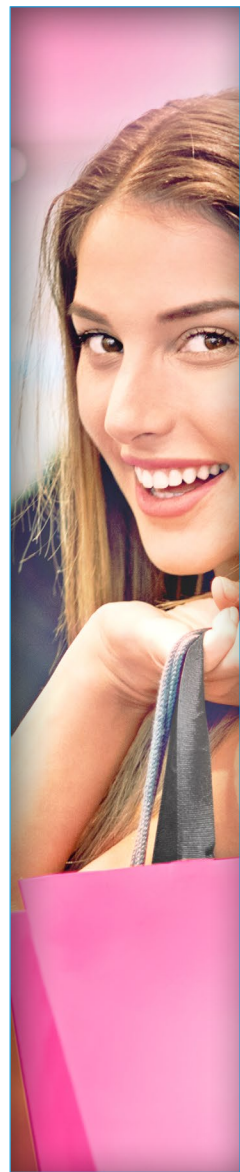
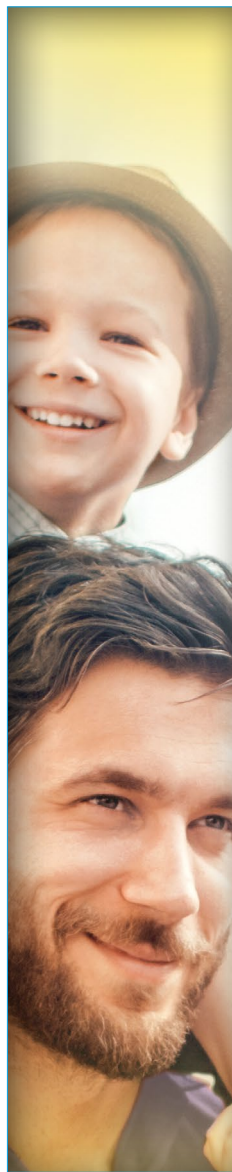
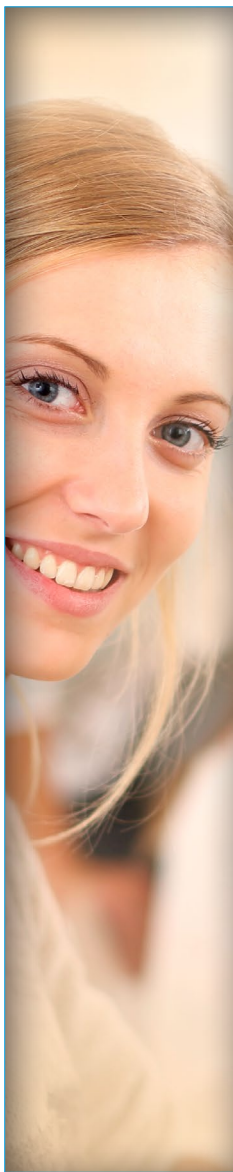


Half-year Financial Report 2020

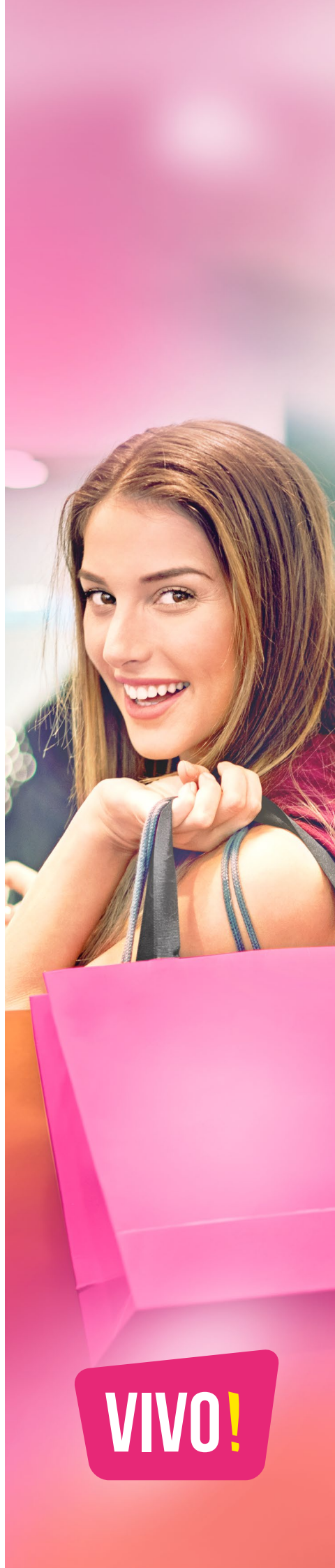
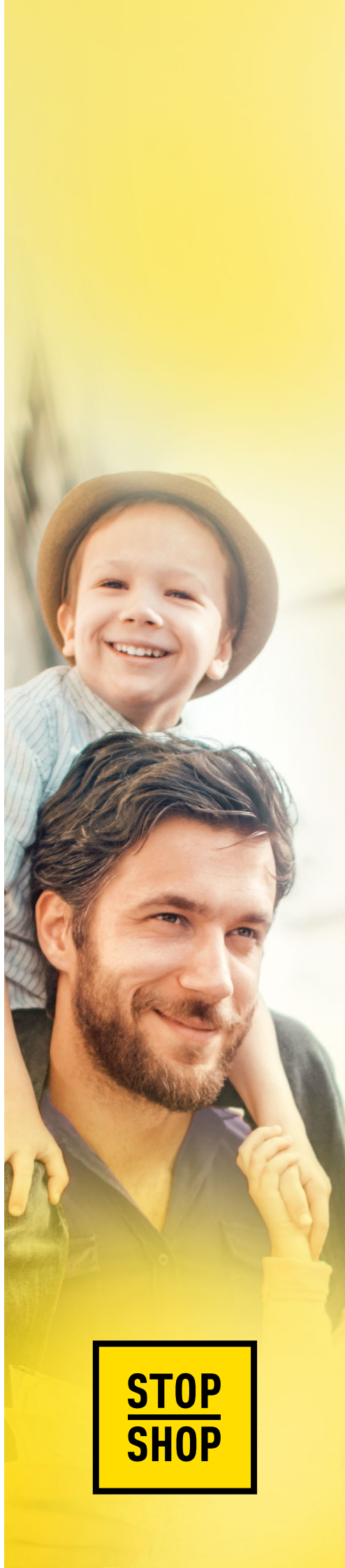


IMMOFINANZ

Three brands. One company.
Great potential.



For the brand quality, we guarantee.







