.7	1.9%	83.2
Czech Republic	20	371.7	8.6%	361.8
Hungary	23	433.8	10.0%	432.7
Poland	18	583.0	13.5%	587.8
Romania	19	609.2	14.1%	640.0
Russia	5	1,072.8	24.8%	1,114.6
Slovakia	12	176.0	4.1%	166.3
Non-Core Countries	10	97.7	2.3%	93.9
IMMOFINANZ	235	4,330.2	100.0%	4,396.4

Standing investments like-for-like ¹	Rental income Q2 2016A in MEUR	Rental income Q1 2016A in MEUR	Change in rental income Q2 2016A vs Q1 2016A in MEUR	Gross return Q2 2016A in % (occupancy-adjusted)	Gross return Q1 2016A in % (occupancy-adjusted)
Austria	12.3	12.6	-0.3	5.4% (6.3%)	5.5% (6.3%)
Germany	1.3	0.9	0.4	6.2% (7.6%)	4.5% (5.7%)
Czech Republic	5.6	5.4	0.2	6.0% (7.3%)	6.0% (7.3%)
Hungary	6.6	6.4	0.3	6.1% (6.9%)	5.9% (6.8%)
Poland	8.6	8.5	0.1	5.9% (6.4%)	5.8% (6.4%)
Romania	11.2	11.3	-0.1	7.3% (8.0%)	7.0% (7.8%)
Russia	17.8	18.3	-0.5	6.6% (8.1%)	6.6% (8.1%)
Slovakia	3.3	3.3	0.0	7.4% (7.5%)	7.9% (8.0%)
Non-Core Countries	1.8	1.8	0.0	7.2% (8.8%)	7.5% (9.6%)
IMMOFINANZ	68.3	68.5	-0.1	6.3% (7.2%)	6.2% (7.2%)
Rental income from properties sold/acquired in Q2 2016A and development projects	8.1				
IMMOFINANZ	76.5				



STOP SHOP
Domzale | SLO |
approx. 1,700 sqm rentable space

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount 31 10 2016 in MEUR	Carrying amount in %	Carrying amount 31 7 2016 in MEUR
Office	64	2,001.6	46.2%	2,019.3
Retail	162	2,317.0	53.5%	2,358.2
Other	9	11.6	0.3%	18.9
IMMOFINANZ	235	4,330.2	100.0%	4,396.4

Standing investments like-for-like ¹	Rental income Q2 2016A in MEUR	Rental income Q1 2016A in MEUR	Change in rental income Q2 2016A vs Q1 2016A in MEUR	Gross return Q2 2016A in % (occupancy-adjusted)	Gross return Q1 2016A in % (occupancy-adjusted)
Office	26.9	27.1	-0.2	5.4% (6.5%)	5.4% (6.6%)
Retail	41.3	41.3	0.1	7.1% (7.7%)	7.0% (7.7%)
Other	0.1	0.1	0.0	3.2% (4.1%)	1.3% (2.2%)
IMMOFINANZ	68.3	68.5	-0.1	6.3% (7.2%)	6.2% (7.2%)

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 financial years. In other words, the calculation excludes new acquisitions, completions and sales.



OFFICE STANDING INVESTMENTS

The carrying amount of the 69 office standing investments totalled EUR 2,120.6 million as of 31 October 2016 and represents 47.6% of the standing investment portfolio. A regional analysis shows the focal points of these properties in the core markets of Austria (EUR 808.3 million), Poland (EUR 362.7 million) and Romania (EUR 326.9 million).

The office standing investments have 1,028,949 sqm of rentable space. Based on annualised rental income* (rental income in the second quarter of 2016A: EUR 28.4 million), these properties generated a gross return of 5.4% (2015/16: 5.3%).

**Occupancy rate
in the office
portfolio rises to
82.7%**

The occupancy rate in the office portfolio rose to 82.7% in the first half of 2016A (2015/16: 81.7%). The take-up in the office properties totalled approx. 106,000 sqm. Nearly 92,000 sqm of this take-up is located in standing investments – that represents 8.9% of the total space in these office properties. The standing investment take-up covered 65% of new rentals or contract supplements and 35% of contract extensions with existing tenants. The largest individual new rentals were concluded in Bucharest – at the *myhive IRIDE 18* for roughly 11,000 sqm with a medical services provider – and in Vienna – at the *Business Park Vienna* for approx. 6,500 sqm with Coca-Cola HBC Austria. The take-up in development projects amounted to roughly 14,000 sqm.

The office portfolio has a balanced tenant structure. The ten largest tenants occupy 19% of the space in the standing investments, and no single tenant has rented more than 3% of the total space in the office standing investments. Of the total rental contracts for office space, 39% have a term of five years or longer.

CONTRACT EXPIRATION OFFICE SECTOR

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

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
17%	16%	13%	15%	16%	6%	1%	15%	1%

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

The ten largest standing investments in the office portfolio based on the carrying amount (in declining order) are: the *Business Park Vienna*, *myhive Twin Tower* and *City Tower Vienna* (Vienna), *myhive IRIDE* incl. *myhive IRIDE 19* (Bucharest), *BB Centrum Gamma* (Prague), *myhive S-Park* (Bucharest), *myhive Park Postępu* (Warsaw), *myhive Atrium Park* (Budapest), *myhive IO-1* (Warsaw) and *myhive Haller Gardens* (Budapest).

Key data on the individual categories as of 31 October 2016 is presented in the following tables:

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 %
myhive ³	15	867.4	40.9%	387,983	329,316	84.9%
Prime Office	13	484.0	22.8%	151,429	135,782	89.7%
Functional Office	41	769.2	36.3%	489,538	385,354	78.7%
IMMOFINANZ	69	2,120.6	100.0%	1,028,949	850,451	82.7%

Standing investments	Rental income Q2 2016A in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
myhive ³	11.3	5.2% (6.1%)	470.3	2.1%	2.6%	54.2%
Prime Office	5.5	4.6% (5.1%)	257.0	1.6%	2.3%	53.1%
Functional Office	11.6	6.0% (7.7%)	290.6	2.4%	3.6%	37.8%
IMMOFINANZ	28.4	5.4% (6.5%)	1,017.9	2.0%	2.8%	48.0%

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

2 Financing costs based on nominal outstanding liability

3 Twenty properties, including 15 standing investments will be branded as myhive. Two of these standing investments are not listed separately because they are part of the *IRIDE Business Park*. The other three properties are classified as development projects.

* Rental income Q2 multiplied by four



THE OFFICE SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,120.6)

3.9%
GERMANY

17.1%
POLAND

11.3%
CZECH REPUBLIC

38.1%
AUSTRIA

12.8%
HUNGARY

15.4%
ROMANIA

AUSTRIA	38.1%
Number of properties	24
Carrying amount in MEUR	808.3
Rentable space in sqm	324,316
Occupancy rate in %	82.2%
Rental income Q2 2016A (MEUR) ¹	9.7
Gross return in % ²	4.8%
Gross return in % (occupancy-adjusted)	5.9%

POLAND	17.1%
Number of properties	10
Carrying amount in MEUR	362.7
Rentable space in sqm	161,774
Occupancy rate in %	90.4%
Rental income Q2 2016A (MEUR) ¹	5.0
Gross return in % ²	5.6%
Gross return in % (occupancy-adjusted)	6.2%

ROMANIA	15.4%
Number of properties	9
Carrying amount in MEUR	326.9
Rentable space in sqm	188,723
Occupancy rate in %	87.9%
Rental income Q2 2016A (MEUR) ¹	5.2
Gross return in % ²	6.3%
Gross return in % (occupancy-adjusted)	7.2%

HUNGARY	12.8%
Number of properties	11
Carrying amount in MEUR	270.7
Rentable space in sqm	163,641
Occupancy rate in %	85.0%
Rental income Q2 2016A (MEUR) ¹	3.7
Gross return in % ²	5.5%
Gross return in % (occupancy-adjusted)	6.4%

CZECH REPUBLIC	11.3%
Number of properties	8
Carrying amount in MEUR	239.6
Rentable space in sqm	130,702
Occupancy rate in %	70.1%
Rental income Q2 2016A (MEUR) ¹	3.1
Gross return in % ²	5.2%
Gross return in % (occupancy-adjusted)	7.4%

GERMANY	3.9%
Number of properties	5
Carrying amount in MEUR	83.7
Rentable space in sqm	34,174
Occupancy rate in %	82.1%
Rental income Q2 2016A (MEUR) ¹	1.3
Gross return in % ²	6.2%
Gross return in % (occupancy-adjusted)	7.6%

NON-CORE COUNTRIES ³	1.4%
Number of properties	2
Carrying amount in MEUR	28.7
Rentable space in sqm	25,619
Occupancy rate in %	51.2%
Rental income Q2 2016A (MEUR) ¹	0.4
Gross return in % ²	5.6%
Gross return in % (occupancy-adjusted)	10.9%

IMMOFINANZ	100.0%
Number of properties	69
Carrying amount in MEUR	2,120.6
Rentable space in sqm	1,028,949
Occupancy rate in %	82.7%
Rental income Q2 2016A (MEUR) ¹	28.4
Gross return in % ²	5.4%
Gross return in % (occupancy-adjusted)	6.5%

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

² Gross return excl. properties used by IMMOFINANZ: 5.3%

³ Non-core countries: Croatia and Bulgaria

RETAIL STANDING INVESTMENTS

The carrying amount of the 164 standing investments in the retail sector totalled EUR 2,326.8 million as of 31 October 2016 and represents 52.2% of the total standing investment portfolio. The largest regional markets are Russia with EUR 1,072.8 million, Romania with EUR 299.3 million and Poland with EUR 230.1 million.

The retail standing investments have 1,106,797 sqm of rentable space. Based on annualised rental income* (rental income in the second quarter of 2016A: EUR 41.6 million), these properties generated a gross return of 7.1% (2015/16: 7.0%).

The occupancy rate in the retail properties rose to 92.1% as of 31 October 2016 (2015/16: 91.1%). Excluding Russia, the occupancy rate remained stable at 95.4%. The take-up in the retail properties amounted to roughly 42,000 sqm in the first half of 2016A, whereby approx. 39,000 sqm was related to standing investments and corresponds to roughly 3.5% of the total space in the retail standing investments. Roughly 64% of the take-up involved new rentals and contract supplements, while the remaining 36% are attributable to contract extensions by existing tenants. The largest individual new rentals were concluded for the *Rostokino* shopping center in Moscow with the Hamleys IDEAS4RETAIL Group (4,800 sqm) and with the fashion label Podium (3,200 sqm). Other major new rentals of roughly 2,000 sqm each involved the *Tarasy Zamkowe* shopping center in Poland and the *VIVO! Krosno* development project.

51% of the retail rental contracts have a term of five years or longer

IMMOFINANZ relies on a balanced tenant mix and the inclusion of recreational and entertainment opportunities to create an optimal environment for retailers and their customers. All of the larger IMMOFINANZ retail properties have numerous solid international and local anchor tenants. Retailers from the fashion sector are the largest tenant group based on rented space, followed by food products. Other important tenant groups are entertainment, health & beauty and electronics. Of the total rental contracts, 51% have a term of five years or longer.

CONTRACT EXPIRATION RETAIL SECTOR

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

1 year	2 years	3 years	4 years	5 years	6 years	7 years	8+ years	Unlimited
13%	9%	12%	13%	14%	11%	3%	23%	2%

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

The ten largest standing investments in the retail portfolio based on the carrying amount (in declining order) are: the *Golden Babylon Rostokino* (Russia), *VIVO! Cluj* (Romania), *GOODZONE* (Russia), *Tarasy Zamkowe* (Poland), *Golden Babylon I* (Russia), *Polus City Center* (Slovakia), *VIVO! Constanta* (Romania), *Fifth Avenue* (Russia), *VIVO! Baia Mare* (Romania) and *VIVO! Stalowa Wola* (Poland).

Key data on the individual categories as of 31 October 2016 is presented in the following tables:

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 %
VIVO!/Shopping Center	10	613.9	26.4%	285,535	274,934	96.3%
STOP SHOP/Retail Park	57	532.9	22.9%	374,299	361,546	96.6%
Retail Moscow	5	1,072.8	46.1%	278,459	229,327	82.4%
Other Retail	92	107.2	4.6%	168,505	153,689	91.2%
IMMOFINANZ	164	2,326.8	100.0%	1,106,797	1,019,496	92.1%

Standing investments	Rental income Q2 2016A in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
VIVO!/Shopping Center	11.0	7.2% (7.4%)	256.9	2.6%	2.8%	41.8%
STOP SHOP/Retail Park	10.0	7.5% (7.8%)	208.2	2.2%	2.5%	39.1%
Retail Moscow	17.8	6.6% (8.1%)	700.4	7.7%	7.7%	65.3%
Other Retail	2.8	10.3% (11.3%)	13.2	1.6%	1.7%	12.3%
IMMOFINANZ	41.6	7.1% (7.8%)	1,178.6	5.6%	5.7%	50.7%

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

2 Financing costs based on nominal outstanding liability

* Rental income Q2 multiplied by four



THE RETAIL SECTOR IN THE IMMOFINANZ CORE MARKETS

Share of the standing investment portfolio
(based on the carrying amount of MEUR 2,326.8)

46.1%
RUSSIA

9.9%
POLAND

5.7%
CZECH REPUBLIC

7.6%
SLOVAKIA

7.9%
AUSTRIA

7.0%
HUNGARY

12.9%
ROMANIA

RUSSIA	46.1%
Number of properties	5
Carrying amount in MEUR	1,072.8
Rentable space in sqm	278,459
Occupancy rate in %	82.4%
Rental income Q2 2016A (MEUR) ¹	17.8
Gross return in %	6.6%
Gross return in % (occupancy-adjusted)	8.1%

ROMANIA	12.9%
Number of properties	5
Carrying amount in MEUR	299.3
Rentable space in sqm	147,317
Occupancy rate in %	97.5%
Rental income Q2 2016A (MEUR) ¹	6.0
Gross return in %	8.0%
Gross return in % (occupancy-adjusted)	8.2%

POLAND	9.9%
Number of properties	10
Carrying amount in MEUR	230.1
Rentable space in sqm	126,919
Occupancy rate in %	95.3%
Rental income Q2 2016A (MEUR) ¹	3.7
Gross return in %	6.5%
Gross return in % (occupancy-adjusted)	6.8%

AUSTRIA	7.9%
Number of properties	100
Carrying amount in MEUR	184.4
Rentable space in sqm	189,650
Occupancy rate in %	92.6%
Rental income Q2 2016A (MEUR) ¹	4.0
Gross return in %	8.7%
Gross return in % (occupancy-adjusted)	9.4%

SLOVAKIA	7.6%
Number of properties	12
Carrying amount in MEUR	176.0
Rentable space in sqm	90,819
Occupancy rate in %	98.5%
Rental income Q2 2016A (MEUR) ¹	3.3
Gross return in %	7.4%
Gross return in % (occupancy-adjusted)	7.5%

HUNGARY	7.0%
Number of properties	12
Carrying amount in MEUR	163.1
Rentable space in sqm	118,285
Occupancy rate in %	92.4%
Rental income Q2 2016A (MEUR) ¹	2.9
Gross return in %	7.2%
Gross return in % (occupancy-adjusted)	7.8%

CZECH REPUBLIC	5.7%
Number of properties	12
Carrying amount in MEUR	132.1
Rentable space in sqm	105,599
Occupancy rate in %	97.5%
Rental income Q2 2016A (MEUR) ¹	2.5
Gross return in %	7.6%
Gross return in % (occupancy-adjusted)	7.8%

NON-CORE COUNTRIES²	3.0%
Number of properties	8
Carrying amount in MEUR	69
Rentable space in sqm	49,750
Occupancy rate in %	96.9%
Rental income Q2 2016A (MEUR) ¹	1.4%
Gross return in %	7.9%
Gross return in % (occupancy-adjusted)	8.1%

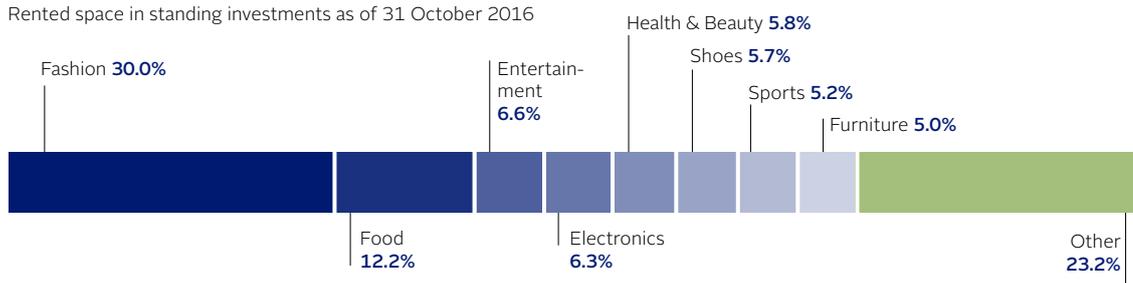
IMMOFINANZ	100.0%
Number of properties	164
Carrying amount in MEUR	2,326.8
Rentable space in sqm	1,106,797
Occupancy rate in %	92.1%
Rental income Q2 2016A (MEUR) ¹	41.6%
Gross return in %	7.1%
Gross return in % (occupancy-adjusted)	7.8%

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

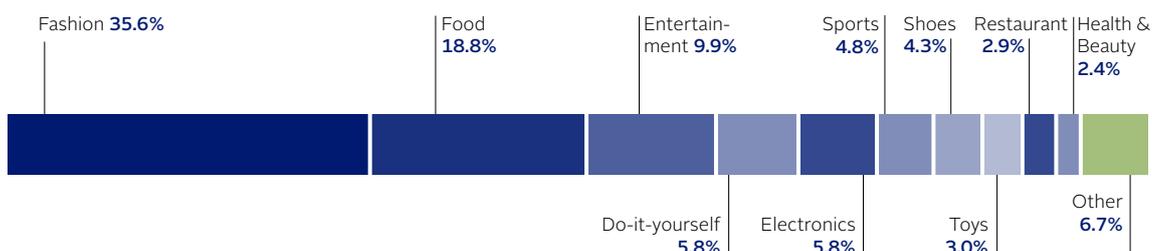
² Slovenia and Serbia

TENANT MIX – RETAIL, EXCLUDING RUSSIA

Rented space in standing investments as of 31 October 2016



TENANT MIX – RETAIL, RUSSIA



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

OTHER STANDING INVESTMENTS

The other standing investments had a carrying amount of EUR 11.6 million as of 31 October 2016 and comprised 0.3% of the total standing investment portfolio. This category consists primarily of residential properties held by the Romanian subsidiary Adama and a number of residential properties in Austria. Based on annualised rental income* (rental income in the second quarter of 2016A: EUR 0.1 million), these properties generated a gross return of 3.2% (2015/16: 4.1%).