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Earnings

		Q1–2 2020	Q1–2 2019	Change in %
Rental income	in MEUR	145.5	131.8	10.4
Results of asset management	in MEUR	102.8	101.0	1.8
Results of property sales	in MEUR	-0.7	1.7	n. a.
Results of property development	in MEUR	-16.7	14.3	n. a.
Results of operations	in MEUR	59.7	98.7	-39.5
Revaluations	in MEUR	-159.2	123.5	n. a.
EBIT	in MEUR	-83.6	203.4	n. a.
Financial results	in MEUR	-42.4	-5.2	≤ -100.0
EBT	in MEUR	-126.0	198.2	n. a.
Net profit for the period	in MEUR	-120.4	185.3	n. a.
FFO 1 before tax (sustainable FFO from asset management) ¹	in MEUR	53.3	59.0	-9.8
FFO 1 per share before tax ¹	in EUR	0.53	0.54	-3.0

¹ See calculation in the section on "Business Development"

Assets

		30 06 2020	31 12 2019	Change in %
Balance sheet total	in MEUR	6,185.7	6,385.1	-3.1
Equity as % of the balance sheet total	in %	45.0	46.0	n. a.
Net financial liabilities	in MEUR	2,484.1	2,483.1	0.0
Cash and cash equivalents ¹	in MEUR	342.2	345.1	-0.8
Loan-to-value ratio (net)	in %	44.7	43.0	n. a.
Gearing ²	in %	90.0	85.3	n. a.
Total average interest rate including costs for derivatives	in %	1.9	1.9	n. a.
Average term of financial liabilities ³	in years	3.8	4.0	-6.3

¹ Including cash and cash equivalents held for sale

² The prior year ratio was adjusted.

³ The convertible bond 2024 is presented in 2022 due to a put option for the bondholders; end of the bond term in 2024.

Investment property

		30 06 2020	31 12 2019	Change in %
Total number of properties		212	213	-0.5
Rentable space	in sqm	2,007,051	2,001,063	0.3
Occupancy rate	in %	95.9	96.8	n. a.
Gross return ¹	in %	6.0	6.2	n. a.
Invoiced rents return ¹	in %	6.2	6.5	n. a.
Portfolio value ¹	in MEUR	4,972.8	5,122.1	-2.9
Unencumbered investment property	in MEUR	1,381.1	1,434.0	-3.7

¹ According to portfolio report

EPRA¹

		30 06 2020	31 12 2019	Change in %
EPRA net asset value	in MEUR	3,119.8	3,563.7	-12.5
EPRA net asset value per share	in EUR	30.93	31.05	-0.4
EPRA triple net asset value	in MEUR	3,080.3	3,516.1	-12.4
EPRA triple net asset value per share	in EUR	30.54	30.63	-0.3
EPRA vacancy rate ²	in %	4.0	3.2	n. a.
		Q1-2 2020	Q1-2 2019	Change in %
EPRA earnings	in MEUR	22.4	85.3	-73.7
EPRA earnings per share	in EUR	0.22	0.79	-71.8
EPRA earnings after company-specific adjustments	in MEUR	26.0	86.9	-70.1
EPRA earnings per share after company-specific adjustments	in EUR	0.26	0.80	-67.9
EPRA net initial yield	in %	5.9	5.7	n. a.
EPRA capital expenditure	in MEUR	57.0	174.5	-67.3

¹ See calculations in the section on "EPRA financial indicators"

² The EPRA vacancy rate is based on the ratio of the estimated market rent for the vacant space in the standing investments to the total estimated market rent for the standing investment portfolio.

Stock exchange data

		30 06 2020	31 12 2019	Change in %
Book value per share	in EUR	27.82	29.34	-5.2
Share price at end of period	in EUR	15.20	23.90	-36.4
Discount of share price to EPRA NAV diluted per share	in %	50.9	23.0	n. a.
Total number of shares		112,085,269	112,085,269	0.0
thereof number of treasury shares		11,208,526	11,208,526	0.0
Market capitalisation at end of period	in MEUR	1,703.7	2,678.8	-36.4
		Q1-2 2020	Q1-2 2019	Change in %
Earnings per share (basic)	in EUR	-1.19	1.72	n. a.
Earnings per share (diluted)	in EUR	-1.19	1.53	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 $\geq +100\%$ or $\leq -100\%$. The designation "not applicable" (n. a.) is used when there is a change in the sign (i.e. from plus to minus or from minus to plus) and for changes in percentage rates.

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

Introduction by the Executive Board

Dear Shareholders,

The Covid-19 pandemic has become a defining factor for the entire world in 2020. IMMOFINANZ started the year with good operational performance, but we were slowed by the crisis beginning in mid-March. Wide-ranging economic restrictions and the shutdown of public life have triggered the strongest recession since World War II and confronted our company with numerous challenges. The government-ordered measures to contain Covid-19 led to the temporary shutdown of retail facilities in all countries where IMMOFINANZ owns and operates properties – which naturally had a negative effect on our results for the first half-year.

However, exactly the strengths that have made IMMOFINANZ one of the leading providers of office and retail properties in our region are now helping us to master the crisis: our high-quality, innovative office solutions and cost-efficient, comparatively crisis-resistant retail concepts, our focus on customers, the commitment of our employees and our conservative financing policy.

Immediately at the start of the crisis, we introduced numerous measures to minimise the negative effects on our company and strengthen our liquidity. These activities include, among others, the postponement of non-essential investments and the reduction of costs as well as the conclusion of a revolving credit line of EUR 100 million.

We take our responsibility towards our tenants, their employees and customers very seriously. Individual solutions were quickly developed with our retail tenants to help them overcome the crisis. In exchange for the temporary reduction or deferral of rental payments, agreements were reached, among others, for contract extensions. Nearly 95% of these negotiations were finalised by mid-August. Extensive security measures and marketing activities were also implemented to support the rapid recovery of visitor frequencies.

IMMOFINANZ office tenants received support with back-to-office plans for their safe and smooth return to work. In addition, we will be offering flexible “all inclusive“ office solutions beginning in September. They will give our tenants the option to rent space or individual workstations, also on a short-time basis. The “all inclusive“ offering, just like at a vacation hotel, also includes a wide variety of services for our customers – from occupancy planning to cleaning and the organisation of coffee machines and plant care. Our customers can then concentrate on their core business in a modern office environment.

Improvement in visitor frequency

The latest developments are as follows: All our retail areas have reopened with only a few exceptions, which primarily involve restaurants and movie theatres in Romania and Serbia. Visitor frequency has recovered well, above all in the STOP SHOPS, and on individual days at the same level as in the comparable period in 2019. This also underscores the competitive advantage of our retail parks with their focus on everyday products and one-stop shopping with direct access to the stores from the parking areas and lower number of contact points to other people. Visitor frequency in the VIVO! shopping centers is still roughly 20% below the level at the beginning of the year, but the trend here is also moving in the right direction. The development of our retailers' revenues also indicates that consumers are shopping less often but spending more per shopping trip. An analysis of the first six months of 2020 shows that the number of visitors in the STOP SHOP retail parks is roughly 24% lower year-on-year, but retailers' revenues have only declined by roughly 13% – and this is due, above all, to the phase of government-ordered shutdowns.