Key data on this category as of 31 October 2016 is presented in the following tables:

OTHER STANDING INVESTMENTS

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
Other	9	11.6	100.0%	10,568	8,265	78.2%

Standing investments	Rental income Q2 2016A in MEUR ¹	Gross return in % (occupancy-adjusted)	Carrying amount financing in MEUR	Financing costs in % ²	Financing costs incl. derivatives in %	LTV in %
Other	0.1	3.2% (4.1%)	3.3	2.9%	3.1%	28.8%

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

2 Financing costs based on nominal outstanding liability

* Rental income Q2 multiplied by four

DEVELOPMENT PROJECTS

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

The active development projects had a carrying amount of EUR 452.5 million as of 31 October 2016, which represents 8.6% of the total property portfolio. The expected fair value on completion amounts to EUR 889.0 million. Activities are currently focused on the core markets of Germany, Romania and Poland. Germany is responsible for 69.5% of the expected fair value after completion (EUR 617.8 million), Romania for 11.9% (EUR 105.4 million) and Poland for 4.1% (EUR 36.4 million). The development projects also include extensive modernisation to existing properties, which will be reclassified to the standing investment portfolio after completion. Modernisation projects were ongoing in four buildings as of 31 October 2016.

Active development projects with a carrying amount of EUR 889.0 million on completion

CURRENT FOCUS OF DEVELOPMENT ACTIVITIES

GERMANY

Düsseldorf

The new global headquarters for trivago is currently under construction in the Medienhafen with approx. 26,000 sqm of rentable office space in the first building section. This six-storey, horizontally structured building opens towards the harbour basin, which creates an expansive campus with a welcoming atmosphere. Construction started during spring 2016, and the cornerstone ceremony was held on 8 September 2016. The first section is scheduled for completion in mid-2018. Additional expansion areas can be realised in the second section (up to approx. 16,000 sqm).

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

Cologne

The *Gerling Quartier* is a high-quality urban quarter development project which includes apartments for sale and approx. 30,000 sqm of rentable office and commercial space. The first phase of construction is almost complete and, in the second section, construction is currently in progress on a hotel which will be operated by 25hours. Completion is scheduled for the beginning of 2018.

The centrally located *Hohenzollernring* standing investment on Friesenplatz in Cologne is currently undergoing extensive renovation. Plans call for 8,000 to 9,000 sqm office space, which should be completed during the second quarter of 2018.

Aachen

The *Cluster Produktionstechnik* with approx. 28,000 sqm of rentable space is the largest technology cluster in the RWTH (Rheinisch-Westfälische Technische Hochschule) Aachen expansion project. Construction is expected to be completed during the second quarter of 2017, and pre-rentals have already reached roughly 95%.

Focus of development projects on Germany

POLAND

In Poland, IMMOFINANZ is continuing the expansion with its STOP SHOP brand. The opening of the STOP SHOP in Świnoujście (3,600 sqm of rentable space) in May 2016 was followed by a further location in Szczytno (3,600 sqm) in June. These two projects raise the number of retail parks in Poland to six. Five other locations in Poland – including the cities of Pultusk and Gdynia – are now under evaluation or preparation. IMMOFINANZ is also constructing a further shopping center under its VIVO! brand in the Polish city of Krosno, which will have approx. 21,000 sqm of rentable space. Construction started in October and the opening is planned for the fourth quarter of 2017.

SERBIA

The first STOP SHOP retail park in Serbia opened in Čačak during April 2015 and was followed by a second in Niš during April 2016. The third location, which has roughly 6,100 sqm of rentable space, opened in Valjevo during August. In December 2016 after the end of the reporting period, IMMOFINANZ also announced the construction of three further retail parks in Serbia. They will be located in Požarevac, Lazarevac and Vršac and cover 23,800 sqm of rentable space. These retail parks are currently in different stages of construction and will be completed before the end of 2017.

DEVELOPMENT PROJECTS BY CORE MARKET

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR
Austria	2	34.0	7.5%	0.0
Germany	10	290.6	64.2%	281.1
Czech Republic	1	21.4	4.7%	8.1
Hungary ¹	0	3.7	0.8%	0.0
Poland	1	5.4	1.2%	26.5
Romania	2	44.8	9.9%	50.0
Slovakia ²	2	42.7	9.4%	9.6
Non-Core Countries	2	10.0	2.2%	0.0
IMMOFINANZ	20	452.5	100.0%	375.3

Development projects	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % at full occupancy
Austria	21,691	34.0	2.4	7.0%
Germany	131,529	617.8	29.7	5.2%
Czech Republic	21,803	29.5	3.0	10.1%
Hungary ¹	2,081	3.7	0.2	6.3%
Poland	21,239	36.4	2.9	9.2%
Romania	58,995	105.4	10.1	10.6%
Slovakia ²	35,584	52.3	5.1	9.8%
Non-Core Countries	7,104	10.0	0.8	8.3%
IMMOFINANZ	300,026	889.0	54.2	6.6%

1 Expansion of an existing STOP SHOP
2 Modernisation of two existing office properties

DEVELOPMENT PROJECTS BY CATEGORY

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR
myhive	3	68.4	15.1%	90.5
Prime Office	11	317.3	70.1%	258.3
Functional Office	1	13.8	3.0%	0.0
VIVOI/Shopping Center	1	5.3	1.2%	26.5
STOP SHOP/Retail Park	2	13.2	2.9%	0.0
Other Retail ¹	0	0.5	0.1%	0.0
Other	2	34.0	7.5%	0.0
IMMOFINANZ	20	452.5	100.0%	375.3

Development projects	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Yield on cost in % at full occupancy
myhive	80,282	176.8	14.1	8.9%
Prime Office	156,645	614.4	32.1	5.6%
Functional Office	10,984	13.8	1.7	12.4%
VIVOI/Shopping Center	21,239	36.3	2.9	9.2%
STOP SHOP/Retail Park	9,185	13.2	1.1	8.1%
Other Retail ¹	0	0.5	0.0	0.0%
Other	21,691	34.0	2.4	7.0%
IMMOFINANZ	300,026	889.0	54.2	6.6%

1 Purchase of land

Based on the expected fair value after completion, the most important development projects as of 31 October 2016 are as follows:

SELECTED DEVELOPMENT PROJECTS UNDER CONSTRUCTION

Largest projects in Germany	Primary use	Planned rentable/ sellable space in sqm (rounded)	Pre-occupancy rate in %	Scheduled completion (calendar quarter)
trivago ¹	Office	26,000	100%	Q3 2018
RWTH Aachen	Office	28,000	95%	Q2 2017
FLOAT	Office	30,000	95%	Q3 2018
Gerling Quartier	Office/hotel	30,000	73%	Q4 2016 to Q1 2018

1 Office construction phase I

REAL ESTATE INVENTORIES

Real estate inventories are apartments that are intended for sale after completion.

Real estate inventories	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Expected fair value after completion in MEUR
Austria	1	0.3	0.3%	0.0	0.3
Germany	8	88.1	91.3%	17.4	109.7
Poland	5	6.2	6.5%	15.9	26.0
Romania	9	1.7	1.8%	0.0	1.7
Non-Core Countries	1	0.2	0.2%	0.0	0.2
IMMOFINANZ	24	96.5	100.0%	33.3	137.8

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

PIPELINE PROJECTS

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

The pipeline projects had a carrying amount of EUR 235.1 million as of 31 October 2016. They are evaluated quarterly for possible transfer to an active development status. IMMOFINANZ intends to reduce the number of pipeline projects in the property portfolio through selected sales.

*Pipeline projects
with a carrying
amount of
EUR 235.1 million*

PIPELINE PROJECTS BY CORE MARKET

Pipeline projects	Number of properties	Carrying amount in MEUR	Carrying amount in %
Austria	4	11.2	4.8%
Czech Republic	1	0.9	0.4%
Hungary	7	31.6	13.4%
Poland	2	4.0	1.7%
Romania	45	173.5	73.7%
Russia	1	4.1	1.8%
Slovakia	1	1.1	0.5%
Non-Core Countries	4	8.8	3.7%
IMMOFINANZ	65	235.1	100.0%

ASSETS HELD FOR SALE

The assets held for sale totalled EUR 335.2 million as of 31 October 2016 and are not included in this portfolio report. Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in section 4.6 of the notes to the consolidated interim financial statements on page 66.

Property Valuation

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

The IMMOFINANZ properties were valued by independent external appraisers as of 31 October 2016, whereby CB Richard Ellis (CBRE) was responsible for the CEE and Russia portfolio and BNP Paribas Real Estate Consult (BNPP REC) for the portfolios in Austria and Germany.

DEVELOPMENT OF PROPERTY VALUATION IN THE FIRST HALF OF 2016A

Revaluation results totalled EUR -132.4 million for the first half of 2016A (H1 2015/16: EUR 374.1 million). Included here are foreign exchange-adjusted revaluations of EUR -101.5 million (H1 2015/16: EUR 39.2 million), whereby EUR -95.1 million (H1 2015/16: EUR 2.0 million) are attributable to the Russian portfolio. This development is attributable, above all, to the difficult market environment and the numerous new shopping center completions and openings in Moscow as well as the resulting extensions to previously granted rental reductions and fixed exchange rates for tenants. Five new shopping centers with approx. 270,000 sqm of rentable space opened alone in the third calendar quarter of 2016. The shopping center offering in Moscow is expected to increase to over 420,000 sqm for the full 2016 calendar year. Positive valuation effects were recorded, above all, in the Czech Republic at EUR 9.5 million following an improvement in the market environment.

The foreign exchange-based revaluation of investment property amounted to EUR -30.9 million for the first half of 2016A (H1 2015/16: EUR 335.0 million) and resulted mainly from the valuation of the Russian properties in US Dollars and the translation of the Ruble property values recorded by the local Russian companies. The substantial year-on-year decline resulted from the increasing stability of the Ruble exchange rate.

DEVELOPMENT OF PROPERTY VALUATION LIKE-FOR-LIKE

Following is a like-for-like analysis of the valuation effects in the first half of 2016A. In order to improve comparability, the data are adjusted for new acquisitions, completions and sales. The above-mentioned effects are also relevant here.

STANDING INVESTMENTS LIKE-FOR-LIKE BY CORE MARKET

Standing investments like-for-like ¹	Number of properties	Carrying amount 31 10 2016 in MEUR	Carrying amount in %	Valuation effects Q1-2 2016A in MEUR
Austria	123	902.3	20.8%	-13.7
Germany	5	83.7	1.9%	-0.6
Czech Republic	20	371.7	8.6%	9.5
Hungary	23	433.8	10.0%	1.2
Poland	18	583.0	13.5%	-5.8
Romania	19	609.2	14.1%	-3.7
Russia	5	1,072.8	24.8%	-95.0
Slovakia	12	176.0	4.1%	2.8
Non-Core Countries	10	97.7	2.3%	2.6
IMMOFINANZ	235	4,330.2	100.0%	-102.7

STANDING INVESTMENTS LIKE-FOR-LIKE BY ASSET CLASS

Standing investments like-for-like ¹	Number of properties	Carrying amount 31 10 2016 in MEUR	Carrying amount in %	Valuation effects Q1-2 2016A in MEUR
Office	64	2,001.6	46.2%	0.4
Retail	162	2,317.6	53.5%	-103.0
Other	9	11.6	0.3%	-0.1
IMMOFINANZ	235	4,330.2	100.0%	-102.7

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.



Polus Tower 1+2
Bratislava | SK |
approx. 38,000 sqm
rentable space

Financing

IMMOFINANZ successfully arranged all necessary refinancing and extensions for standing investments and development projects as planned during the first half of the abbreviated 2016 financial year. In order to utilise the currently favourable market environment, IMMOFINANZ also regularly evaluates opportunities to renew and optimise existing loans prior to maturity. The focus is on the combination of individual properties in an asset class and region into a portfolio in order to arrange for financing at more attractive conditions.

**Net loan-to-value:
51.6%**

Financial liabilities totalled EUR 3.6 billion as of 31 October 2016 (30 April 2016: EUR 3.46 billion). Cash and cash equivalents amounted to EUR 359.5 million* (30 April 2016: EUR 371.6 million). Net debt, after the deduction of cash and cash equivalents held by the Group, therefore equalled EUR 3.3 billion (30 April 2016: EUR 3.08 billion). IMMOFINANZ has a robust balance sheet structure with an equity ratio of 37.2% (30 April 2016: 39.8%) and a net loan-to-value ratio (net LTV) of 51.6% (30 April 2016: 49.4%).

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

CALCULATION OF NET LTV AS OF 31 OCTOBER 2016

	Amounts in TEUR
Carrying amount of financing	3,658,020.8
– Cash and cash equivalents ¹	359,545.0
Net carrying amount of financing	3,298,478.8
Carrying amount of property & market value of BUWOG shares plus EPRA NAV of CA Immobilien Anlagen AG ²	6,389,084.8
Net LTV	51.6%

¹ Excluding cash and cash equivalents in discontinued operations and disposal groups

² Market value of BUWOG shares: 10.0 million shares à EUR 22.015 (closing price on the Vienna Stock Exchange on 31 October 2016), CA Immobilien Anlagen AG (CA Immo) based on EPRA NAV as of 30 September 2016 for 25.7 million shares à EUR 26.25

Financing costs

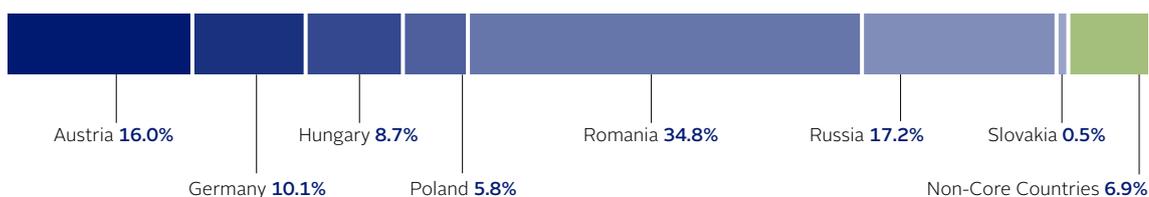
The average financing costs for IMMOFINANZ remained stable as of 31 October 2016 and equalled 3.84% per year including the derivatives used for interest rate hedging (2015/16: 3.85%) and 3.54% per year excluding derivatives (2015/16: 3.54%). After an adjustment for the financing arranged in Russia, the average financing costs equalled 2.91% per year including the derivatives used for hedging (2015/16: 2.97%) and 2.55% per year excluding these derivatives (2015/16: 2.58%).

Unencumbered property

In addition to properties which carry external financing and/or are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 676.8 million or 12.29% of the total property carrying amount was not externally financed and therefore unencumbered as of 31 October 2016.

**12.29% of
property
unencumbered**

UNENCUMBERED PROPERTY BY COUNTRY



* Excluding cash and cash equivalents in discontinued operations and disposal groups

COMPOSITION OF FINANCIAL LIABILITIES

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from convertible and corporate bonds. The composition of these liabilities as of 31 October 2016 is as follows:

	Outstanding liability ¹ in TEUR as of 31 October 2016	Weighted average interest rate excl. derivatives ²	Share of fixed interest in % ²	Share of floating interest in % ²	Fixed interest rate ²	Floating interest rate ²
Convertible bonds in EUR	525,259.4	4.23%	100.00%	0.00%	4.23%	n.a.
Corporate bond in EUR	101,530.1	5.25%	100.00%	0.00%	5.25%	n.a.
Bank liabilities in EUR	2,330,838.3	2.05%	4.60%	95.40%	0.86%	2.11%
Bank liabilities in USD	700,393.1	7.74%	0.00%	100.00%	n.a.	7.74%
IMMOFINANZ	3,658,020.8	3.54%	20.11%	79.89%	3.88%	3.46%

1 Including liabilities in discontinued operations and disposal groups

2 Calculation basis: actual remaining debt (nominal amount)

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 3,658.0 million as of 31 October 2016. As of that date, 80.85% of the financing were denominated in Euros and 19.15% in US Dollars.