Capital strengthened

On the capital side, we also acted quickly and proactively: In order to strengthen equity and the indicators which are important for our investment grade rating, we placed 11.2 million new shares and 4.2 million treasury shares and also issued a mandatory convertible bond in July – shortly after the end of the reporting period. The gross proceeds totalled approximately EUR 356 million and will be used to refinance financial

liabilities, to utilise potential growth opportunities and for general corporate purposes. For example: retail financing of roughly EUR 79 million has already been repaid.

Results for the first half-year

IMMOFINANZ's results for the first half-year, which we are presenting with this report, include a 10.4% increase in rental income to EUR 145.5 million which is based on portfolio growth during the second half of 2019. However, a crisis-related increase in the write-off of tenant receivables led to substantially higher property expenses. The results of asset management still improved by 1.8% to EUR 102.8 million. The pandemic also influenced the valuation of our properties: revaluations totalled EUR -159.2 million and represented 3.1% of the total property portfolio at the end of June. Net profit amounted to EUR -120.4 million, and FFO 1 (before tax) was 9.8% lower year-on-year at EUR 53.3 million. However, FFO 1 is slightly higher than the first half of 2019 if the January coupon payment for our corporate bond is spread over the entire year.

Our balance sheet structure is robust, with liquidity of roughly EUR 342 million and an unused credit line of EUR 100.0 million at the end of June. This strength is underscored by an equity ratio of 45.0% and net LTV of 44.7%. These indicators were reinforced by the capital measures carried out in July.

Outlook

IMMOFINANZ is very well positioned with a solid financial base, but uncertainty remains high over the further development of the Covid-19 pandemic as well as possible future containment measures and their effects on the economy and financing environment. We have therefore decided not to issue any guidance on the development of FFO 1 during the full twelve months of 2020 at the present time.

In light of the recent events and after careful consideration of all circumstances known at the present time and the possible consequences of the Covid-19 pandemic, the Executive Board and Supervisory Board of IMMOFINANZ approved a recommendation to the annual general meeting on 1 October 2020 which calls for the waiver of a dividend for the 2019 financial year and the carry forward of balance sheet profit. This recommendation does not represent a departure from the continuous dividend policy generally followed by IMMOFINANZ, but is intended to preserve the company's capital strength in view of the exceptional situation caused by the Covid-19 pandemic.

We are living in extraordinary times which are characterised by significant uncertainty over further recovery. With a view towards the long-term development of our company, we are therefore convinced that we must act cautiously and protect IMMOFINANZ's ability to act from a position of strength during the crisis as well as the ability to utilise attractive opportunities and quickly return to a profitable growth course with acquisitions and development projects.

Vienna, 26 August 2020

The Executive Board



Ronny Pecik
CEO



Stefan Schönauer
CFO



Dietmar Reindl
COO

IMMOFINANZ on the Capital Market

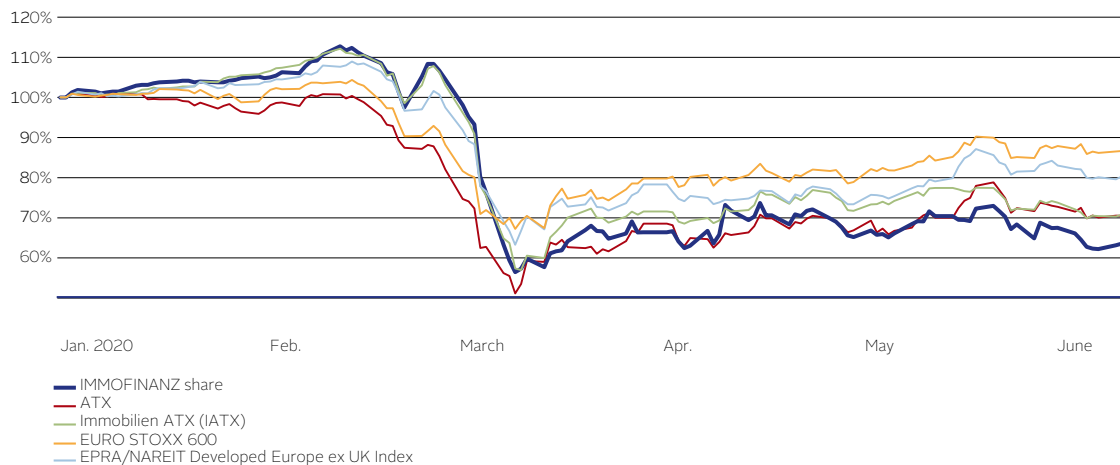
The market environment and the IMMOFINANZ share

The Covid-19 pandemic triggered a period of turbulence on the international capital markets. General lockdowns and travel restrictions were responsible for market price disruptions. The resumption of economic activity led to an improvement in the situation, but the extent and duration of the pandemic and possible future containment measures are still impossible to predict. Uncertainty is further fuelled by the increasing political tensions between China and the USA. The Covid-19 pandemic also caused a sharp drop in the oil price, and the stock markets continue to mirror the adverse effects. The pan-European EURO STOXX 600 closed the month of June at -13.3%, and Vienna's leading ATX index lost 29.5% during the first half-year. The pandemic also had a strong negative effect on the performance of real estate shares by the end of June: the IATX index fell by 29.2% and the EPRA Developed Europe branch index (ex UK) by 19.7%.

The IMMOFINANZ share started the 2020 financial year at EUR 23.90 and closed at EUR 26.95 on 17 February (+12.8% since the beginning of the year). The outbreak of Covid-19 and the related market distortions were responsible for a sharp drop in the share price to a low of EUR 13.50 on 18 March. By the end of the first half-year, the share had recovered to EUR 15.20. On the editorial deadline for this report (24 August 2020), the share closed at EUR 14.38.

Development of the IMMOFINANZ share vs. selected indexes

Indexed as of 1 January 2020



Performance comparison

1 January to 30 June 2020	in %
IMMOFINANZ share	-36.4
ATX	-29.5
Immobilien ATX	-29.2
EURO STOXX 600	-13.3
EPRA/NAREIT Developed Europe (ex UK)	-19.7

Key data on the share

ISIN	AT0000A21KS2
Segment	ATX, WIG
Reuters	IMF.LVI
Bloomberg	IIA:AV
Financial year 2020	1 January to 31 December

Information on the IMMOFINANZ share

		30 06 2020	31 12 2019	Change in %
Book value per share	in EUR	27.82	29.34	-5.2
EPRA net asset value per share ¹	in EUR	30.93	31.05	-0.4
EPRA triple net asset value per share ¹	in EUR	30.54	30.63	-0.3
FFO 1 per share before tax ²	in EUR	0.53	0.54	-3.0
Share price at end of period	in EUR	15.20	23.90	-36.4
Share price high based on the closing rate	in EUR	26.95	26.30	2.5
Share price low based on the closing rate	in EUR	13.50	21.08	-36.0
Discount of share price to EPRA NAV diluted per share	in %	50.9	23.0	n. a.
Total number of shares		112,085,269	112,085,269	0.0
thereof treasury shares		11,208,526	11,208,526	0.0
Market capitalisation at the end of the period	in MEUR	1,703.7	2,678.8	-36.4
Free float ³	in %	ca. 67	ca. 72	n. a.