*Outstanding
balance of
financial liabilities:
EUR 3.7 billion*

FINANCIAL LIABILITIES BY CURRENCY AS OF 31 OCTOBER 2016



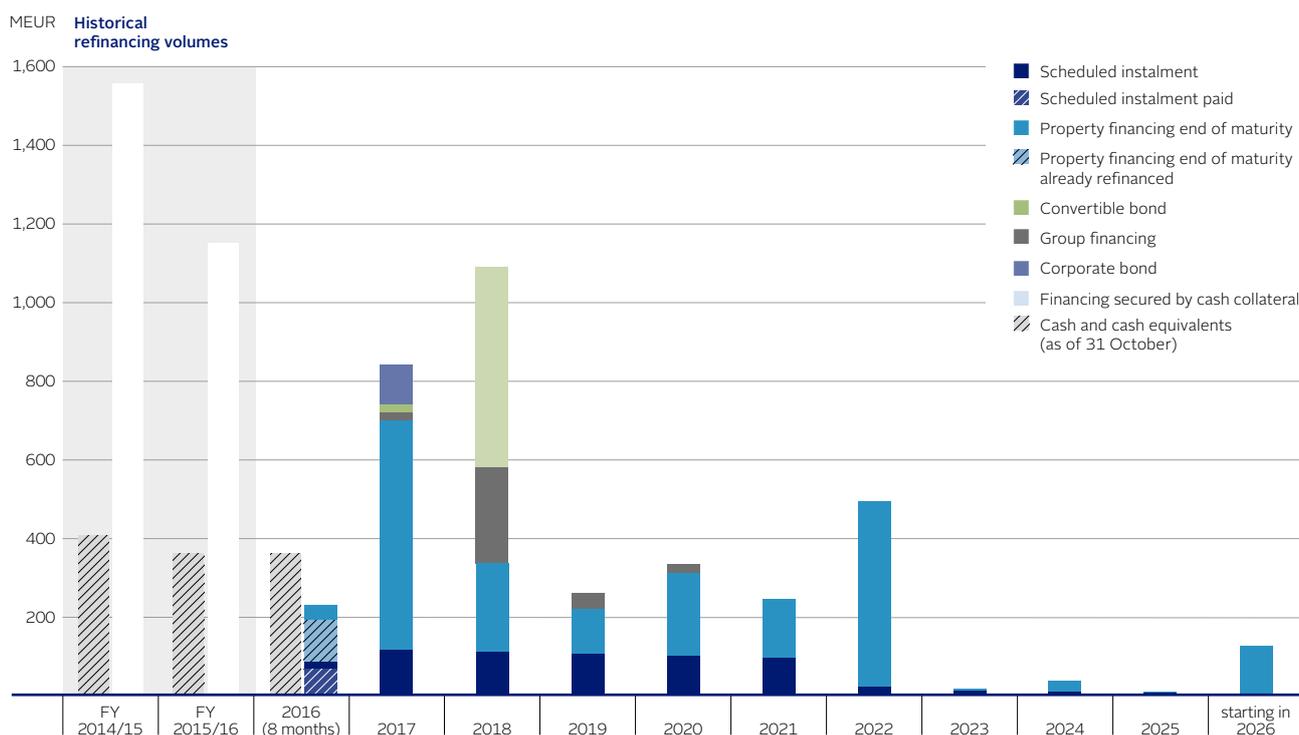
STOP SHOP
Stockerau | AT |
approx. 4,000 sqm
rentable space

Weighted average remaining term of financial liabilities: 3.5 years

TERM STRUCTURE

The weighted average remaining term of the financial liabilities equals 3.5 years. The following graph shows the term structure for IMMOFINANZ as of 31 October 2016. The liabilities maturing in the abbreviated 2016 financial year were reported at EUR 242.5 million as of 30 April 2016 (excluding sold properties), whereby EUR 106.4 million were attributable to expiring project financing. The full volume of this expiring project financing had been addressed through refinancing, long-term extensions or cash inflows after new financing as of 31 October 2016.

TERM STRUCTURE OF FINANCIAL LIABILITIES BY FINANCIAL YEARS AS OF 31 OCTOBER 2016



Cash and cash equivalents totalled EUR 359.5 million as of 31 October 2016, or EUR 367.7 million including cash and cash equivalents in discontinued operations and disposal groups.

BANK LIABILITIES

Total volume of loan financing: EUR 668.2 million

Successful loan financing

The total volume of refinancing, long-term extensions and cash inflows from new financing amounted to EUR 668.2 million in the first half of 2016A.

The financing volume for the office properties totalled EUR 412.3 million in the first half-year, whereby EUR 177.3 million were related to standing investments. The existing financing for the *Vienna Twin Tower* was replaced before the end of the contract term and refinanced at EUR 120.0 million over a new 10-year term. New financing of EUR 33.8 million was arranged for the *Nimbus* office building in Warsaw and the expiring financing for the *Skofin* (Prague) and *Pipera I* (Bucharest) office properties was extended over the long-term.

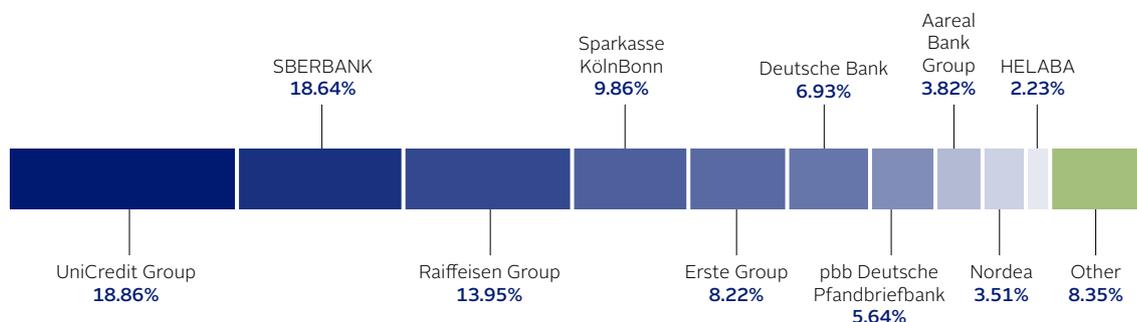
Financing was also arranged for the *trivago Campus* and *FLOAT* office development projects in Germany at EUR 115.0 million and EUR 120.0 million, respectively.

The financing volume for the retail properties amounted to EUR 45.9 million and involved the premature refinancing and increase in the loan volume for the *Park Hostivař* in the Czech Republic. In addition, the development financing for the *VIVO! Stalowa Wola* shopping center in Poland was converted into standing investment financing.

IMMOFINANZ finalised the purchase of approx. 26% of the shares in CA Immobilien Anlagen AG on 2 August 2016. Group financing with an international investment bank was arranged for this purpose, with the drawdown equalling EUR 210.0 million.

FINANCING BANKING GROUPS AS OF 31 OCTOBER 2016

Diversification of lenders



DERIVATIVES

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of hedged financial liabilities amounted to EUR 1,183.1 million as of 31 October 2016 (30 April 2016: EUR 1,098.0 million). In total, 52.45% of financial liabilities are hedged against interest rate risk.

52.45% of financial liabilities hedged against interest rate risk

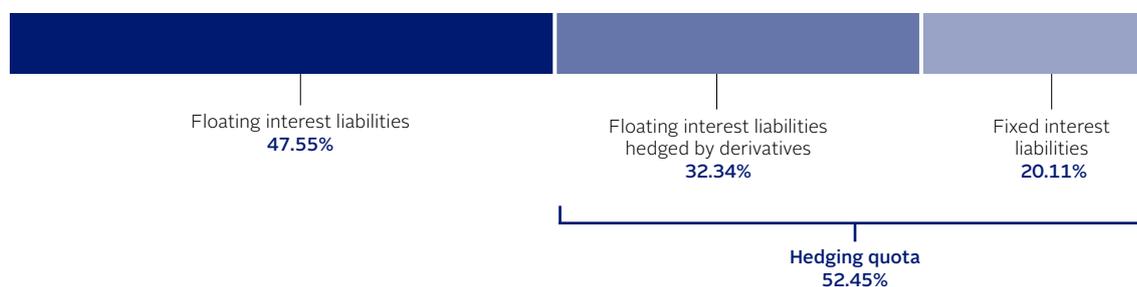
Derivative ¹	Floating leg	Market value incl. interest & CVA/ DVA as of 31 October 2016 in TEUR	Notional amount in TEUR	Average hedged interest rate
Interest rate swap	3-M-EURIBOR	-19,927.4	933,513.1	0.57%
Interest rate swap	6-M-EURIBOR	-6,564.9	249,603.2	0.92%
IMMOFINANZ AG		-26,492.3	1,183,116.3	

¹ Incl. IFRS 5

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

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

FINANCIAL LIABILITIES – TYPE OF INTEREST AS OF 31 OCTOBER 2016



Bonds with a total nominal value of EUR 628.5 million outstanding

BONDS

The outstanding nominal value of the bonds equalled EUR 628.5 million as of 31 October 2016 (30 April 2016: EUR 628.5 million).

IMMOFINANZ had two convertible bonds and one corporate bond outstanding as of 31 October 2016. These bonds are listed in the following table:

	ISIN	Maturity	Interest rate in %	Nominal value as of 30 April 2016 in TEUR	Repurchases/redemptions/conversions/new issues 2016 in TEUR	Nominal value as of 31 October 2016 in TEUR
Convertible bond 2007–2017 ²	XS0332046043	19 11 2017	3.75% ¹	21,400.0	0	21,400.0
Convertible bond 2011–2018 ²	XS0592528870	8 3 2018	4.25%	507,094.2	-0.1	507,094.1
Corporate bond 2012–2017	AT0000A0VDP8	3 7 2017	5.25%	100,000.0	0	100,000.0
IMMOFINANZ				628,494.2	-0.1	628,494.1

¹ Held to maturity (coupon 1.25%)

² 1 certificate from the convertible bond 2018 (nominal value: EUR 4.12) entitles the bondholder to conversion into 1.1908 IMMOFINANZ shares and 0.0649 BUWOG shares

1 certificate from the convertible bond 2017 (nominal value: EUR 100,000.0) entitles the bondholder to conversion into 12,909.75 IMMOFINANZ shares and 718.10 BUWOG shares

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

If dividends are paid by IMMOFINANZ or BUWOG, the conversion rights to shares in IMMOFINANZ and BUWOG will be adjusted in accordance with the respective bond terms. The last adjustments were made to reflect the EUR 0.69 cash dividend per BUWOG share that was approved by the annual general meeting of BUWOG AG on 14 October 2016 and the cash dividend of EUR 0.06 per IMMOFINANZ share that was approved by the annual general meeting of IMMOFINANZ AG on 29 September 2016. The following calculation uses the 2018 convertible bond to explain this adjustment mechanism:

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

Sample calculation for the adjustment of the conversion price for the 2018 convertible bond to reflect the IMMOFINANZ dividend (dividend payment in October 2016)	IMMOFINANZ (in EUR)
Input factor "CP" old conversion price	3.56
Input factor "M" average market price	2.13
Input factor "V" dividend	0.06
Old number of shares currently underlying each 2018 convertible bond certificate	1.1573
New conversion price = $CP \times (M - V) / M = IMMOFINANZ: 3.56 \times (2.13 - 0.06) / 2.13$	3.46
New number of shares currently underlying each 2018 convertible bond certificate = Old number of underlying shares / (new conversion price / old conversion price) = IMMOFINANZ: $1.1573 / (3.46 / 3.56)$	1.1908

One certificate from the 2018 convertible bond (nominal value: EUR 4.12) currently entitles the bondholder to conversion into 1.1908 IMMOFINANZ shares and 0.0649 BUWOG shares. 24 bond certificates were converted during the second quarter of 2016A.

One certificate from the 2017 convertible bond (nominal value: EUR 100,000.0) currently entitles the bondholder to conversion into 12,909.75 IMMOFINANZ shares and 718.10 BUWOG shares.

Earnings, Balance Sheet and Cash Flow Analysis

IMMOFINANZ generated results of operations totalling EUR 87.6 million in the first two quarters of the abbreviated 2016 financial year, for an increase of 28.2% over the comparable prior year period. This sound growth was supported, above all, by an improvement in the results of asset management (plus 5.1% to EUR 107.3 million) following a substantial decline in the write-off of receivables in Russia and lower vacancy-related and operating costs charged to building owners as well as a decline in other operating expenses (from EUR -53.5 million to EUR -26.1 million). In the previous year, these expenses were influenced by non-recurring costs for the settlement of legal proceedings with investors.

Rental income declined by 4.4% to EUR 153.3 million due to temporary rent reductions in Moscow. The rental income from Russia totalled EUR 36.1 million for the reporting period, compared with EUR 43.3 million in the first half of 2015/16. The decline in rental income resulting from the sale of properties was offset by completions and new rentals. The rental income from the office properties rose by 3.1% to EUR 55.5 million in the first half of 2016A.

The foreign exchange-adjusted revaluation of investment properties across all markets amounted to EUR -104.1 million (H1 2015/16: EUR 24.0 million) and was influenced primarily by a decline in the value of the Moscow retail properties. The main factors underlying this development were the difficult market environment, the completion and opening of numerous new shopping centers in Moscow and the extension of rental reductions and fixed exchange rates for tenants. Positive valuation effects were recorded in the Czech Republic, primarily due to an improvement in the market climate. Based on the more stable development of the Ruble in the first half of 2016A, the foreign exchange-based revaluations of investment property totalled EUR -32.1 million (H1 2015/16: EUR 335.4 million). These adjustments resulted from the valuation of the Russian properties in US Dollars and the subsequent translation of the Ruble property values in the local Russian companies.

Financial results totalled EUR -83.8 million (H1 2015/16: EUR -203.1 million), in part due to a reduction in net financing costs, and include positive foreign exchange effects of EUR 35.4 million (H1 2015/16: EUR -180.5 million). The negative effects of EUR -11.0 million (H1 2015/16: EUR -22.3 million) recorded under other financial results are attributable primarily to the valuation of derivatives. They results from equity-accounted investments equalled EUR -33.1 million (H1 2015/16: EUR 79.8 million) and consist primarily of the proportional share of earnings from BUWOG and CA Immo, the gain on the sale of 18.5 million BUWOG shares and the market-based valuation (IFRS) of the CA Immo shares.

Net profit for the reporting period amounted to EUR -154.4 million (H1 2015/16: EUR 133.2 million) and earnings per share (diluted) equalled EUR -0.16 (H1 2015/16: EUR 0.13).

The EPRA NAV per share equalled EUR 3.14 as of 31 October 2016 (30 April 2016: EUR 3.39).

Gross cash flow (before tax) rose by 23.3% from EUR 68.1 million to EUR 84.1 million. FFO 1 (excluding the results of property sales) increased by 8.8% year-on-year to EUR 16.9 million based on the improvement in gross cash flow, while FFO 2 (including the results of property sales) equalled EUR 14.5 million (H1 2015/16: EUR 21.7 million).

Cash and cash equivalents declined slightly from EUR 371.6 million as of 30 April 2016 to EUR 359.5 million.

A detailed analysis is presented on the following pages.

INCOME STATEMENT

A condensed version of IMMOFINANZ's income statement for the first half of the abbreviated 2016 financial year and the first half of 2015/16 is presented in the following table:

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Rental income	153,276	160,298
Results of asset management	107,329	102,131
Results of property sales	-2,486	6,147
Results of property development	683	-5,641
Other operating income	8,179	19,179
Other operating expenses	-26,115	-53,517
Results of operations	87,590	68,299
Other revaluation results	-148,277	362,536
Operating profit (EBIT)	-60,687	430,835
Financial results	-83,779	-203,051
Earnings before tax (EBT)	-144,466	227,784
Net profit for the period from continuing operations	-164,762	134,907
Net profit from discontinued operations ¹	10,370	-1,688
Net profit for the period	-154,392	133,219

¹ Due to the sale of the logistics portfolio, the earnings contribution from these properties is now reported under net profit from discontinued operations.

RESULTS OF ASSET MANAGEMENT

The results of asset management include rental income, other revenues, operating income and operating costs as well as the expenses directly attributable to investment property. Rental income fell by 4.4% to EUR 153.3 million in the first half of the abbreviated 2016 financial year (H1 2015/16: EUR 160.3 million). This development is attributable, above all, to the decline in rental income from Russia, where IMMOFINANZ has granted temporary rent reductions to the tenants in its Moscow shopping centers. The rental income generated in Russia totalled EUR 36.1 million for the reporting period, compared with EUR 43.3 million in the first half of 2015/16 and EUR 18.3 million in the first quarter of 2016A. The decline in rental income resulting from the sale of properties was offset by completions and new rentals. The rental income from the office properties rose by 3.1% to EUR 55.5 million in the first half of 2016A.

Revenues reflected the development of rental income with a decline of 2.4% to EUR 206.1 million. The results of asset management rose by 5.1% year-on-year to EUR 107.3 million, primarily due to a 19.0% year-on-year reduction in property expenses to EUR -52.0 million. Higher maintenance costs (EUR -14.7 million vs. EUR -7.0 million in H1 2015/16) for the ongoing modernisation of office properties were offset by a decline in the operating costs charged to building owners (EUR -9.0 million vs. EUR -13.9 million), which resulted, above all, from a decrease in property-based taxes and lower vacancy costs (EUR -7.2 million vs. EUR -9.2 million). At EUR -0.5 million, the write-off of receivables in Russia was also substantially lower than the first half of the previous year (EUR -9.0 million). The outstanding balance of the rents receivable in Russia, after impairment losses, totalled EUR 8.5 million as of 31 October 2016 (30 April 2016: EUR 11.1 million).

RESULTS OF PROPERTY SALES

The results of property sales totalled EUR -2.5 million for the reporting period (H1 2015/16: EUR 6.1 million). The ongoing optimisation and adjustment of the portfolio was reflected in the sale of several residential properties, smaller office buildings and retail parks in Austria.

RESULTS OF PROPERTY DEVELOPMENT

The results of property development cover the sale of real estate inventories as well as the valuation of development projects completed or currently in progress. In the first half of 2016A, the results of property development totalled EUR 0.7 million (H1 2015/16: EUR -5.6 million).

RESULTS OF OPERATIONS

The results of operations equalled EUR 87.6 million and were 28.2% higher than in the first half of 2015/16 (EUR 68.3 million). This increase was based, in particular, on a substantial decline in other operating expenses (EUR -26.1 million vs. EUR -53.5 million) which were influenced by non-recurring effects of EUR -28.1 million in the previous year for the termination of legal proceedings with investors.

REVALUATION, FINANCIAL RESULTS AND EBT

The foreign exchange-adjusted revaluation of investment property amounted to EUR -104.1 million, compared with EUR 24.0 million in the first half of 2015/16 when the investment contract with the city of Moscow for the *GOODZONE* shopping center was settled. The foreign exchange-adjusted revaluations in Russia totalled EUR -95.1 million and resulted primarily from the difficult market environment, the completion and opening of numerous new shopping centers in Moscow and the extension of rental reductions and fixed exchange rates for tenants. Positive valuation effects of EUR 9.5 million were recorded in the Czech Republic, primarily due to an improvement in the market climate.

The foreign exchange-based revaluations totalled EUR -32.1 million (H1 2015/16: EUR 335.4 million). They originated almost entirely in Russia, since the Euro is the functional currency in all other core countries, and resulted from the valuation of the Russian properties in US Dollars and the subsequent translation of the Ruble property values in the local Russian companies. The substantial decline in the earnings contribution is a result of the more stable development of the Ruble exchange rate during the first half-year. Earnings before tax (EBIT) amounted to EUR -60.7 million for the first half of 2016A (H1 2015/16: EUR 430.8 million).

Financial results equalled EUR -83.8 million (H1 2015/16: EUR -203.1 million). Financing costs declined to EUR -79.7 million (H1 2015/16: EUR -88.5 million). Financial results also include foreign exchange effects of EUR 35.4 million (H1 2015/16: EUR -180.5 million) which represent, more or less, a counterpart to the currency-related value decrease of EUR -32.1 million in the Russian portfolio. This development reflects the decline in the value of the foreign currency liabilities in the Russian subsidiaries caused by the stronger Ruble. Other financial results of EUR -11.0 million (H1 2015/16: EUR -22.3 million) are attributable primarily to EUR -5.8 million from the valuation of derivatives.

The share of profit/loss from equity-accounted investments equalled EUR -33.1 million (H1 2015/16: EUR 79.8 million) and was based, in particular, on the following: the proportional share of earnings from the BUWOG investment (EUR 29.5 million), a gain on the sale of 18.5 million BUWOG shares (EUR 34.2 million), the proportional share of earnings from CA Immo for one quarter (EUR 7.5 million) and the market-related valuation (IFRS) of the CA Immo shares (EUR -105.7 million). Earnings before tax (EBT) equalled EUR -144.5 million (H1 2015/16: EUR 227.8 million).

NET PROFIT

Income tax expense equalled EUR -20.3 million for the reporting period (H1 2015/16: EUR -92.9 million). Net profit amounted to EUR -154.4 million (H1 2015/16: EUR 133.2 million), and diluted earnings per share equalled EUR -0.16 (H1 2015/16: EUR 0.13).

BALANCE SHEET

The condensed balance sheet is shown below:

All amounts in TEUR	31 October 2016	in %	30 April 2016	in %
Investment property	4,692,120		4,961,845	
Property under construction	452,464	77.4%	410,043	80.1%
Real estate inventories	96,466		112,126	
Assets held for sale	335,190		323,158	
Other tangible assets	2,602	0.0%	2,908	0.0%
Intangible assets	95,217	1.3%	104,474	1.4%
Equity-accounted investments	706,130	9.8%	494,103	6.8%
Trade and other receivables	427,550	5.9%	432,367	6.0%
Other financial assets	10,880	0.2%	14,110	0.2%
Deferred tax assets	5,305	0.1%	6,306	0.1%
Income tax receivables	17,150	0.2%	13,719	0.2%
Cash and cash equivalents	359,545	5.0%	371,622	5.1%
ASSETS	7,200,619	100.0%	7,246,781	100.0%
Equity	2,675,667	37.2%	2,885,991	39.8%
Liabilities from convertible bonds	525,259	7.3%	520,234	7.2%
Financial liabilities	2,975,624	41.3%	2,775,923	38.3%
Trade and other payables	304,669	4.2%	326,882	4.5%
Income tax liabilities	41,313	0.6%	28,229	0.4%
Provisions	46,483	0.6%	58,961	0.8%
Deferred tax liabilities	457,010	6.3%	466,171	6.4%
Financial liabilities held for sale	174,594	2.4%	184,390	2.5%
EQUITY AND LIABILITIES	7,200,619	100.0%	7,246,781	100.0%

Assets totalled EUR 7.2 billion as of 31 October 2016 and comprise non-current assets of EUR 6.2 billion plus current assets of EUR 1.0 billion.

The value of the property portfolio amounted to EUR 5.6 billion and represented 77.4% of total assets as of 31 October 2016. These properties are reported on the balance sheet under the following positions: investment property, property under construction, real estate inventories and non-current assets held for sale. Non-current assets held for sale include properties as well as other assets which will be transferred to the buyer in the event of a sale.

Equity-accounted investments rose from EUR 494.1 million to EUR 706.1 million. The sale of approx. 18.5 million BUWOG shares was more than offset by the acquisition of an investment in CA Immo. Cash and cash equivalents declined slightly from EUR 371.6 million to EUR 359.5 million.

Equity totalled EUR 2.7 billion as of 31 October 2016 (30 April 2016: EUR 2.9 billion). The equity ratio equalled 37.2% on that date (30 April 2016: 39.8%).

Liabilities totalled EUR 4.5 billion. The non-current component equalled EUR 3.5 billion and the current component EUR 1.0 billion.

CASH FLOW STATEMENT

The following table shows the condensed cash flow statement for the first half of 2016A and the first half of 2015/16:

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Gross cash flow after tax	63,552	60,095
Cash flow from operating activities	63,921	83,589
Thereof from discontinued operations	2,555	21,090
Cash flow from investing activities	-131,544	280,127
Thereof from discontinued operations	-3,035	-12,497
Cash flow from financing activities	56,540	-370,615
Thereof from discontinued operations	-251	-11,680

Gross cash flow (before tax) increased by 23.3% from EUR 68.1 million to EUR 84.1 million, while gross cash flow after tax equalled EUR 63.6 million (H1 2015/16: EUR 60.1 million).

Cash and cash equivalents declined slightly from EUR 371.6 million as of 30 April 2016 to EUR 359.5 million as of 31 October 2016.

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

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16	Change	Change in %
Gross cash flow before tax	84,055	68,145	15,910	23.3%
Gross cash flow before tax from discontinued operations	-1,164	-19,674	18,510	94.1%
Ancillary costs for property sales (included in gross cash flow, recognised through profit or loss)	2,218	2,874	-656	-22.8%
Expenses for investors' lawsuits	0	28,118	-28,118	≤ -100.0%
Dividends received from equity-accounted investments	6,981	27,625	-20,644	-74.7%
Interest and dividends received from financial instruments	2,268	1,527	741	48.5%
Interest paid	-65,230	-72,163	6,933	9.6%
Derivatives	-12,189	-20,889	8,700	41.6%
FFO 1	16,939	15,563	1,376	8.8%
Results of property sales	-2,486	6,147	-8,633	n.a.
FFO 2	14,453	21,710	-7,257	-33.4%

EPRA INDICATORS

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

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

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

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

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

	31 October 2016		30 April 2016	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excl. non-controlling interests	2,687,346		2,891,536	
Diluting effects of convertible bonds and exercise of options	0		0	
Diluted equity excl. non-controlling interests after an adjustment for convertible bonds and the exercise of options	2,687,346		2,891,536	
Undisclosed reserves in real estate inventories	325		1,058	
Fair value of derivative financial instruments	47,646		47,154	
Deferred taxes on investment property	407,823		445,775	
Deferred taxes on real estate inventories and derivative financial instruments	-11,448		-11,320	
Goodwill excl. deferred taxes	-94,947		-104,084	
Number of shares excl. treasury shares (in 1,000)		965,956		965,956
EPRA NAV	3,036,746	3.14	3,270,119	3.39
Fair value of derivative financial instruments	-47,646		-47,154	
Effects of fair value measurement of financial liabilities	-4,689		-14,087	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	12,517		14,642	
Deferred taxes on investment property	-21,991		-19,171	
EPRA NNNAV	2,974,936	3.08	3,204,349	3.32

The EPRA net asset value per share equalled EUR 3.14 as of 31 October 2016 (30 April 2016: EUR 3.39), whereby the decline resulted from the negative results recorded in the first half of 2016A. The triple net asset value per share fell from EUR 3.32 to EUR 3.08 as of 31 October 2016.

EPRA EARNINGS PER SHARE

All amounts in TEUR	31 October 2016	31 October 2015
Weighted average number of shares	965,956	978,129
Net profit excl. non-controlling interests	-164,611	133,493
Revaluation of investment properties and development properties	127,117	-367,746
Results of property sales	2,486	-6,147
Goodwill impairment, negative differences and earn-out effects on income	12,162	-3,078
Changes in fair value of financial instruments	8,768	-17,540
Acquisition costs for share deals	0	137
Taxes in respect of EPRA adjustments	-30,131	68,597
EPRA adjustment in respect of joint ventures and non-controlling interests	-2,528	1,362
EPRA earnings	-46,737	-190,923
EPRA earnings per share	-0.05	-0.20
Company-specific adjustments		
Increase in provision for legal proceedings related to pending lawsuits by investors	0	28,118
Subsequent adjustment of the purchase price allocation for the investment in BUWOG AG	0	0
Result from the repayment of the exchangeable bond for BUWOG shares	0	33,938
Foreign exchange gains and losses	-35,401	180,456
Impairment CA Immobilien Anlagen AG	105,666	0
Deferred tax in respect of the company specific adjustments	-19,741	-51,179
Company-specific adjusted EPRA earnings	3,787	411
Company-specific adjusted earnings per share	0.004	0.000

EPRA earnings per share equalled EUR -0.05 for the first half of 2016A and EUR 0.004 after company-specific adjustments.

EPRA NET INITIAL YIELD

All amounts in TEUR	31 October 2016	31 October 2015
Investment Property	4,946,468	6,010,809
Investment Property – share of joint Ventures	49,077	16,991
Less undeveloped land	-187,101	-249,180
Less logistics portfolio	0	-493,623
Less undeveloped land – share of joint Ventures	-1,927	-8,508
Total property portfolio	4,806,517	5,276,490
Allowance for estimated purchasers' costs	86,517	105,530
Gross value of total property portfolio	4,893,034	5,382,020
Annualised cash passing rental income	308,666	309,807
Annualised cash passing rental income - share of Joint Ventures	1,554	1,441
Non-recoverable property operating expenses	-46,214	-61,199
Non-recoverable property operating expenses - share of Joint Ventures	-86	-9
Annualised net rental income	263,920	250,040
EPRA Net Initial Yield	5.4%	4.6%

The EPRA net initial yield rose substantially year-on-year from 4.6% to 5.4%.

Risk Management

As an international property investor and project developer, IMMOFINANZ is exposed to a variety of general and branch-specific risks in its business operations. The risk management process implemented by the Group is integrated in operating procedures and reporting paths and has an influence on processes and strategic decisions. Risk management is an active part of activities at all levels and covers internal guidelines, reporting systems and an internal control system (ICS) that is monitored by the internal audit department.

MARKET RISK AND PROPERTY-SPECIFIC RISKS

The development of the real estate markets is dependent on cyclical and macroeconomic factors. The related risks involve events on the global financial and capital markets as well as political, micro- and macroeconomic issues in the countries where IMMOFINANZ is active.

No major changes in risks during the first half-year

The risks arising from the portfolio composition, rentals, project development, property sales and acquisitions remained generally unchanged during the first half of the abbreviated 2016 financial year. A detailed description of these risks is provided on pages 72-75 of the 2015/16 annual report.

OTHER RISKS

IMMOFINANZ is also exposed to other risks in connection with its business activities. The legal risks, risks connected with compliance, environmental issues, taxes, data protection and human resources are generally unchanged in comparison with the 2015/16 financial year.

With regard to the investments held by IMMOFINANZ, the stake in BUWOG was reduced from 28.6% to 9.98% during the first half of 2016A.

IMMOFINANZ finalised the purchase of 25,690,163 bearer shares and four registered shares with restricted transferability in CA Immobilien Anlagen AG as of 2 August 2016 and currently holds approx. 26% of the shares in this company. Plans call for a merger with CA Immo.

As a real estate investor and developer, CA Immo is exposed to risks connected with the acquisition, development, management and sale of properties. The CA Immo share is listed in the Prime Segment of the Vienna Stock Exchange and is subject to market price risks.

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

Vienna, 16 December 2016

The Executive Board



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

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Consolidated Balance Sheet

All amounts in TEUR	Notes	31 10 2016	30 4 2016
Investment property	4.1	4,692,120	4,961,845
Property under construction	4.2	452,464	410,043
Other tangible assets		2,602	2,908
Intangible assets		95,217	104,474
Equity-accounted investments	4.3	706,130	494,103
Trade and other receivables	4.4	257,217	245,499
Other financial assets		10,880	14,110
Deferred tax assets	4.5	5,305	6,306
Non-current assets		6,221,935	6,239,288
Trade and other receivables	4.4	170,333	186,868
Income tax receivables		17,150	13,719
Assets held for sale	4.6	335,190	323,158
Real estate inventories		96,466	112,126
Cash and cash equivalents		359,545	371,622
Current assets		978,684	1,007,493
Assets		7,200,619	7,246,781
Share capital	4.7	975,956	975,956
Capital reserves		3,353,263	3,353,263
Treasury shares		-18,214	-18,214
Accumulated other equity	4.7	-636,397	-639,690
Retained earnings	4.7	-987,262	-779,779
Equity attributable to owners of IMMOFINANZ AG		2,687,346	2,891,536
Non-controlling interests		-11,679	-5,545
Equity	4.7	2,675,667	2,885,991
Liabilities from convertible bonds	4.8	521,903	517,013
Financial liabilities	4.9	2,444,838	2,366,786
Trade and other payables	4.10	64,611	70,910
Income tax liabilities		0	19
Provisions		5,277	5,922
Deferred tax liabilities	4.5	457,010	466,171
Non-current liabilities		3,493,639	3,426,821
Liabilities from convertible bonds	4.8	3,356	3,221
Financial liabilities	4.9	530,786	409,137
Trade and other payables	4.10	240,058	255,972
Income tax liabilities	4.5	41,313	28,210
Provisions		41,206	53,039
Liabilities held for sale	4.6	174,594	184,390
Current liabilities		1,031,313	933,969
Equity and liabilities		7,200,619	7,246,781