¹ See the calculation under "EPRA Financial Indicators".

² See the calculation under "Business Development".

³ Calculation method as defined by the Vienna Stock Exchange, Prime Market rules

Share capital and capital measures

The share capital of IMMOFINANZ AG remained unchanged at EUR 112.1 million as of 30 June 2020 and was divided into 112,085,269 bearer shares. Shortly after the end of the reporting period, in July 2020, IMMOFINANZ completed a successful share placement (11,208,526 shares from authorised capital and 4,210,298 treasury shares) and the issue of a mandatory convertible bond. The gross issue proceeds totalled EUR 356.1 million. A detailed description of the capital measures is provided in the section on "Financing". Including these capital measures, share capital currently equals EUR 123.3 million and is divided into 123,293,795 bearer shares. The number of treasury shares equals 6,998,228, or approximately 5.68% of share capital after the cash capital increase.

Annual general meeting and distribution policy

In view of the ongoing high uncertainty connected with Covid-19, the Executive Board of IMMOFINANZ has decided to hold the 27th annual general meeting on 1 October as a virtual annual general meeting.

Dividend policy

After careful consideration of all circumstances known at the present time and the possible consequences of the Covid-19 pandemic, the Executive Board and Supervisory Board of IMMOFINANZ approved a recommendation to the annual general meeting on 1 October 2020 which calls for the waiver of a dividend for the 2019 financial year and the carry forward of balance sheet profit. This recommendation does not represent a departure from the continuous dividend policy generally followed by IMMOFINANZ, but is intended to preserve the company's capital strength in view of the exceptional situation caused by the Covid-19 pandemic.

Change on the Supervisory Board

On 4 March 2020, Rudolf Fries announced his intention to resign from the Supervisory Board. Mr. Fries informed the company on 28 February 2020, as previously reported, that he had sold the shares attributable to him. Bettina Breiteneder succeeded Rudolf Fries as Vice-Chairwoman of the Supervisory Board. The Supervisory Board currently consists of five shareholder representatives (Michael Knap, Bettina Breiteneder, Christian Böhm, Nick J. M. van Ommen and Sven Bienert) as well as one representative delegated by the Works' Council (Philipp Obermair).

Change on the Executive Board – new CEO

Following the resignation of Oliver Schumy from the Executive Board by mutual agreement as of 18 March 2020, the Supervisory Board appointed Ronny Pecik to the Executive Board of IMMOFINANZ AG for three years beginning on 4 May 2020. Mr. Pecik serves as CEO.

In addition, the Supervisory Board extended the terms of office for COO Dietmar Reindl and CFO Stefan Schönauer for a further five years as of 1 May 2021, i.e. to 30 April 2026. The Executive Board consists of Ronny Pecik (CEO), Dietmar Reindl (COO) and Stefan Schönauer (CFO).

Shareholder structure

IMMOFINANZ shares are widely held: the largest shareholder groups are fixed ownership investors and private investors in Austria as well as long-term institutional investors from Europe and the USA. Free float (based on the definition issued by the Vienna Stock Exchange for the Prime Market segment) equalled roughly 67% as of 30 June 2020. Including the recently executed capital measures, free float equalled 65% at the end of July 2020.

The following shareholders held over 4% as of 30 June 2020:

	Voting rights in % (basis: share capital as of 30 06 2020)	Last reporting date
S IMMO AG (via CEE Immobilien GmbH) ¹	11.9	27 03 2018
RPPK Immo GmbH (formerly CARPINUS Holding GmbH) ²	10.7	28 02 2020

¹ Includes shares and other financial instruments of IMMOFINANZ

² Indirect control (according to the Austrian Stock Exchange Act): Ronny Pecik and Peter Korbačka; includes other financial instruments

In July 2020, i.e. after the end of the reporting period, IMMOFINANZ was informed that RPPK Immo GmbH had purchased 1.0 million shares and five certificates from the mandatory convertible bond (currently convertible into approximately 29,159 shares). RPR Treasury GmbH, which is indirectly controlled by Ronny Pecik*, announced the purchase of 700,000 shares. Furthermore, IMMOFINANZ was informed that Tomas Krsek holds 7.48% of voting rights in total through Tahoe Invest a.s. and WXZ1 a.s (basis: share capital after the capital increase in July 2020; thereof 6.61% via shares and 0.88% via the mandatory convertible bond).

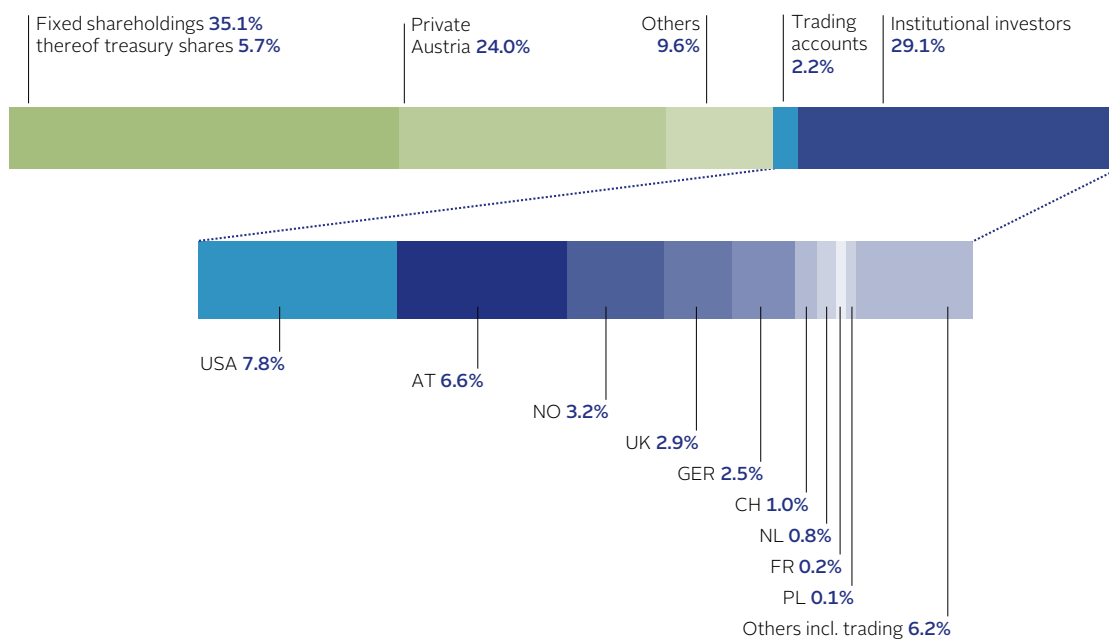
There are no other reports of shareholdings over or under the reporting thresholds.