Consolidated Income Statement

All amounts in TEUR	Notes	Q2 2016A	Q1-2 2016A	Q2 2015/16 ¹	Q1-2 2015/16 ¹
Rental income	5.1	76,463	153,276	78,120	160,298
Operating costs charged to tenants		24,227	48,609	23,543	46,487
Other revenues		2,016	4,192	2,180	4,374
Revenues		102,706	206,077	103,843	211,159
Expenses from investment property	5.2	-26,484	-51,992	-31,861	-64,158
Operating expenses		-23,402	-46,756	-22,327	-44,870
Results of asset management		52,820	107,329	49,655	102,131
Proceeds from the sale of properties	5.3	72,343	129,611	60,701	193,730
Carrying amount of sold properties		-72,343	-129,611	-60,701	-193,730
Results from deconsolidation	2.2	6,082	5,012	2,179	2,660
Expenses from property sales		-1,143	-2,218	-797	-2,874
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	5.6	-7,882	-6,445	3,687	6,792
Results of property sales before foreign exchange effects		-2,943	-3,651	5,069	6,578
Revaluation of properties sold and held for sale resulting from foreign exchange effects	5.6	-219	1,165	51	-431
Results of property sales		-3,162	-2,486	5,120	6,147
Proceeds from the sale of real estate inventories		16,452	27,275	16,739	27,392
Cost of real estate inventories sold		-18,444	-28,369	-15,017	-24,426
Expenses from real estate inventories		-4,461	-5,437	-11,162	-12,628
Expenses from real estate development		-793	-1,784	-2,270	-4,267
Revaluation of properties under construction adjusted for foreign exchange effects	5.6	9,317	8,976	8,027	8,314
Results of property development before foreign exchange effects		2,071	661	-3,683	-5,615
Revaluation of properties under construction resulting from foreign exchange effects	5.6	-36	22	-22	-26
Results of property development		2,035	683	-3,705	-5,641
Other operating income	5.4	4,116	8,179	10,847	19,179
Other operating expenses	5.5	-13,496	-26,115	-40,562	-53,517
Results of operations		42,313	87,590	21,355	68,299
Revaluation of investment properties adjusted for foreign exchange effects	5.6	-99,704	-104,060	-29,327	24,049
Revaluation of investment properties resulting from foreign exchange effects	5.6	-25,263	-32,055	150,571	335,409
Goodwill impairment, negative differences and earn-out effects on income		-10,791	-12,162	1,827	3,078
Other revaluation results		-135,758	-148,277	123,071	362,536
Operating profit (EBIT)		-93,445	-60,687	144,426	430,835
Financing costs	5.7	-40,296	-79,672	-44,624	-88,497
Financing income	5.7	2,452	4,601	4,486	8,429
Foreign exchange differences		23,547	35,401	-87,504	-180,456
Other financial results	5.7	7,977	-11,041	-32,929	-22,327
Net profit or loss from equity-accounted investments	4.3	-88,373	-33,068	64,294	79,800
Financial results	5.7	-94,693	-83,779	-96,277	-203,051
Earnings before tax (EBT)		-188,138	-144,466	48,149	227,784
Current income tax		-7,657	-31,765	-2,970	-8,077
Deferred tax		8,069	11,469	-19,460	-84,800
Net profit or loss from continuing operations		-187,726	-164,762	25,719	134,907
Net profit or loss from discontinued operations	2.3	11,470	10,370	-7,525	-1,688
Net profit or loss		-176,256	-154,392	18,194	133,219
Thereof attributable to owners of IMMOFINANZ AG		-175,452	-154,241	16,962	132,833
Thereof attributable to non-controlling interests		-804	-151	1,232	386
Basic earnings per share in EUR		-0.182	-0.160	0.018	0.136
Net profit or loss from continuing operations per share in EUR		-0.194	-0.170	0.025	0.138
Net profit or loss from discontinued operations per share in EUR		0.012	0.011	-0.008	-0.002
Diluted earnings per share in EUR		-0.182	-0.160	0.021	0.131
Net profit or loss from continuing operations per share in EUR		-0.194	-0.170	0.028	0.132
Net profit or loss from discontinued operations per share in EUR		0.012	0.011	-0.007	-0.002

¹ The comparable prior year figures were adjusted accordingly (see section 1.2).

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	Q2 2016A	Q1-2 2016A	Q2 2015/16 ¹	Q1-2 2015/16 ¹
Net profit or loss		-176,256	-154,392	18,194	133,219
Other comprehensive income (reclassifiable)					
Measurement of available-for-sale financial instruments		0	0	-6	-16
Thereof changes during the financial year		0	0	-8	-21
Thereof income taxes		0	0	2	5
Currency translation adjustment		-5,058	-2,564	-106,595	-157,609
Thereof changes during the financial year		6,935	7,553	-105,742	-156,682
Thereof reclassification to profit or loss	2.2 / 2.3	-11,993	-10,117	-853	-927
Other comprehensive income from equity-accounted investments	4.3	4,167	4,130	-508	-137
Thereof changes during the financial year		3,655	3,618	-508	-159
Thereof reclassification to profit or loss	4.3	554	554	0	22
Thereof income taxes		-42	-42	0	0
Total other comprehensive income (reclassifiable)		-891	1,566	-107,109	-157,762
Other comprehensive income (not reclassifiable)					
Other comprehensive income from equity-accounted investments	4.3	0	81	0	-452
Thereof changes during the financial year		0	86	0	-497
Thereof income taxes		0	-5	0	45
Total other comprehensive income (not reclassifiable)		0	81	0	-452
Total other comprehensive income after tax		-891	1,647	-107,109	-158,214
Total comprehensive income		-177,147	-152,745	-88,915	-24,995
Thereof attributable to owners of IMMOFINANZ AG		-175,730	-151,328	-86,811	-22,891
Thereof attributable to non-controlling interests		-1,417	-1,417	-2,104	-2,104

¹ The comparable prior year figures were adjusted accordingly (see section 1.2).

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	Q1-2 2016A	Q1-2 2015/16 ¹
Earnings before tax (EBT)		-144,466	227,784
Earnings before tax (EBT) from discontinued operations	2.3	10,734	5,389
Revaluations of investment properties	2.3 / 5.6	131,338	-374,725
Goodwill impairment, negative differences and earn-out effects on income		12,162	-3,078
Write-downs and write-ups on real estate inventories		3,605	10,153
Write-downs and write-ups on receivables and other assets		5,247	21,508
Net profit or loss from equity-accounted investments	4.3	33,069	-79,800
Foreign exchange differences and fair value measurement of financial instruments		-28,003	186,764
Net interest income/expense		75,143	85,019
Results from deconsolidation	2.2 / 2.3	-14,863	-2,358
Other non-cash income/expense		89	-8,511
Gross cash flow before tax		84,055	68,145
Income taxes paid	4.5	-20,503	-8,050
Gross cash flow after tax		63,552	60,095
Change in real estate inventories		12,896	5,244
Change in trade and other receivables		14,852	-13,161
Change in trade payables and other liabilities		-15,048	2,553
Change in provisions		-12,331	28,858
Cash flow from operating activities		63,921	83,589
Acquisition of investment property and property under construction		-78,213	-182,320
Business combinations and other acquisitions, net of cash and cash equivalents		15	2,616
Consideration transferred from disposal of discontinued operations, net of cash and cash equivalents	2.3	57,357	0
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents		27,879	82,452
Acquisition of other assets		-461	-517
Acquisition of equity-accounted investments	4.3	-608,839	-6,251
Disposal of investment property and property under construction		101,484	192,397
Disposal of other non-current assets		3,557	16,026
Disposal of equity-accounted investments and cash flows from other net investment positions	4.3	356,428	146,572
Dividends received from equity-accounted investments	4.3	6,981	27,625
Interest or dividends received from financial instruments		2,268	1,527
Cash flow from investing activities		-131,544	280,127
Increase in financial liabilities		459,872	580,034
Repayment of financial liabilities		-267,956	-816,436
Transactions with non-controlling interest owners		0	366
Reclassifications between shareholder groups		0	26
Derivatives		-12,189	-20,889
Interest paid		-65,230	-72,163
Distributions	4.7	-57,957	0
Share buyback		0	-41,553
Cash flow from financing activities		56,540	-370,615
Net foreign exchange differences		56	2,534
Change in cash and cash equivalents		-11,027	-4,365
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		371,622	390,703
Plus cash and cash equivalents in discontinued operations and disposal groups		7,140	2,171
Cash and cash equivalents at the beginning of the period		378,762	392,874
Cash and cash equivalents at the end of the period		367,735	388,509
Less cash and cash equivalents in discontinued operations and disposal groups	4.6	8,190	30,984
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		359,545	357,525

¹ The comparable prior year figures were adjusted accordingly (see section 1.2).

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 30 April 2016		975,956	3,353,263	-18,214
Other comprehensive income	4.7			
Net profit or loss				
Total comprehensive income				
Distributions				
Transactions with non-controlling interest owners	7.			
Disposal of non-controlling interests				
Balance on 31 October 2016		975,956	3,353,263	-18,214
Balance on 30 April 2015		1,114,172	3,473,570	-216,971
Retrospective adjustment to IAS 8 – revaluation reserve	1.2			
Retrospective adjustment to IAS 8 – deferred taxes	1.2			
Balance on 30 April 2015 (adjusted)		1,114,172	3,473,570	-216,971
Other comprehensive income	4.7			
Net profit or loss				
Retrospective adjustment to IAS 8 – deferred taxes	1.2			
Net profit or loss (adjusted)				
Total comprehensive income (adjusted)				
Share buyback				-41,553
Capital increase				
Disposal of non-controlling interests				
Transactions with non-controlling interest owners				
Balance on 31 October 2015 (adjusted)		1,114,172	3,473,570	-258,524

Accumulated other equity					Retained earnings	Total	Non-controlling interests	Total equity
Revaluation reserve	AFS reserve	IAS 19 reserve	Currency translation reserve					
0	0	-529	-639,161	-779,779	2,891,536	-5,545	2,885,991	
	2,499	81	333		2,913	-1,266	1,647	
				-154,241	-154,241	-151	-154,392	
	2,499	81	333	-154,241	-151,328	-1,417	-152,745	
				-57,960	-57,960		-57,960	
				4,718	4,718	-4,718	0	
			380		380	1	381	
0	2,499	-448	-638,448	-987,262	2,687,346	-11,679	2,675,667	
3,321	18	-80	-472,741	-199,482	3,701,807	-2,253	3,699,554	
-3,321				3,321	0		0	
				-195,474	-195,474		-195,474	
0	18	-80	-472,741	-391,635	3,506,333	-2,253	3,504,080	
	-16	-452	-155,256		-155,724	-2,490	-158,214	
				131,804	131,804	386	132,190	
				1,029	1,029		1,029	
				132,833	132,833	386	133,219	
	-16	-452	-155,256	132,833	-22,891	-2,104	-24,995	
					-41,553		-41,553	
						366	366	
						27	27	
				-431	-431	577	146	
0	2	-532	-627,997	-259,233	3,441,458	-3,387	3,438,071	

NOTES

1. Basis of Preparation

The consolidated interim financial statements of IMMOFINANZ as of 31 October 2016 were prepared for the six-month period from 1 May to 31 October 2016 (Q1-2 2016A) and in accordance with the International Financial Reporting Standards (IFRS) which were adopted by the EU and are applicable to interim reporting.

The 22nd annual general meeting on 1 December 2015 approved an amendment to § 23 of the articles of association of IMMOFINANZ AG to change the previous financial year (1 May to 30 April of each year) to the calendar year and to create an abbreviated financial year covering the period from 1 May 2016 to 31 December 2016. Starting on 1 January 2017, the financial year of IMMOFINANZ AG will begin on 1 January of each year and end on 31 December and therefore reflect the calendar year.

The condensed scope of reporting in these consolidated interim financial statements is in agreement with IAS 34. Information on the application of IFRS, on the significant accounting policies and on further disclosures is provided in the consolidated financial statements of IMMOFINANZ as of 30 April 2016, which form the basis for these consolidated interim financial statements.

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

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

1.1 FIRST-TIME APPLICATION OF STANDARDS AND INTERPRETATIONS

The following new or revised standards and interpretations were applied for the first time in the abbreviated 2016 financial year:

Standard	Content	Published by the IASB (adopted by the EU)	Mandatory application for IMMOFINANZ	Effects on IMMOFINANZ
Changes to standards and interpretations				
Various	Annual Improvements to IFRS 2012 – 2014	25 September 2014 (15 December 2015)	1 May 2016	yes
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	6 May 2014 (24 November 2015)	1 May 2016	yes
IAS 16, 38	Clarification of Acceptable Methods of Depreciation and Amortisation	12 May 2014 (2 December 2015)	1 May 2016	no
IAS 16, 41	Agriculture: Bearer Plants	30 June 2014 (23 November 2015)	1 May 2016	no
IAS 27	Equity Method in Separate Financial Statements	12 August 2014 (18 December 2015)	1 May 2016	no
IAS 1	Disclosure Initiative	18 December 2014 (18 December 2015)	1 May 2016	yes

The changes in IFRS resulting from the 2012–2014 improvement cycles did not have a material effect on the consolidated interim financial statements of IMMOFINANZ. Many of the clarifications in IAS 1 were implemented in the consolidated financial statements as of 30 April 2016; the effects on the consolidated interim financial statements of IMMOFINANZ are not material. The initial application of the changes to IFRS 11 took place prospectively. There were no specific applications of the respective standard changes in the first half of 2016A.

1.2 CHANGE IN COMPARATIVE INFORMATION

The retrospective adjustments of the comparative information in the IMMOFINANZ consolidated financial statements as of 30 April 2016, which were made in accordance with IAS 8, were also reflected in the comparative figures of the consolidated interim financial statements as of 31 October 2016. Detailed information on the form of presentation and correction of errors is provided in the consolidated financial statements as of 30 April 2016.

The following changes were made in the comparable period presented in these consolidated interim financial statements:

- > Consolidated statement of changes in equity: presentation of the previously reported revaluation reserve of EUR 3.3 million as part of retained earnings
- > Consolidated cash flow statement: an improvement in the overall presentation of cash flows and (to a limited extent) a change in the allocation of certain cash flows
- > Deferred tax assets: correction of an error resulting from the higher recognition of deferred tax assets on unused tax losses and deductible temporary partial depreciation charges on investments ("Siebentelabschreibungen") due to the incorrect application of the 75% loss carryforward limit in the Austrian tax group. The revised amounts are reported separately on the statement of changes in equity.

2. Scope of Consolidation

2.1 DEVELOPMENT OF THE SCOPE OF CONSOLIDATION

The following table shows the development of the scope of consolidation during the first half of 2016A:

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 30 April 2016	536	19	13	568
Companies initially included				
Other acquisitions	2	-2	1	1
New foundations	2	0	0	2
Companies no longer included				
Sales	-10	-5	0	-15
Loss of control with retention of investment	-1	0	1	0
Liquidations	-19	-1	0	-20
Balance on 31 October 2016	510	11	15	536
Thereof foreign companies	316	7	8	331

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. These other acquisitions generally represent acquisitions of shell companies and pure land-owning companies.

2.2 SALE OF SUBSIDIARIES

The following table summarises the effects on the balance sheet items and on the results from deconsolidation, with the exception of the effects presented under note 2.3 for the discontinued operation (logistics portfolio):

All amounts in TEUR	Q1-2 2016A
Investment property	67,513
Other tangible assets	13
Goodwill	2,199
Receivables and other assets	21,639
Deferred tax assets	5,722
Cash and cash equivalents	971
Financial liabilities	-31,223
Trade payables	-498
Other liabilities	-23,458
Income tax liabilities	-3
Provisions	-63
Deferred tax liabilities	-11,826
Net assets sold	30,986
Consideration received in cash and cash equivalents	28,364
Less net assets sold	-30,986
Less non-controlling interests	-1
Reclassification of foreign exchange differences to profit or loss	7,635
Results from deconsolidation	5,012
Consideration received in cash and cash equivalents	28,364
Less cash and cash equivalents sold	-971
Net inflow of cash and cash equivalents	27,393

2.3 DISCONTINUED OPERATIONS

On 6 August 2015 the Executive Board and Supervisory Board of IMMOFINANZ approved the sale of the Group's logistics portfolio to the investment company Blackstone. This step is a consequence of IMMOFINANZ's strategic reorientation, which involves a concentration on the retail and office asset classes in the future. IMMOFINANZ's logistics portfolio therefore represents a discontinued operation as defined in IFRS 5. The parts of the logistics portfolio that had not been disposed of by 30 April 2016 were reported as assets held for sale or disposal groups in the consolidated financial statements as of 30 April 2016. The closings for the remaining two development projects in Hamburg and Bucharest and the standing investment in Poland took place during the second quarter of 2016A and represent the conclusion of the sale of the logistics portfolio.

The following table shows the net assets sold of the logistics portfolio in the second quarter of 2016A and the related results from deconsolidation:

All amounts in TEUR	Q1-2 2016A
Assets held for sale	
Investment property	29,159
Property under construction	30,938
Receivables and other assets	4,698
Deferred tax assets	-271
Cash and cash equivalents	1,636
Liabilities held for sale	
Financial liabilities	20,841
Trade payables	-1,194
Other liabilities	-25,201
Provisions	-3
Deferred tax liabilities	-135
Net assets sold	60,468
Consideration received in cash and cash equivalents	58,993
Outstanding purchase price receivables (incl. subsequent purchase-price adjustments)	8,844
Less net assets sold	-60,468
Reclassification of foreign exchange differences to profit or loss	2,483
Results from deconsolidation	9,852
Consideration received in cash and cash equivalents	58,993
Less cash and cash equivalents sold	-1,636
Net inflow of cash and cash equivalents	57,357

The final purchase price will be determined on the basis of financial statements prepared as of the respective closing date. Possible (subsequent) purchase-price adjustments can therefore result in earnings effects.

The results of the discontinued operations for the first half of 2016A are as follows:

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Revenues	170	22,205
Expenses from asset management	-761	-11,423
Results of asset management	-591	10,782
Results of property sales	0	-20
Expenses from property development and inventories	-21	-42
Revaluation of properties under construction adjusted for foreign exchange effects	2,439	-675
Results of property development	2,418	-717
Other operating income	31	430
Other operating expenses	1	-998
Results of operations	1,859	9,477
Revaluation of investment properties adjusted for foreign exchange effects	-1,379	-5,456
Revaluation of investment properties resulting from foreign exchange effects	0	6,768
Other revaluation results	-1,379	1,312
Operating profit (EBIT)	480	10,789
Financial results	403	-5,400
Earnings before tax (EBT)	883	5,389
Income taxes	-364	-7,077
Earnings from discontinued operations	519	-1,688
Gain from the disposal of the business operation (including reclassification of foreign exchange differences to profit or loss)	6,859	0
Subsequent purchase-price adjustment effects on income	2,992	0
Net profit or loss from discontinued operations	10,370	-1,688
Thereof attributable to owners of IMMOFINANZ AG	10,370	-1,688

The cash flow statement for the discontinued operation can be summarised as follows:

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Cash flow from operating activities	2,555	21,090
Cash flow from investing activities	-3,035	-12,497
Cash flow from financing activities	-251	-11,680
Net cash flow from discontinued operations	-731	-3,087

3. Segment Reporting

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

All amounts in TEUR	Austria		Germany	
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Office	17,196	17,634	1,997	1,179
Retail	10,801	12,826	277	316
Other	3,290	4,823	1,902	1,411
Rental income	31,287	35,283	4,176	2,906
Operating costs charged to tenants	5,698	5,671	1,505	917
Other revenues	769	760	103	42
Revenues	37,754	41,714	5,784	3,865
Expenses from investment property	-16,188	-11,321	-2,216	-3,262
Operating expenses	-5,764	-5,666	-1,492	-1,125
Results of asset management	15,802	24,727	2,076	-522
Proceeds from the sale of properties	105,577	184,269	10,845	2,500
Carrying amount of sold properties	-105,577	-184,269	-10,845	-2,500
Results from deconsolidation	-2	-8	0	0
Expenses from property sales	-1,596	-1,928	-131	-58
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	10,553	2,014	-4,536	0
Results of property sales before foreign exchange effects	8,955	78	-4,667	-58
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	8,955	78	-4,667	-58
Proceeds from the sale of real estate inventories	0	2,015	19,988	11,774
Cost of real estate inventories sold	0	-1,506	-21,259	-13,092
Expenses from real estate inventories	0	0	-278	-10,624
Expenses from real estate development	-195	-223	-86	-498
Revaluation of properties under construction adjusted for foreign exchange effects	-1,608	769	1,459	-4,990
Results of property development before foreign exchange effects	-1,803	1,055	-176	-17,430
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-1,803	1,055	-176	-17,430
Other operating income	694	1,353	53	750
Other operating expenses	-886	-1,622	-1,872	-1,217
Results of operations	22,762	25,591	-4,586	-18,477
Revaluation of investment properties adjusted for foreign exchange effects	-14,106	7,029	-590	6,076
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	0	0	0	0
Other revaluation results	-14,106	7,029	-590	6,076
Operating profit (EBIT)	8,656	32,620	-5,176	-12,401
	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Investment property	1,008,353	1,116,359	83,700	135,900
Property under construction	34,000	34,700	290,575	256,180
Goodwill	0	0	0	0
Investment properties held for sale	23,120	23,245	52,700	22,985
Real estate inventories	264	143	88,060	92,560
Segment assets	1,065,737	1,174,447	515,035	507,625
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Segment investments	1,590	9,890	49,721	63,743

All amounts in TEUR	Poland		Czech Republic	
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Office	12,879	10,652	7,072	7,553
Retail	7,249	5,731	4,965	5,300
Other	1,467	1,197	743	851
Rental income	21,595	17,580	12,780	13,704
Operating costs charged to tenants	9,702	7,217	3,499	3,603
Other revenues	908	855	105	112
Revenues	32,205	25,652	16,384	17,419
Expenses from investment property	-5,868	-5,537	-4,527	-4,312
Operating expenses	-9,074	-6,675	-3,459	-3,531
Results of asset management	17,263	13,440	8,398	9,576
Proceeds from the sale of properties	0	0	0	1,200
Carrying amount of sold properties	0	0	0	-1,200
Results from deconsolidation	0	0	2,043	2,590
Expenses from property sales	-44	-133	-67	-340
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-5,638	0	-55	990
Results of property sales before foreign exchange effects	-5,682	-133	1,921	3,240
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-5,682	-133	1,921	3,240
Proceeds from the sale of real estate inventories	4,061	8,775	0	0
Cost of real estate inventories sold	-3,673	-6,155	0	0
Expenses from real estate inventories	-4,528	-1,035	0	0
Expenses from real estate development	-634	-1,177	-81	-279
Revaluation of properties under construction adjusted for foreign exchange effects	1,902	9,943	-13	284
Results of property development before foreign exchange effects	-2,872	10,351	-94	5
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-2,872	10,351	-94	5
Other operating income	2,424	2,677	111	318
Other operating expenses	-1,272	-1,422	-862	-944
Results of operations	9,861	24,913	9,474	12,195
Revaluation of investment properties adjusted for foreign exchange effects	-5,630	-2	9,509	617
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	-626	2,957	-155	1,601
Other revaluation results	-6,256	2,955	9,354	2,218
Operating profit (EBIT)	3,605	27,868	18,828	14,413
	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Investment property	596,800	590,210	372,600	424,200
Property under construction	5,396	11,387	21,400	21,400
Goodwill	587	1,212	7,629	9,977
Investment properties held for sale	143,950	159,243	0	0
Real estate inventories	6,232	13,901	0	0
Segment assets	752,965	775,953	401,629	455,577
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Segment investments	4,135	180,770	26	-54

All amounts in TEUR	Slovakia		Hungary	
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Office	874	597	6,494	6,228
Retail	6,477	6,785	6,227	5,900
Other	116	85	512	472
Rental income	7,467	7,467	13,233	12,600
Operating costs charged to tenants	4,174	3,653	5,142	4,562
Other revenues	309	185	247	124
Revenues	11,950	11,305	18,622	17,286
Expenses from investment property	-2,259	-2,595	-3,416	-4,741
Operating expenses	-3,610	-3,055	-4,894	-4,550
Results of asset management	6,081	5,655	10,312	7,995
Proceeds from the sale of properties	6,000	0	163	0
Carrying amount of sold properties	-6,000	0	-163	0
Results from deconsolidation	-113	0	-1,389	0
Expenses from property sales	-4	-12	-57	-85
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-2,140	0	-300	0
Results of property sales before foreign exchange effects	-2,257	-12	-1,746	-85
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-2,257	-12	-1,746	-85
Proceeds from the sale of real estate inventories	0	0	0	0
Cost of real estate inventories sold	0	0	0	0
Expenses from real estate inventories	0	0	0	0
Expenses from real estate development	77	-3	-88	17
Revaluation of properties under construction adjusted for foreign exchange effects	-3,575	-789	125	637
Results of property development before foreign exchange effects	-3,498	-792	37	654
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	0
Results of property development	-3,498	-792	37	654
Other operating income	282	43	44	37
Other operating expenses	-602	-427	-592	-717
Results of operations	6	4,467	8,055	7,884
Revaluation of investment properties adjusted for foreign exchange effects	2,807	-3,357	1,284	2,681
Revaluation of investment properties resulting from foreign exchange effects	0	0	0	0
Goodwill impairment, negative differences and earn-out effects on income	0	0	-581	0
Other revaluation results	2,807	-3,357	703	2,681
Operating profit (EBIT)	2,813	1,110	8,758	10,565
	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Investment property	177,140	178,080	465,397	473,000
Property under construction	42,700	44,400	3,653	3,080
Goodwill	209	209	2,719	3,300
Investment properties held for sale	2,500	0	6,112	0
Real estate inventories	0	0	0	0
Segment assets	222,549	222,689	477,881	479,380
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Segment investments	8,681	11,619	448	1,340

All amounts in TEUR	Romania		Russia	
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Office	8,908	9,149	0	0
Retail	11,875	10,739	36,107	43,295
Other	2,068	2,319	19	28
Rental income	22,851	22,207	36,126	43,323
Operating costs charged to tenants	9,229	8,796	8,827	11,386
Other revenues	1,025	941	642	1,140
Revenues	33,105	31,944	45,595	55,849
Expenses from investment property	-6,193	-7,710	-9,894	-22,076
Operating expenses	-9,367	-8,676	-8,313	-10,939
Results of asset management	17,545	15,558	27,388	22,834
Proceeds from the sale of properties	6,701	4,621	0	0
Carrying amount of sold properties	-6,701	-4,621	0	0
Results from deconsolidation	0	0	0	0
Expenses from property sales	-70	-102	-10	-3
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-604	1,500	0	0
Results of property sales before foreign exchange effects	-674	1,398	-10	-3
Revaluation of properties sold and held for sale resulting from foreign exchange effects	0	0	0	0
Results of property sales	-674	1,398	-10	-3
Proceeds from the sale of real estate inventories	2,901	4,474	0	0
Cost of real estate inventories sold	-2,787	-3,345	0	0
Expenses from real estate inventories	-622	-916	0	0
Expenses from real estate development	-404	-916	-138	-952
Revaluation of properties under construction adjusted for foreign exchange effects	9,790	1,421	0	-263
Results of property development before foreign exchange effects	8,878	718	-138	-1,215
Revaluation of properties under construction resulting from foreign exchange effects	0	0	0	2
Results of property development	8,878	718	-138	-1,213
Other operating income	541	6,962	81	311
Other operating expenses	-1,871	-2,867	-3,034	-1,340
Results of operations	24,419	21,769	24,287	20,589
Revaluation of investment properties adjusted for foreign exchange effects	-5,801	13,108	-95,108	1,958
Revaluation of investment properties resulting from foreign exchange effects	0	0	-32,090	331,831
Goodwill impairment, negative differences and earn-out effects on income	-501	-108	-10,295	0
Other revaluation results	-6,302	13,000	-137,493	333,789
Operating profit (EBIT)	18,117	34,769	-113,206	354,378
	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Investment property	806,766	816,601	1,076,875	1,118,779
Property under construction	44,760	31,220	0	0
Goodwill	13,721	14,223	69,047	74,138
Investment properties held for sale	0	19,665	0	0
Real estate inventories	1,724	4,687	0	0
Segment assets	866,971	886,396	1,145,922	1,192,917
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Segment investments	4,404	16,285	347	57,514

All amounts in TEUR	Other non-core countries		Total reportable segments	
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Office	90	869	55,510	53,861
Retail	3,489	2,038	87,467	92,930
Other	182	2,321	10,299	13,507
Rental income	3,761	5,228	153,276	160,298
Operating costs charged to tenants	833	682	48,609	46,487
Other revenues	84	215	4,192	4,374
Revenues	4,678	6,125	206,077	211,159
Expenses from investment property	-1,431	-2,604	-51,992	-64,158
Operating expenses	-783	-653	-46,756	-44,870
Results of asset management	2,464	2,868	107,329	102,131
Proceeds from the sale of properties	325	1,140	129,611	193,730
Carrying amount of sold properties	-325	-1,140	-129,611	-193,730
Results from deconsolidation	4,473	78	5,012	2,660
Expenses from property sales	-239	-213	-2,218	-2,874
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-3,725	2,288	-6,445	6,792
Results of property sales before foreign exchange effects	509	2,153	-3,651	6,578
Revaluation of properties sold and held for sale resulting from foreign exchange effects	1,165	-431	1,165	-431
Results of property sales	1,674	1,722	-2,486	6,147
Proceeds from the sale of real estate inventories	325	354	27,275	27,392
Cost of real estate inventories sold	-650	-328	-28,369	-24,426
Expenses from real estate inventories	-9	-53	-5,437	-12,628
Expenses from real estate development	-235	-236	-1,784	-4,267
Revaluation of properties under construction adjusted for foreign exchange effects	896	1,302	8,976	8,314
Results of property development before foreign exchange effects	327	1,039	661	-5,615
Revaluation of properties under construction resulting from foreign exchange effects	22	-28	22	-26
Results of property development	349	1,011	683	-5,641
Other operating income	248	556	4,478	13,007
Other operating expenses	-1,008	-1,464	-11,999	-12,020
Results of operations	3,727	4,693	98,005	103,624
Revaluation of investment properties adjusted for foreign exchange effects	3,575	-4,061	-104,060	24,049
Revaluation of investment properties resulting from foreign exchange effects	35	3,578	-32,055	335,409
Goodwill impairment, negative differences and earn-out effects on income	-4	-1,372	-12,162	3,078
Other revaluation results	3,606	-1,855	-148,277	362,536
Operating profit (EBIT)	7,333	2,838	-50,272	466,160
	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Investment property	104,489	108,716	4,692,120	4,961,845
Property under construction	9,980	7,676	452,464	410,043
Goodwill	1,035	1,025	94,947	104,084
Investment properties held for sale	25,965	24,778	254,347	249,916
Real estate inventories	186	835	96,466	112,126
Segment assets	141,655	143,030	5,590,344	5,838,014
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Segment investments	2,471	3,319	71,823	344,426

All amounts in TEUR	Total reportable segments		Transition to consolidated financial statements		IMMOFINANZ	
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Office	55,510	53,861	0	0	55,510	53,861
Retail	87,467	92,930	0	0	87,467	92,930
Other	10,299	13,507	0	0	10,299	13,507
Rental income	153,276	160,298	0	0	153,276	160,298
Operating costs charged to tenants	48,609	46,487	0	0	48,609	46,487
Other revenues	4,192	4,374	0	0	4,192	4,374
Revenues	206,077	211,159	0	0	206,077	211,159
Expenses from investment property	-51,992	-64,158	0	0	-51,992	-64,158
Operating expenses	-46,756	-44,870	0	0	-46,756	-44,870
Results of asset management	107,329	102,131	0	0	107,329	102,131
Proceeds from the sale of properties	129,611	193,730	0	0	129,611	193,730
Carrying amount of sold properties	-129,611	-193,730	0	0	-129,611	-193,730
Results from deconsolidation	5,012	2,660	0	0	5,012	2,660
Expenses from property sales	-2,218	-2,874	0	0	-2,218	-2,874
Revaluation of properties sold and held for sale adjusted for foreign exchange effects	-6,445	6,792	0	0	-6,445	6,792
Results of property sales before foreign exchange effects	-3,651	6,578	0	0	-3,651	6,578
Revaluation of properties sold and held for sale resulting from foreign exchange effects	1,165	-431	0	0	1,165	-431
Results of property sales	-2,486	6,147	0	0	-2,486	6,147
Proceeds from the sale of real estate inventories	27,275	27,392	0	0	27,275	27,392
Cost of real estate inventories sold	-28,369	-24,426	0	0	-28,369	-24,426
Expenses from real estate inventories	-5,437	-12,628	0	0	-5,437	-12,628
Expenses from real estate development	-1,784	-4,267	0	0	-1,784	-4,267
Revaluation of properties under construction adjusted for foreign exchange effects	8,976	8,314	0	0	8,976	8,314
Results of property development before foreign exchange effects	661	-5,615	0	0	661	-5,615
Revaluation of properties under construction resulting from foreign exchange effects	22	-26	0	0	22	-26
Results of property development	683	-5,641	0	0	683	-5,641
Other operating income	4,478	13,007	3,701	6,172	8,179	19,179
Other operating expenses	-11,999	-12,020	-14,116	-41,497	-26,115	-53,517
Results of operations	98,005	103,624	-10,415	-35,325	87,590	68,299
Revaluation of investment properties adjusted for foreign exchange effects	-104,060	24,049	0	0	-104,060	24,049
Revaluation of investment properties resulting from foreign exchange effects	-32,055	335,409	0	0	-32,055	335,409
Goodwill impairment, negative differences and earn-out effects on income	-12,162	3,078	0	0	-12,162	3,078
Other revaluation results	-148,277	362,536	0	0	-148,277	362,536
Operating profit (EBIT)	-50,272	466,160	-10,415	-35,325	-60,687	430,835
	31 10 2016	30 4 2016	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Investment property	4,692,120	4,961,845	0	0	4,692,120	4,961,845
Property under construction	452,464	410,043	0	0	452,464	410,043
Goodwill	94,947	104,084	0	0	94,947	104,084
Investment properties held for sale	254,347	249,916	0	0	254,347	249,916
Real estate inventories	96,466	112,126	0	0	96,466	112,126
Segment assets	5,590,344	5,838,014	0	0	5,590,344	5,838,014
	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16	Q1-2 2016A	Q1-2 2015/16
Segment investments	71,823	344,426	0	0	71,823	344,426

4. Notes to the Consolidated Balance Sheet

4.1 INVESTMENT PROPERTY

The development of investment properties during the first half of 2016A is shown below:

All amounts in TEUR	Q1-2 2016A
Beginning balance	4,961,845
Deconsolidations (see 2.2)	-67,513
Currency translation adjustments	83,227
Additions	12,963
Disposals	-95,096
Revaluation	-132,049
Reclassifications	15,176
Reclassification IFRS 5 (see 4.6)	-86,433
Ending balance	4,692,120

4.2 PROPERTY UNDER CONSTRUCTION

The development of the properties under construction during the first half of 2016A is as follows:

All amounts in TEUR	Q1-2 2016A
Beginning balance	410,043
Currency translation adjustments	-22
Additions	58,860
Disposals	-10,845
Revaluation	4,516
Reclassifications	-10,088
Ending balance	452,464

4.3 EQUITY-ACCOUNTED INVESTMENTS

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

All amounts in TEUR	CA IMMO Group	BUWOG Group	Bulreal EAD	NP Investments a.s.	Other	Total
Interest held by IMMOFINANZ	26.0%	10.0%	49.0%	50.0%		
Beginning balance	0	461,095	6,290	0	26,718	494,103
Additions	608,786	23	0	0	29	608,838
Disposals	0	-313,722	0	0	-6,015	-319,737
Reclassification IFRS 5 (see 4.6)	0	0	-7,258	0	0	-7,258
Net profit or loss from equity-accounted investments	7,546	29,469	-997	2,501	1,122	39,641
Other comprehensive income from currency translation adjustment	87	0	0	-5	994	1,076
Other comprehensive income from the measurement of available-for-sale financial instruments	2,500	0	0	0	0	2,500
Other comprehensive income from measurement of defined benefit plans	0	81	0	0	0	81
Offset of results with other net investment positions	0	0	0	-2,496	62	-2,434
Dividend	0	-6,874	0	0	-106	-6,980
Impairment losses or reversals of impairment losses	-105,665	0	1,965	0	0	-103,700
Ending balance	513,254	170,072	0	0	22,804	706,130

IMMOFINANZ purchased approx. 25.7 million bearer shares and four registered shares with restricted transferability (Golden Shares) in CA Immobilien Anlagen Aktiengesellschaft (CA Immo) as of 2 August 2016 and now holds an approximate 26% equity interest in this company. The purchase price allocation is to be considered preliminary. The share package gives IMMOFINANZ a significant influence over the CA Immo Group, whose parent company is CA Immo. The accounting treatment of this investment is therefore based on the equity method. The share package creates a relative voting rights majority – IMMOFINANZ is the largest single shareholder – and the Golden Shares include the right to delegate up to four members to the CA Immo Supervisory Board – a delegation right that IMMOFINANZ exercised in the second quarter of 2016A. Therefore, additional facts and circumstances that represent indications of de-facto control as defined in IFRS 10 will be reviewed on a regular basis. Special importance will be given to the attendance rates in the future annual general meetings of CA Immo. An analysis of the historical attendance rates, at the present time, does not support the conclusion that IMMOFINANZ clearly has control over CA Immo; there is no de-facto control as defined in IFRS 10.