Detailed analysis

Regular shareholder surveys help us to define the regional focal points for investor relations activities. The latest survey was carried out in July 2020 and can be summarised as follows: 24.0% of IMMOFINANZ shares are held by private investors in Austria. Institutional investors hold 29.1% of the free float shares, whereby most come from the USA (7.8%), Austria (6.6%) and Norway (3.2%). Fixed shareholdings by investors represent 29.4%, while a further 5.7% are treasury shares, which are also attributed to fixed shareholdings based on the free float definition of the Vienna Stock Exchange. The remaining 9.6% are unidentified investors or shares held by foreign private investors. A 2.2% component is attributable to trading accounts.

* According to the Austrian Stock Exchange Act

Structure of private and institutional investors



Source: IPREO by IHS Markit, July 2020

Analysts' recommendations

The following nine national and international financial houses publish regular evaluations on IMMOFINANZ: Baader Helvea, Deutsche Bank, Erste Group, HSBC, Kepler Cheuvreux, Raiffeisen Centrobank, Société Générale, Wood & Company and Wiener Privatbank. These evaluations are updated regularly and can be reviewed on the IMMOFINANZ website at <https://immofinanz.com/en/investor-relations/shares> under the tab "Analyses".

Financial calendar

21 September 2020	Record date for participation in the 27th annual general meeting
1 October 2020	27th annual general meeting
5 October 2020	Expected ex-dividend date
6 October 2020	Expected date for the determination of dividend rights (record date)
7 October 2020	Expected dividend payment date
25 November 2020 ¹	Announcement of results for the first three quarters of 2020
26 November 2020	Interim financial statements on the first three quarters of 2020

¹ Publication after close of trading at the Vienna Stock Exchange

Your IR contact

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

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Group Interim Management Report

Economic Overview and Property Markets

The Covid-19 pandemic has triggered a wave of strong negative effects on the global economy which include a pronounced recession. The lockdowns brought a large part of the world's economic activity to an unparalleled standstill: consumers stayed home, companies lost revenue and terminated employees – which, consequently, led to a sharp rise in unemployment. Rescue packages by national governments and the EU as well as supporting monetary policies by the ECB have been implemented to moderate the economic impact of the pandemic. However, the scope and duration of the pandemic and possible future containment measures are still impossible to predict.

The pandemic had already caused far-reaching economic effects in the first quarter of 2020, even though most countries only began to enforce curfews in mid-March. The second quarter of 2020 brought a much longer interruption in economic activity as well as widespread curfews, and economic output in the eurozone fell by 12.1% during this period. Growth has also been weakened by the higher savings rate of private households.

In its July 2020 summer forecast, the European Commission points to a contraction of 8.7% for the eurozone economy in 2020 but a return to growth of 6.1% in 2021. The EU economy, in total, is projected to decline by 8.3% in 2020 and increase by 5.8% in 2021. The Commission notes, however, that these forecasts are connected with extremely high risks – above all, downward risks. They are based on the assumptions that measures will be continuously eased and a second wave of infections will not materialise. Additional significant risks involve the possibility of longer-than-expected unfavourable developments on the employment market and liquidity shortages for many companies that would endanger their solvency.

Unemployment in the EU rose to 7.0% at the end of the second quarter, but with substantial geographic differences. In the eurozone, the unemployment rate equalled 7.8%. The coming months could also see a further increase in unemployment rates.

Consumer price inflation in the EU presented a mixed picture at the end of the second quarter. High inflation rates were recorded in Poland (3.8%), the Czech Republic (3.4%) and Hungary (2.9%), but Germany failed to show any inflationary effects in June and Slovenia measured deflation of 0.3%. The inflation rate in Austria equalled 1.1% in June.

Transaction and rental market

The effects of the Covid-19 pandemic are also clearly visible on the real estate market. Commercial property transactions in Europe totalled EUR 43.9 billion in the second quarter of 2020, for a year-on-year decline of 38%. Lower declines were recorded in the IMMOFINANZ core countries of Germany (-20%), Austria (-16%)

and the CEE region (-13%). In spite of this negative second quarter, the transaction volume – which equalled EUR 332.3 billion based on a moving annual average – was still 10% higher year-on-year. Experts expect stable development on the transaction markets during the second half of 2020. The monetary support measures implemented by the ECB are intensifying the low-interest environment which, in turn, will benefit the real estate market. Furthermore, there have been no signs of wide-ranging emergency property sales to date.

The transaction volume on the commercial property market in Germany fell by roughly 20% to EUR 13.6 billion in the second quarter. However, the volume over the past twelve months was 32% higher year-on-year at EUR 94.5 billion. The prime yield for office properties equals 3.0% in Düsseldorf, while the lowest yields in the top seven cities are currently recorded in Munich and Berlin with 2.6%.

In Austria, commercial property transactions totalled EUR 1.0 billion in the second quarter of 2020. This represents a Covid-19-related, year-on-year decline of roughly 16%. Prime yields are stable at 3.45% on the Vienna office market and equal roughly 5% for retail parks.

The transaction markets in the CEE region differ by country. First half-year increases were recorded in the Czech Republic with +74% to EUR 1.9 billion, Slovakia with +66% to EUR 432 million and Romania with +17% to EUR 395 million. Lower transaction volumes were reported in Poland with -9.3% to EUR 2.9 billion and Hungary with -12% to EUR 500 million. Investors' preferences were more consistent: office properties were the most popular asset class in nearly all markets. These properties represented 88% of the total transaction volume in Romania and 83% in Hungary. The transaction market was only dominated by the residential sector in the Czech Republic, where a EUR 1.3 billion residential portfolio was sold. Industrial properties held second place in the transaction ranking and are currently the focus of rising demand. Retail properties were responsible for a volume of EUR 695.6 million, or 11.3% of the total transaction volume.