The purchase price for the above-mentioned share package amounted to EUR 603.7 million (EUR 23.50 per share), and the capitalisable transaction costs totalled EUR 5.1 million (EUR 0.20 per share). CA Immo shares are traded in the Prime Market segment of the Vienna Stock Exchange. The share price equalled EUR 16.54 on 31 October 2016, which is lower than the acquisition cost per share. Considering this indication of impairment, the recoverable amount of the share package was determined on the basis fair value less cost to sell.

The absence of Level 1 fair values for the unit of account comprising the share package of bearer and registered shares with restricted transferability required a discretionary decision concerning the valuation procedure. IFRSs do not provide any explicit rules for the determination of fair value in accordance with IFRS 13 for such share packages. IMMOFINANZ's management decided to carry out these valuations as "close to market" as possible. The prices on the Vienna Stock Exchange as of 31 October 2016 therefore formed the basis for valuation. The parameters to be considered included not only a package premium, but also the fact that the Golden Shares create a disparity with regard to voting rights and cash flow rights. This is reflected in higher return expectations by equity investors and, in turn, leads to a higher cost of equity capital. 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 the CA Immo Group). In view of these circumstances, appropriate premiums totalling 23.0% (EUR 3.79 per share, resp. EUR 97.5 million) for the Golden Shares and the size of the share package were included in the determination of fair value. The premium for the Golden Shares was calculated by means of a dividend discount model (DDM) using synthetic equity costs. The premium for the size of the equity investment was derived from comparable transactions – i.e. the purchase of share packages in European real estate companies from 2009 to 2016 – based on capital market data. The plausibility of the valuation was then verified, among others, by analyses of price discounts to the net asset value (NAV) on capital market transactions and reviews of bid premiums. Since this fair value was derived from both observable and non-observable data, it is classified under Level 3 on the IFRS 13 measurement hierarchy.

The resulting recoverable amount – it represents a fair value of EUR 522.4 million (EUR 20.33 per share) less cost to sell of 1.75% - therefore amounted to EUR 513.3 million as of 31 October 2016. The book price of the investment in the CA Immo Group equalled EUR 19.98 per share as of 31 October 2016. The net profit or loss from equity-accounted investments includes not only the proportional results of the CA Immo Group for three months (incl. effects from carrying forward the fair value adjustments from the preliminary purchase price allocation) but also an impairment loss of EUR 105,7 million.

IMMOFINANZ sold approx. 18.5 million BUWOG shares to the SAPINDA Group for a total price of EUR 358.7 million during the first quarter of 2016A. The gain on the sale amounted to EUR 34.2 million after the deduction of EUR 10.7 million in transaction costs and is reported under net profit or loss from equity-accounted investments. As of 31 October 2016, IMMOFINANZ continued to hold an investment of approximately 10% in the BUWOG Group, a company with substantial free float. IMMOFINANZ is still represented on the Supervisory Board of BUWOG AG through two members who were elected with the support of its voting rights, and the voting rights limitations defined by the de-denomination agreement ended with the termination of this agreement as of 12 October 2016. Therefore, IMMOFINANZ still has a significant influence over the BUWOG Group in spite of the reduction in the investment.

In addition, the share of net profit or loss from equity-accounted investments included the disposal of other investments of EUR –3.1 million during the first half of 2016A. Of this total, EUR –0.6 million were attributable to the recycling of other comprehensive income (from foreign currency translation differences).

A decision by the Executive Board on 21 October 2016 approved the sale of the 49% investment in Bulreal EAD. A reversal of impairment losses of EUR 2.0 million was recognised in connection with the planned sale. This investment was therefore reclassified to assets held for sale in the second quarter of 2016A (see section 4.6).

4.4 TRADE AND OTHER RECEIVABLES

All amounts in TEUR	31 10 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016
Rents receivable	22,005	21,795	210	0	21,839
Miscellaneous	27,971	25,163	2,808	0	24,792
Total trade accounts receivable	49,976	46,958	3,018	0	46,631
Receivables due from associates	2,071	293	1	1,777	9,893
Receivables due from joint ventures	51,494	8,921	40,463	2,110	45,980
Receivables due from equity-accounted investments	53,565	9,214	40,464	3,887	55,873
Restricted funds	163,488	5,488	127,100	30,900	135,823
Financing	20,030	2,507	1,938	15,585	20,701
Property management	2,123	2,060	19	44	5,211
Outstanding purchase price receivables – sale of properties	32,971	32,971	0	0	4,668
Outstanding purchase price receivables – sale of shares in other companies	43,171	18,314	24,857	0	44,894
Miscellaneous	28,573	22,366	6,119	88	36,060
Total other financial receivables	290,356	83,706	160,033	46,617	247,357
Tax authorities	33,653	30,455	1,767	1,431	82,506
Total other non-financial receivables	33,653	30,455	1,767	1,431	82,506
Total	427,550	170,333	205,282	51,935	432,367

The decline in other non-financial receivables due from taxation authorities resulted primarily from the reimbursement of input VAT in Russia during the first half of 2016A.

4.5 DEFERRED TAX ASSETS AND LIABILITIES

The valuation of deferred tax assets and liabilities as of 31 October 2016 included the impact of future changes to the tax schemes in Hungary and Russia. In Hungary, the applicable tax rate will be reduced from 10% to 9% as of 1 January 2017. This resulted in an adjustment of EUR 2.3 million through profit or loss to the deferred taxes in the Hungarian subsidiaries. In Russia, the previous 10-year limitation on loss carryforwards will be replaced by an unlimited carryforward as of 1 January 2017. However, this rule initially restricts the utilisation of the unlimited loss carryforwards to 50% of taxable annual profit for the period from 2017 to 2020. The resulting adjustments on the deferred tax assets recognised on loss carryforwards in the Russian subsidiaries were not material.

The Russian OAO Kashirskij Dvor-Severyanin, which holds the *Golden Babylon Rostokin* shopping center, paid a tax liability resulting from a tax audit during the first half of 2016A.

4.6 ASSETS AND LIABILITIES HELD FOR SALE

The following assets and liabilities classified as held for sale as of 30 April 2016 were sold during the first half of 2016A: one standing investment in Bulgaria, two residential properties and one office property in Austria, the development projects in Hamburg and Bucharest which were part of the logistics portfolio (see section 2.3) and a standing investment in Poland. With regard to the sales that have not yet been realised, management's intention to sell these properties remains intact – with the exception of one share in a real estate fund.

Of the assets initially classified as held for sale during the first quarter of 2016A, all sales were carried out in the second quarter of 2016A with the following exceptions: eight standing investments in Germany (seven in the asset class office and one in the asset class other) and one office standing investment in Austria. The sales were effected through asset deals.

The additions during the second quarter of 2016A include the following: one retail standing investment in Hungary, one retail development project in Slovakia, one office standing investment in Bulgaria (including land reserves) and one standing investment each in the office and retail asset classes in Austria. Plans call for the sale of the standing investments through asset deals, with the exception of the retail property in Austria and the office property in Bulgaria. The sale of the 49% equity-accounted investment in Bulreal EAD is also planned. This company, which is headquartered in Sofia, holds the *Stock Bazaar Iliyanci* shopping center in Sofia.

These sales reflect IMMOFINANZ's focus on a portfolio adjustment strategy.

Details on the assets and liabilities classified as held for sale as of 31 October 2016 are provided below:

All amounts in TEUR	EMPARK	Other	Carrying amount as of 31 10 2016	Carrying amount as of 30 4 2016
Investment property	143,950	110,397	254,347	224,881
Property under construction	0	0	0	25,035
Other tangible assets	0	1	1	0
Deferred tax assets	0	0	0	1,792
Equity-accounted investments	0	7,258	7,258	0
Trade and other receivables	6,612	48,149	54,761	52,810
Other financial assets	0	10,633	10,633	11,500
Cash and cash equivalents	6,787	1,403	8,190	7,140
Assets held for sale	157,349	177,841	335,190	323,158
Financial liabilities	117,499	39,638	157,137	164,403
Trade and other payables	6,651	5,053	11,704	14,836
Provisions	753	693	1,446	892
Deferred tax liabilities	83	4,224	4,307	4,259
Liabilities held for sale	124,986	49,608	174,594	184,390

A resolution of the Executive Board on 4 May 2015 led to the reclassification of a portfolio of land reserves in Turkey from the other non-core countries segment to assets and liabilities held for sale. The negotiations with the original parties were terminated, and the sale did not take place within 12 months as originally planned. However, IMMOFINANZ's management stands by its intention to sell this portfolio. Plans call for the sale to take the form of a share deal. Based on the current sale negotiations, an impairment loss of EUR 0.2 million was recognised to this disposal group in the first half of 2016A and is reported on the consolidated income statement under the revaluation of properties sold and held for sale resulting from foreign exchange effects.

An impairment loss of EUR 5.6 million was recognised to the disposal group comprising the *EMPARK Mokotów Business Park*. This impairment loss is reported under the revaluation of properties sold and held for sale adjusted for foreign exchange effects.

4.7 EQUITY

The 23rd annual general meeting of IMMOFINANZ AG approved the payment of a EUR 0.06 dividend per share for the 2015/16 financial year (2014/15: EUR 0.00). The dividend of EUR 58.0 million was distributed to shareholders on 4 October 2016.

Other comprehensive income includes EUR 2.9 million (Q1-2 2015/16: EUR -155.7million) attributable to the shareholders of IMMOFINANZ AG and EUR -1.3 million (Q1-2 2015/16: EUR -2.5 million) attributable to non-controlling interests. The other comprehensive income attributable to non-controlling interests resulted entirely from currency translation differences.

4.8 LIABILITIES FROM CONVERTIBLE BONDS

As of 31 October 2016, IMMOFINANZ had two convertible bonds with a nominal value of EUR 528.5 million outstanding (30 April 2016: EUR 528.5 million).

All amounts in TEUR	31 10 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016
Convertible bond 2007–2017	26,531	254	26,277	0	25,718
Convertible bond 2011–2018	498,729	3,103	495,626	0	494,516
Total	525,260	3,356	521,903	0	520,234

Convertible bond 2007–2017

The conversion rights for the convertible bond issued by IMMOFINANZ AG were adjusted to reflect the EUR 0.60 cash dividend per IMMOFINANZ share approved by the 23rd annual general meeting of IMMOFINANZ AG and the cash dividend of EUR 0.69 per share approved by the 3rd annual general meeting of BUWOG AG. One certificate of the convertible bond 2007–2017 with a nominal value of EUR 100,000 each currently entitles the bondholder to conversion into 12,909.75 IMMOFINANZ shares (30 April 2016: 12,547.05) and 718.10 BUWOG shares (30 April 2016: 691.44).

The nominal amount outstanding as of 31 October 2016 totalled EUR 21.4 million and remained unchanged. This outstanding nominal value will be redeemed on 19 November 2017 if there are no conversions into the company's shares before that date.

The value of the standalone derivative from the convertible bond 2007–2017, which is recorded under other liabilities (see section 4.10), equalled EUR 0.0 million as of 31 October 2016 (30 April 2016: EUR 0.0 million).

Convertible bond 2011–2018

The conversion rights for this convertible bond issued by IMMOFINANZ AG were adjusted to reflect the EUR 0.60 cash dividend per IMMOFINANZ share approved by the 23rd annual general meeting of IMMOFINANZ AG and the cash dividend of EUR 0.69 per share approved by the 3rd annual general meeting of BUWOG AG. One certificate of the convertible bond 2011–2018 with a nominal value of EUR 4.12 each currently entitles the bondholder to conversion into 1.1908 IMMOFINANZ shares (30 April 2016: 1.1573) and 0.0649 BUWOG shares (30 April 2016: 0.0629).

This convertible bond had an outstanding nominal value of EUR 507.1 million as of 31 October 2016 (30 April 2016: EUR 507.1 million). The conversion right for 24 bond certificates with a total nominal value of EUR 98.88 was exercised during the reporting period and resulted in the delivery of 27 IMMOFINANZ shares and one BUWOG share.

The value of the standalone derivative from the convertible bond 2011–2018, which is recorded under other liabilities (see section 4.10), equalled EUR 24.6 million as of 31 October 2016 (30 April 2016: EUR 18.7 million).

4.9 FINANCIAL LIABILITIES

The following table shows the composition and classification of financial liabilities by remaining term as of 31 October 2016:

All amounts in TEUR	31 10 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016
Amounts due to financial institutions	2,872,575	428,651	1,702,735	741,189	2,670,316
Thereof secured by collateral	2,872,540	428,616	1,702,735	741,189	2,670,237
Thereof not secured by collateral	35	35	0	0	79
Liabilities arising from the issue of bonds	101,530	101,530	0	0	104,030
Other financial liabilities	1,519	605	0	914	1,577
Total	2,975,624	530,786	1,702,735	742,103	2,775,923

4.10 TRADE AND OTHER PAYABLES

All amounts in TEUR	31 10 2016	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	30 4 2016
Trade payables	85,377	83,483	1,851	43	100,991
Derivative financial instruments (liabilities)	47,726	25,099	12,276	10,351	47,154
Property management	3,490	3,490	0	0	2,795
Amounts due to non-controlling interests	6,378	0	262	6,116	3,870
Amounts due to associated companies	861	840	0	21	814
Amounts due to joint ventures	23,422	23,083	21	318	24,050
Deposits and guarantees received	36,539	7,179	16,386	12,974	35,515
Prepayments received on apartment sales	35,628	34,236	1,392	0	35,215
Construction and refurbishment	5,123	5,052	71	0	7,493
Outstanding purchase prices (share deals)	408	361	47	0	819
Outstanding purchase prices (acquisition of properties)	2,153	2,153	0	0	4,330
Miscellaneous	13,396	11,143	1,145	1,108	17,073
Total other financial liabilities	175,124	112,636	31,600	30,888	179,128
Tax authorities	18,682	18,682	0	0	23,240
Rental and lease prepayments received	25,421	25,214	207	0	23,498
Miscellaneous	65	43	8	14	25
Total non-financial liabilities	44,168	43,939	215	14	46,763
Total	304,669	240,058	33,666	30,945	326,882

5. Notes to the Consolidated Income Statement

5.1 RENTAL INCOME

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

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Office	55,510	53,861
Retail	87,467	92,930
Other	10,299	13,507
Total	153,276	160,298

5.2 EXPENSES FROM INVESTMENT PROPERTY

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Vacancies	-7,197	-9,196
Commission expenses	-429	-313
Maintenance	-14,710	-7,037
Operating costs charged to building owners	-9,025	-13,922
Property marketing	-2,932	-4,191
Personnel expenses from asset management	-4,190	-5,832
Other expenses from asset management	-1,717	-1,885
Rental and lease payments	-2,473	-2,584
Extension costs	-4,867	-3,759
Write-off of receivables from asset management	-1,404	-11,584
Other expenses	-3,048	-3,855
Total	-51,992	-64,158

The increase in maintenance expenses is attributable primarily to the *Business Park Vienna* and the *City Tower Vienna* as well as the implementation of the “myhive” office concept. The reduction in operating costs charged to building owners resulted, in particular, from a decrease in property taxes.

The write-downs of receivables from asset management in the first half of 2015/16 were related chiefly to valuation allowances and the write-downs of rents receivable in the *Golden Babylon Rostokino* and *GOODZONE* shopping centers.

5.3 RESULTS OF PROPERTY SALES

The results from the sale of properties in the form of asset deals were generated primarily in the Austria segment during the first half of 2016A. Of these results, EUR 99.1 million (Q1-2 2015/16: EUR 50.6 million) are attributable to office properties in Austria, EUR 1.5 million (Q1-2 2015/16: EUR 22.9 million) to retail properties in Austria and EUR 5.1 million (Q1-2 2015/16: EUR 110.8 million) to Austrian standing investments assigned to the asset class other. The proceeds from property sales also included EUR 10.9 million (Q1-2 2015/16: EUR 2.5 million) on office properties in Germany and EUR 12.3 million (Q1-2 2015/16: EUR 4.6 million) on standing investments in Romania and Slovakia which are allocated to the asset class other.

5.4 OTHER OPERATING INCOME

Other operating income comprises the following items:

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Expenses charged on	294	405
Insurance compensation	3,651	193
Income from derecognised liabilities	270	1,417
Reimbursement for penalties	364	606
Miscellaneous	3,600	16,558
Total	8,179	19,179

Miscellaneous other operating income in the first half of 2015/16 resulted, in particular, from the elimination of tax liabilities for the Romanian Adama based on a tax amnesty law and income from claims for damages by IMMOFINANZ against former members of corporate bodies.

5.5 OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
Administrative expenses	-305	-331
Legal, auditing and consulting fees	-7,246	-6,179
Penalties	-291	-383
Levies	24	-830
Advertising	-1,264	-683
Expenses charged on	-219	-395
Rental and lease expenses	-480	-633
EDP and communications	-1,150	-989
Expert opinions	-368	-575
Personnel expenses	-11,236	-10,454
Other write-downs	-643	-1,389
Miscellaneous	-2,937	-30,676
Total	-26,115	-53,517

Miscellaneous other operating expenses in the first half of 2015/16 resulted chiefly from an increase of EUR 28.1 million in the provision for legal proceedings in connection with out-of-court settlements for outstanding legal actions by investors.

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

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

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Q1-2 2016A
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation Total
Investment property	35,650	-139,710	-104,060	165	-32,220	-32,055	-136,115
Property under construction	27,139	-18,163	8,976	21	1	22	8,998
Properties sold and held for sale	13,811	-20,256	-6,445	1,143	22	1,165	-5,280
Total	76,600	-178,129	-101,529	1,329	-32,197	-30,868	-132,397

All amounts in TEUR	Revaluations adjusted for foreign exchange effects			Revaluations resulting from foreign exchange effects			Q1-2 2015/16
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total	Revaluation
							Total
Investment property	55,533	-31,484	24,049	335,247	162	335,409	359,458
Property under construction	28,808	-20,494	8,314	-14	-12	-26	8,288
Properties sold and held for sale	9,054	-2,262	6,792	-431	0	-431	6,361
Total	93,395	-54,240	39,155	334,802	150	334,952	374,107

5.7 FINANCIAL RESULTS

All amounts in TEUR	Q1-2 2016A	Q1-2 2015/16
For financial liabilities FLAC	-73,828	-79,740
For derivative financial instruments	-5,844	-8,757
Total financing costs	-79,672	-88,497
For financial receivables L&R	4,582	8,412
For derivative financial instruments	19	17
Total financing income	4,601	8,429
Foreign exchange differences	35,401	-180,456
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	-5,759	24,278
Valuation of financial instruments at fair value through profit or loss (fair value option)	-3,009	-40,676
Distributions	1,571	281
Write-off of receivables	-3,844	-6,210
Other financial results	-11,041	-22,327
Net profit or loss from equity-accounted investments (see 4.3)	-33,068	79,800
Total	-83,779	-203,051

FLAC: financial liabilities measured at amortised cost

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

The foreign exchange differences resulted chiefly from the valuation of loans in US Dollars and Group financing for the Russian subsidiaries in Euros.

Profit or loss on other financial instruments and proceeds on the disposal of financial instruments consist chiefly of the results from the measurement of derivatives. Of the total amount, EUR -5.9 million (Q1-2 2015/16: EUR 29.2 million) is attributable to standalone derivatives from the convertible bond 2011–2018 and EUR -1.0 million (Q1-2 2015/16: EUR 0.1 million) to other derivatives.

6. Information on Financial Instruments

6.1 CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Carrying amount of financial assets	Carrying amount of non-financial assets	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	31 10 2016	31 10 2016	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Trade accounts receivable	49,976	0	49,976	46,631	49,976	46,631
Financing receivables	73,595	0	73,595	76,574	73,595	76,574
Loans and other receivables	270,326	33,653	303,979	309,162	303,979	309,162
Trade and other receivables	393,897	33,653	427,550	432,367	427,550	432,367
Real estate fund shares	5,746	0	5,746	8,405	5,746	8,405
Derivatives	79	0	79	0	79	0
Miscellaneous other financial instruments	5,055	0	5,055	5,705	5,055	5,705
Other financial assets	10,880	0	10,880	14,110	10,880	14,110
Cash and cash equivalents	359,545	0	359,545	371,622	359,545	371,622
Total assets	764,322	33,653	797,975	818,099	797,975	818,099

Non-FI: non-financial assets

	Carrying amount of financial assets	Carrying amount of non-financial liabilities	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	31 10 2016	31 10 2016	31 10 2016	30 4 2016	31 10 2016	30 4 2016
Liabilities from convertible bonds	525,259	0	525,259	520,234	533,456	546,575
Bonds	101,530	0	101,530	104,030	103,233	108,251
Amounts due to financial institutions	2,872,575	0	2,872,575	2,670,316	2,867,364	2,653,841
Other financial liabilities	1,519	0	1,519	1,577	1,519	1,577
Financial liabilities	2,975,624	0	2,975,624	2,775,923	2,972,116	2,763,669
Trade payables	85,377	0	85,377	100,991	85,377	100,991
Derivatives	47,726	0	47,726	47,154	47,726	47,154
Miscellaneous other liabilities	127,398	44,168	171,566	178,737	171,566	178,737
Trade and other payables	260,501	44,168	304,669	326,882	304,669	326,882
Total equity and liabilities	3,761,384	44,168	3,805,552	3,623,039	3,810,241	3,637,126

Non-FI: non-financial liabilities

6.2 HIERARCHY OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

All of the financial instruments measured at fair value are classified under Level 3 on the IFRS 13 measurement hierarchy.

All amounts in TEUR	31 10 2016	30 4 2016
Financial assets available for sale		
Real estate fund shares	1,238	1,864
Financial assets at fair value through profit or loss		
Fair value option		
Real estate fund shares	4,508	6,541
Held for trading		
Derivatives	79	–
Financial liabilities at fair value through profit or loss		
Held for trading		
Derivatives	47,726	47,154

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

All amounts in TEUR	Real estate fund shares	Derivatives	Total
	Q1-2 2016A	Q1-2 2016A	Q1-2 2016A
Beginning balance	8,405	-47,154	-38,749
Recognised in the consolidated income statement	-2,579	-7,352	-9,931
Disposals	-579	6,859	6,280
Reclassification from assets held for sale	499	0	499
Ending balance	5,746	-47,647	-41,901

The above table includes results of EUR -9.9 million that were recognised in the consolidated income statement. Of this total, EUR -8.0 million are attributable to financial instruments that were held at the end of the first half of 2016A. These amounts are presented under other financial results.

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

Level	Financial instruments	Valuation method	Major input factors	Major non-observable input factors
3	Real estate fund shares	Net present value methods	Discount rate, expected principal repayments and dividends	Discount rate: 8.50% to 13.80%
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: 1.75% to 3.75%
3	Derivatives (from convertible bonds)	Capital market and net present value methods	Market prices of convertible bonds, interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 3.35%

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 40 financial institutions, and observable CDS spreads are available on the market for many of them. In exceptional cases, average branch benchmarks are used as a substitute for unavailable spreads. These benchmarks represent Level 1 and 2 input factors on the fair value measurement hierarchy. Derivatives with a negative fair value represent liabilities for IMMOFINANZ; in these cases, a DVA calculation is used to calculate the amount of the

liability and IMMOFINANZ's own probability of default must be determined. IMMOFINANZ generally concludes derivatives at the level of the property company that manages a particular property. Neither observable market CDS spreads, nor benchmarks are available for these property companies. Credit margins are therefore used to estimate CDS spreads which, in turn, form the basis for deriving the probability of default. The credit margin for IMMOFINANZ is determined in a two-step procedure. The first step involves the calculation of an average margin based on previously concluded credit agreements and term sheets, whereby the time horizon for the applied margins equals 12 months. The second step involves obtaining indicative credit margin offers from banks and averaging these values with the margins from the credit agreements and term sheets. These offers are grouped by country and asset class. The individual property companies that have concluded financial instruments are assigned to a group based on country and asset class. The plausibility of the calculated credit margins is also verified by comparison with external market reports. This procedure results in market-conform credit margins that can be used as estimates for valuing the company's own credit risk. These input factors represent Level 3 on the IFRS 13 measurement hierarchy. The loss given default (LGD) is the relative value that would be lost on default. IMMOFINANZ uses an ordinary market default rate to calculate the CVA and DVA. The exposure at default represents the expected amount of the asset or liability at the time of default. The calculation of the exposure at the time of default is based on a Monte Carlo simulation.

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

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

7. Transactions with Related Parties

Business transactions with equity-accounted investments led to the following amounts in the consolidated interim financial statements of IMMOFINANZ for the first half of 2016A:

All amounts in TEUR	31 10 2016	30 4 2016
Relations with joint ventures		
Receivables	51,493	45,980
Thereof allowance for bad debt	-22,540	-28,400
Liabilities	23,422	24,050
Relations with associated companies		
Receivables	2,072	9,893
Thereof allowance for bad debt	-5,018	-4,443
Liabilities	862	815
All amounts in TEUR		
	Q1-2 2016A	Q1-2 2015/16
Relations with joint ventures		
Other income	3	10
Interest income	1,550	5,627
Interest expense	-264	-243
Write-downs for bad debt	5,641	-5,737
Thereof results that increase or reduce the net investment	2,926	5,291
Income taxes	36	1,418
Relations with associated companies		
Other income	587	315
Other expenses	-2,758	-3,349
Interest income	318	325
Interest expense	0	-2,535
Write-downs for bad debt	-621	-436
Thereof results that increase or reduce the net investment	-220	-132
Income taxes	0	832

As of 1 July 2016, 7.3% of the shares in IMMOFINANZ Friesenquartier GmbH and IMMOFINANZ Friesenquartier II GmbH were sold to the BUWOG Group. The shares in both of these subsidiaries are pledged in full to the financing bank. A contractual agreement releases the BUWOG Group from all obligations resulting from these pledges and from any further liabilities free of charge.

The investment in Immofinanz Center Management Slovak Republik s.r.o. was sold to the equity-accounted EHL Group during the first half of 2016A.

There were no other reportable transactions between IMMOFINANZ and related persons during the first half of 2016A.

8. Subsequent Events

IMMOFINANZ acquired a further six locations for STOP SHOPS in Slovakia and two further locations in Hungary for a total price of approx. EUR 79.0 million through purchase contracts dated 28 October 2016 and 3 November 2016. The closings are expected to take place in the first quarter of 2017. These retail parks have an occupancy rate of roughly 98% and generate annual rental income of approx. EUR 6.6 million.

On 15 December 2016, IMMOFINANZ sold a smaller Austrian portfolio with 88 retail properties to an Austrian real estate investor. These properties have approx. 108,000 sqm of rentable space in total. The transaction price was reflected through a value-adjusting effect in the revaluation of investment property as of 31 October 2016. This asset deal is scheduled to close in steps by the end of the 2017 financial year.

Statement by the Executive Board

We confirm to the best of our knowledge that these consolidated interim financial statements of IMMOFINANZ as of 31 October 2016, which were prepared in accordance with the rules for interim financial reporting defined by International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in line with stock exchange regulations. We also confirm to the best of our knowledge that the Group management report gives a true and fair view of important events that occurred during the first six months of the abbreviated financial year and their impact on these consolidated interim financial statements as well as of the principal risks and uncertainties for the remaining two months of the abbreviated financial year and any reportable related party transactions.

Vienna, 16 December 2016

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Oliver Schumy
CEO



Dietmar Reindl
COO

Glossary

Abbreviated financial year

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

Ad-hoc announcement

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

ADR programme

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

Annualised rents

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

Asset class

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

Asset management

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

ATX

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

Austrian Commercial Code

The commercial (legal) code applicable to companies in Austria

Benchmark

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

bp

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

BREEAM

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

Cap

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

Carrying amount

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

Cash flow

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

CEE

Central and Eastern Europe

Center Management

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

Change of control clause

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

Closing price

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

Compliance rules

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

Comply or explain

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

Contingent liability

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

Convertible bond

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

Corporate bond

An interest-bearing security issued by a company

Corporate governance

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

Corporate Social Responsibility (CSR)

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

Cost model

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

Coupon

A certificate that entitles the holder to receive dividends or interest

Debt Service Coverage Ratio

An indicator that compares income to interest and principle payments

De-domination agreement

IMMOFINANZ relinquished the entrepreneurial management of BUWOG AG with the spin-off and concluded a de-domination agreement for this purpose. This contract limits the exercise of voting rights from the BUWOG shares by IMMOFINANZ and protects the independence of the BUWOG Group

Deferred taxes

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

Development project (property)

A property built or developed by the company

Discount rate

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

Discounted cash flow method

See the notes to the consolidated financial statements

Diversification

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

Dividend

A distribution of profit by the company to its shareholders

DNGB

German Sustainable Building Council (Deutsche Gesellschaft für nachhaltiges Bauen)

D&O (Directors & Officers) insurance

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

Earnings per share (EPS)

Net profit for the period divided by the weighted number of shares outstanding

Earnings per share (diluted)

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

EBIT

Earnings before interest and tax

EBT

Earnings before tax

EPRA

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

EPRA Best Practice Policy Recommendations

Recommendations made by the EPRA to increase transparency

EPRA/NAREIT Developed Europe Index

EPRA stock index category

EPRA/NAREIT Emerging Europe Index

EPRA stock index category

Equity

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

Equity consolidation (equity method)

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

EuroStat

Statistical office of the European Union

Exchangeable bond

In contrast to a convertible bond (see above), an exchangeable bond does not entitle the bondholder to exchange the instrument for shares of the issuing company but for shares of another company

Fair value

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

Fair value method

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

FRICS

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

Full consolidation

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

FX effects

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

Gearing

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

Green Building

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

Gross return on a property

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

IAS

International Accounting Standards see also IFRS

IAS 40

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

IATX

Branch index for property stocks in the ATX

ICS

Internal Control System

IFRIC

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

IFRS

International Financial Reporting Standards

Interest Coverage Ratio

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

Investment property

See the notes to the consolidated financial statements

ISIN

International Security Identification Number

IVA

Austrian Shareholder Association (Österreichischer Interessenverband für Anleger)

Joint venture

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

LEED

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

Like-for-like analysis

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

Loan-to-Value (LTV)

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

Market capitalisation

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

Market value

See fair value

NAV

See the calculation in the Earnings, Balance Sheet and Cash Flow Analysis

Net profit

Profit or loss recorded by a company during a specific period

NNNAV

See the calculation in the Earnings, Balance Sheet and Cash Flow Analysis

Nominal value

Repayment amount of a liability

Operating expenses

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

Operating segment

A component of a corporation

Property management

Coordination office for the administration, management and monitoring of properties

Property portfolio

All property assets held by a company

Property valuation

The determination of the value of properties by external experts. The IMMOFINANZ property portfolio will be valued by external appraisers as of 30 April and 31 October

Proportionate consolidation

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

Registered share with restricted transferability

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

Return

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

Risk management

Active measures to provide protection against risks

Scope of consolidation

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

Share capital

The total nominal value of the shares issued by a company

Share performance

The development of a share price during a specific period

Share price

The price at which a share trades on the stock exchange

Spin-off

Spin-off of a stake from IMMOFINANZ

Standing investment

Investment property that is held to generate rental income

Swap

Derivative financial instruments that exchange future cash flows

Trade

The purchase and sale of properties

Turnover rate

The frequency with which properties are developed, bought and sold

Value date

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

Value in dispute

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

Voting rights

The right to vote on motions at the annual general meeting

Withholding tax

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

FINANCIAL CALENDAR 2017

The 22nd annual general meeting in December 2015 approved a change in IMMOFINANZ's financial year to correspond with the calendar year. The 2016 financial year will therefore represent an abbreviated financial year from 1 May 2016 to 31 December 2016. As of 1 January 2017, the IMMOFINANZ financial year will correspond to the calendar year.

6 April 2017	Announcement of results for 2016A (after the close of trading)
7 April 2017	Press conference on results for 2016A
7 April 2017	Annual report 2016A
22 May 2017	Record date for participation in the 24th annual general meeting
29 May 2017	Announcement of results for the first quarter of 2017 (after the close of trading)
30 May 2017	Report on the first quarter of 2017
1 June 2017	24th annual general meeting
2 June 2017	Expected ex-dividend date ¹
6 June 2017	Expected record date for the determination of dividend rights ¹
7 June 2017	Expected dividend payment date ¹
29 August 2017	Announcement of results for the first half of 2017 (after the close of trading)
30 August 2017	Report on the first half of 2017
28 November 2017	Announcement of results for the third quarter of 2017 (after the close of trading)
29 November 2017	Report on the third quarter of 2017

¹ This information is preliminary and will be confirmed at a later date.

IMPRINT

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

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