Rents in the individual markets remain generally stable. The office markets react to economic developments with a delay, and the impact of the current downturn will probably not be visible before 2021. The extent to which long-term trends, for example an increase in home office work, influence the demand for rentals will only become tangible when expiring rental contracts are extended. In the retail park business, visitor frequency increased towards the pre-crisis level very quickly after the end of the lockdown. The STOP SHOPS benefit from direct access to the individual shops from the parking areas and a focus on everyday products. Visitor frequency in the VIVO! shopping centers is still below the level before the outbreak of the pandemic. Restrictions remain in place in individual countries, e. g. for gastronomy areas, and consumer demand is particularly weak for luxury brands, jewellery stores and travel offices. Yields are trending slightly upward.

IMMOFINANZ's core markets are generally characterised by stable vacancy rates: for example, 4.6% on the office market in Vienna and 5.7% in Düsseldorf.

Portfolio Report

The first six months of 2020 were influenced by the Covid-19 pandemic and its effects on the real estate sector. The governments in most of IMMOFINANZ's core countries imposed temporary shutdowns beginning in March which had an impact, above all, on retail businesses. In order to optimally offset the temporary decline in rental income from the retail properties on cash flow, IMMOFINANZ's management introduced a cost savings programme in March. It includes, among others, the postponement of non-essential investments and expenditures, the reduction of overheads and the renegotiation of supplier contracts. On the revenue side, individual solutions were developed together with retail tenants to assist them in overcoming the crisis and marketing activities were launched to ensure the rapid recovery of visitor frequency in the retail properties. Tenants in the office business received support for a smooth return to work. Back-to-office plans were prepared with a focus on room concepts, distance guidelines, disinfection, protective measures and access rules. A separate task force was installed to manage hygiene procedures for the common areas to ensure the safe use of office and retail space.

The IMMOFINANZ portfolio covered 212 properties* as of 30 June 2020 (31 December 2019: 213) with a combined value of EUR 4,972.8 million (31 December 2019: EUR 5,122.1 million). These properties are located, above all, in the core markets of Austria, Germany, Poland, Czech Republic, Slovakia, Hungary and Romania. Standing investments represent the largest component at EUR 4,578.2 million, or 92.1% of the carrying amount, and 2.0 million sqm of rentable space, which generate steady rental income. The development projects total EUR 214.4 million, or 4.3% of the carrying amount. Pipeline projects are responsible for EUR 180.2 million, or 3.6%, and include future planned development projects, undeveloped land, real estate inventories and properties that are intended for sale.

The portfolio is focused on three clearly defined brands with a high degree of standardisation: myhive stands for innovative, international office solutions, STOP SHOP for retail parks and VIVO! for shopping centers. Properties in these three brands were responsible for 68.8% of the carrying amount of the standing investment portfolio at the end of the first half of 2020 and 74.5% of rental income (Q2 2020). A further 14.4% of the carrying amount is attributable to office buildings which are rented to single tenants. The largest of these properties is the City Tower in Vienna, which is leased to the Austrian government, followed by the trivago Campus and FLOAT in Düsseldorf.

A geographical analysis shows 50.7% of the property portfolio in Austria, Germany and Poland, i.e. in so-called "developed markets" as defined by FTSE EPRA/NAREIT.

The application of IFRS 16 since the first quarter of 2019 has led to differences between the amounts presented in the portfolio report and on the balance sheet. The property values in the portfolio report are based on expert appraisals or internal valuation. The reported property values also include capitalised rights of use for building rights.

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

Property portfolio by core market and classification

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR ¹	Property portfolio in MEUR	Property portfolio in %
Austria	31	740.0	103.9	29.4	873.3	17.6
Germany	8	567.3	74.8	0.6	642.7	12.9
Poland	26	1,005.0	0.3	0.0	1,005.3	20.2
Czech Republic	18	535.8	0.0	0.0	535.8	10.8
Hungary	26	489.9	2.5	10.6	503.0	10.1
Romania	46	618.0	31.6	107.3	756.8	15.2
Slovakia	21	319.4	0.0	1.2	320.6	6.4
Other countries ²	36	302.9	1.4	31.2	335.5	6.7
IMMOFINANZ	212	4,578.2	214.4	180.2	4,972.8	100.0
		92.1%	4.3%	3.6%	100.0%	

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

¹ Including real estate inventories (Cologne and Adama) totalling EUR 0.9 million

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

Investments

The Covid-19 pandemic and the related uncertainties led IMMOFINANZ to postpone non-essential investments. Consequently, investments in the real estate portfolio during the first half of 2020 declined year-on-year to EUR 57.5 million (Q1–2 2019: EUR 198.8 million). Most of these expenditures were directed to the myhive Medienhafen (Düsseldorf), myhive am Wienerberg and myhive Ungargasse (Vienna) and to the STOP SHOP retail park in Siedlce.

Property sales

Properties with a combined carrying amount of EUR 51.7 million (excl. proceeds from the sale of real estate inventories) were sold during the first half of 2020. Included here are an office building in Poland and an undeveloped site in Romania.

At the beginning of August, i.e. after the end of the reporting period, the Panta Rhei office building in Düsseldorf was successfully sold. The marketing of this office property started before the beginning of the Corona-related lockdown and continued in recent months without any negative effects. The transaction took place at an attractive market price and substantially over the carrying amount.

Structure of the property portfolio

Total carrying amount: MEUR 4,972.8



Selected details on the carrying amount of IMMOFINANZ's property portfolio as of 30 June 2020 are provided in the following table:

Property portfolio by brand and classification

Property portfolio	Number of properties	Standing investments in MEUR	Development projects in MEUR	Pipeline projects in MEUR ¹	Property portfolio in MEUR	Property portfolio in %
Office	68	2,941.5	210.3	72.1	3,223.9	64.8
thereof myhive	28	1,530.4	192.0	0.0	1,722.4	34.6
Retail	115	1,629.4	4.2	28.3	1,661.8	33.4
thereof VIVO!/ Shopping Center	11	669.9	0.2	0.0	670.1	13.5
thereof STOP SHOP/ Retail Park	96	948.7	3.9	4.4	957.0	19.2
Others	29	7.3	0.0	79.8	87.1	1.8
IMMOFINANZ	212	4,578.2	214.4	180.2	4,972.8	100.0

¹ Including real estate inventories (Cologne and Adama) totalling EUR 0.9 million

Standing investments

The 155 standing investments had a combined carrying amount of EUR 4,578.2 million as of 30 June 2020 (31 December 2019: 158 standing investments and EUR 4,749.5 million carrying amount). Of this total, 64.3% are attributable to office properties and 35.6% to retail properties. The focal point of the standing investments based on the carrying amount are the markets in Poland (EUR 1,005.0 million), Austria (EUR 740.0 million) and Romania (EUR 618.0 million). These properties have 2,007,051 sqm of rentable space (31 December 2019: 2,001,063 sqm). The standing investment portfolio has a gross return of 6.0% based on IFRS rental income and a return of 6.2% based on invoiced rents. The difference is explained by the accrual of rental incentives – e.g. the standard market practice of granting rent-free periods or allowances for fit-out costs. These incentives must be accrued on a straight-line basis over the contract term in accordance with IFRS (basis for gross return under IFRS) but are not included in the invoiced rent.

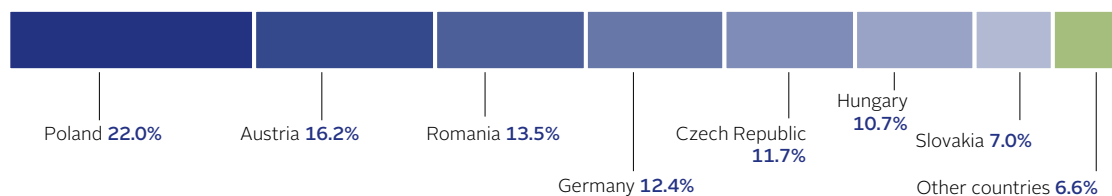
The occupancy rate equals 95.9% (31 December 2019: 96.8%). A calculation based on the EPRA's formula shows a vacancy rate of 4.0% (31 December 2019: 3.2%). The EPRA vacancy rate is based on the ratio of the estimated market rent for vacant space to the total estimated market rent for the standing investment portfolio (further information on the EPRA financial indicators can be found beginning on page 34). Total leasing activity in the first half of 2020 equalled roughly 90,900 sqm of the rentable space and was lower than the first half of the previous year (excluding other standing investments; Q1–2 2019: 145,900 sqm) due to the Covid-19 pandemic. Of this total, 28,100 sqm represented new rentals and 62,800 sqm contract extensions. The average unexpired lease term weighted by rental income (WAULT*) equalled 4.1 years as of 30 June 2020 (31 December 2019: 4.3 years).

As described in the section "Economic Overview and Property Markets", the Covid-19 pandemic has had a far-reaching impact on the economy with effects that are also visible on the real estate market. Since the beginning of the Covid-19 pandemic, IMMOFINANZ teams have successfully managed the shutdown and reopening of the retail areas affected by the lockdowns and assisted their tenants. In the office properties, the government-ordered closings were felt primarily by gastronomy facilities, fitness clubs and other service providers. All IMMOFINANZ office and retail properties have now reopened, but individual restrictions remain in force in some countries. IMMOFINANZ is currently working with its tenants to develop individual solutions to counter the future negative developments from Covid-19. Rental reductions had already been arranged with specific office and retail tenants as of 30 June 2020. In addition to previously agreed adjustments to rental contracts, IMMOFINANZ is currently negotiating with further tenants, primarily retail operators, over rental price reductions. Approximately 95% of the

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

negotiations with retail tenants were finalised by mid-August and more than half of the related agreements have already been signed. The goal is to complete the signing of all contract adjustments by the end of 2020.

The following graph shows the distribution of IMMOFINANZ's standing investment portfolio by country as of 30 June 2020, based on the carrying amount:



Standing investments by core market

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
Austria	25	740.0	16.2	243,454	223,329	91.7
Germany	5	567.3	12.4	103,665	102,687	99.1
Poland	24	1,005.0	22.0	418,203	405,180	96.9
Czech Republic	18	535.8	11.7	218,664	211,721	96.8
Hungary	23	489.9	10.7	284,120	274,757	96.7
Romania	13	618.0	13.5	333,595	314,429	94.3
Slovakia	20	319.4	7.0	188,089	179,311	95.3
Other countries ¹	27	302.9	6.6	217,260	214,068	98.5
IMMOFINANZ	155	4,578.2	100.0	2,007,051	1,925,482	95.9

Standing investments	Rental income Q2 2020 in MEUR	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in % ²	Financing costs incl. derivatives in %	LTV in %
Austria	8.3	4.5 (4.6)	296.6	1.2	2.1	40.1
Germany	5.6	4.0 (4.2)	312.1	0.5	0.9	55.0
Poland	16.0	6.4 (6.7)	526.1	1.5	2.0	52.3
Czech Republic	7.4	5.5 (5.5)	304.5	1.5	1.7	56.8
Hungary	8.1	6.6 (7.2)	240.8	1.4	1.9	49.2
Romania	11.5	7.5 (7.5)	0.0	0.0	0.0	0.0
Slovakia	5.6	7.0 (7.4)	186.7	1.5	1.9	58.4
Other countries ¹	6.3	8.3 (8.3)	86.2	1.9	1.9	28.5
IMMOFINANZ	68.9	6.0 (6.2)	1,953.0	1.3	1.8	42.7
Development projects and pipeline projects	0.8		56.3	1.5	2.0	
Rental income from sold properties and adjustments	1.8		0.0	0.0	0.0	
Group financing	0.0		789.5	0.0	2.2	
IMMOFINANZ	71.5		2,798.8	1.3	1.9	

Market value property portfolio in MEUR	4,972.8
EPRA NAV S IMMO shares (19.5 million shares) ³ in MEUR	463.7
Cash and cash equivalents ⁴ in MEUR	-342.2
Properties/liabilities held for sale (asset & share deals) in MEUR	26.3
IMMOFINANZ in MEUR	5,558.5
Net LTV in %	44.7

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

² Financing costs based on nominal outstanding liability

³ 19.5 million S IMMO shares at the EPRA NAV of EUR 23.78 per share as of 30 June 2020

⁴ Cash and cash equivalents, incl. cash and cash equivalents from assets held for sale

Office standing investments

The carrying amount of the 52 office standing investments totalled EUR 2,941.5 million as of 30 June 2020 (31 December 2019: 53 standing investments and EUR 3,024.4 million). These assets represented 64.3% of the standing investment portfolio and 53.8% of the rental income from this portfolio in the second quarter of 2020. A regional analysis shows the focal points of the office properties in the core markets of Poland (EUR 716.5 million), Austria (EUR 607.3 million) and Germany (EUR 560.0 million).

The office standing investments have 1,017,277 sqm of rentable space (31 December 2019: 1,035,844 sqm). Based on annualised rental income (Q2 2020: EUR 37.1 million), the office portfolio generated a gross return of 5.0% and a return of 5.3% based on invoiced rents. The office properties in the myhive brand represent a carrying amount of EUR 1,530.4 million and generated a gross return of 5.2% or 5.5% based on invoiced rents. The occupancy rate in the office portfolio equalled 94.2% as of 30 June 2020 (30 June 2019: 93.5%; 31 December 2019: 95.3%), while the offices in the myhive brand have an occupancy rate of 93.8%. The vacancy rate equals 5.1% according to the EPRA calculation formula (31 December 2019: 4.2%). The total leasing activity in the office segment amounted to approximately 57,200 sqm in the first half of 2020; roughly 18,700 sqm represented new rentals and 38,500 sqm contract extensions.

The office portfolio has a balanced tenant structure. The ten largest tenants are responsible for 22.2% of the space in the office standing investments, and no single tenant has rented more than 3.5% of the total space in these properties. The WAULT* equalled 4.5 years as of 30 June 2020 (31 December 2019: 4.6 years).

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

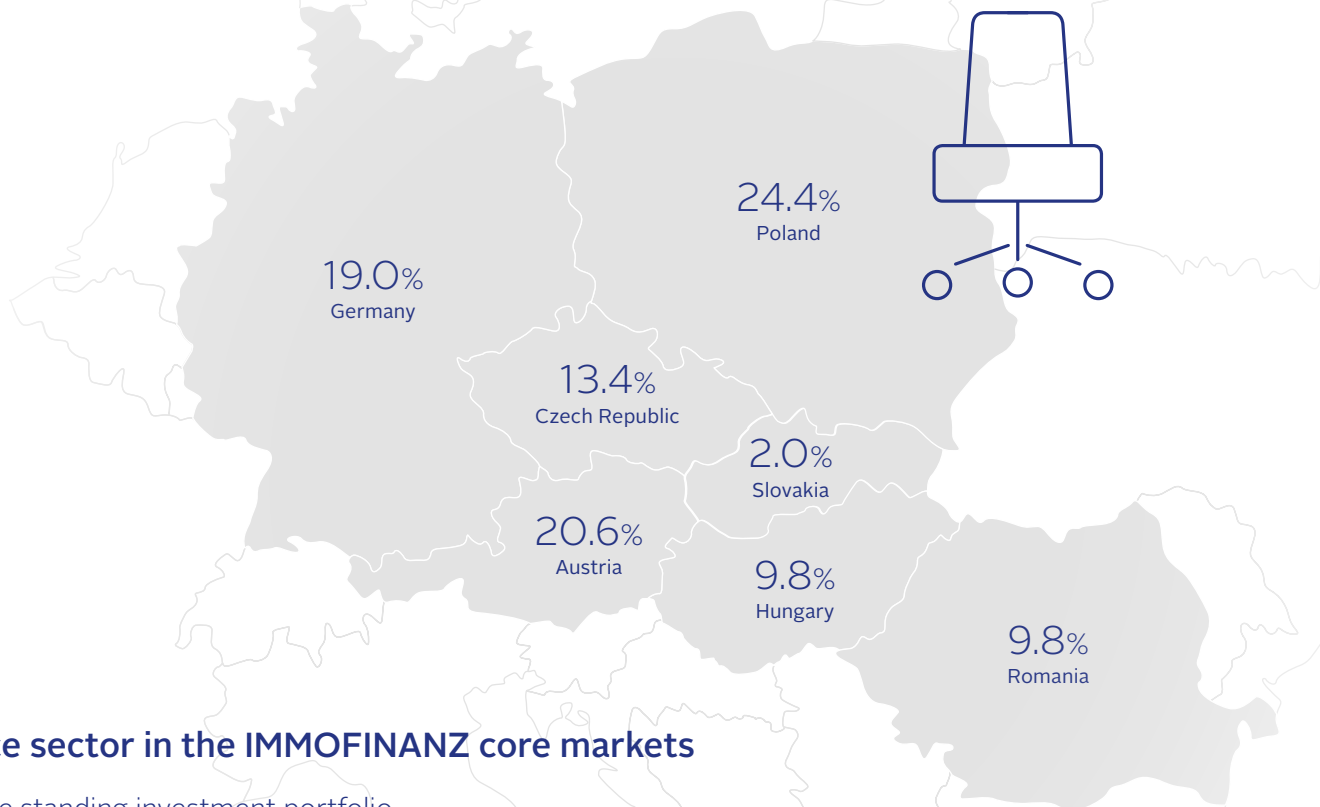
Key data on the office standing investments by category

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	52	2,941.5	100.0	1,017,277	957,872	94.2
thereof myhive	23	1,530.4	52.0	546,706	512,814	93.8

Standing investments	Rental income Q2 2020 in MEUR	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in % ¹	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	37.1	5.0 (5.3)	1,283.0	1.1	1.6	43.6
thereof myhive	19.8	5.2 (5.5)	692.1	1.3	1.8	45.2

¹ Financing costs based on nominal outstanding liability

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



The office sector in the IMMOFINANZ core markets

Share of the standing investment portfolio
MEUR 2,941.5
as of 30 June 2020

Poland

Number of properties	10
Carrying amount in MEUR	716.5
Carrying amount in %	24.4
Rentable space in sqm	232,687
Occupancy rate in %	97.0
Rental income Q2 2020 in MEUR	9.7
Gross return in %	5.4

Austria

Number of properties	11
Carrying amount in MEUR	607.3
Carrying amount in %	20.6
Rentable space in sqm	176,381
Occupancy rate in %	88.8
Rental income Q2 2020 in MEUR	6.0
Gross return in %	4.0

Germany

Number of properties	4
Carrying amount in MEUR	560.0
Carrying amount in %	19.0
Rentable space in sqm	103,665
Occupancy rate in %	99.1
Rental income Q2 2020 in MEUR	5.5
Gross return in %	4.0

Czech Republic

Number of properties	7
Carrying amount in MEUR	394.9
Carrying amount in %	13.4
Rentable space in sqm	122,509
Occupancy rate in %	95.3
Rental income Q2 2020 in MEUR	4.7
Gross return in %	4.7

Romania

Number of properties	8
Carrying amount in MEUR	289.1
Carrying amount in %	9.8
Rentable space in sqm	181,656
Occupancy rate in %	90.8
Rental income Q2 2020 in MEUR	5.4
Gross return in %	7.5

Hungary

Number of properties	9
Carrying amount in MEUR	287.3
Carrying amount in %	9.8
Rentable space in sqm	148,792
Occupancy rate in %	96.3
Rental income Q2 2020 in MEUR	4.4
Gross return in %	6.1

Slovakia

Number of properties	2
Carrying amount in MEUR	59.6
Carrying amount in %	2.0
Rentable space in sqm	35,592
Occupancy rate in %	94.4
Rental income Q2 2020 in MEUR	0.9
Gross return in %	5.8

Other countries¹

Number of properties	1
Carrying amount in MEUR	26.8
Carrying amount in %	0.9
Rentable space in sqm	15,995
Occupancy rate in %	90.2
Rental income Q2 2020 in MEUR	0.4
Gross return in %	6.6

IMMOFINANZ

Number of properties	52
Carrying amount in MEUR	2,941.5
Carrying amount in %	100.0
Rentable space in sqm	1,017,277
Occupancy rate in %	94.2
Rental income Q2 2020 in MEUR	37.1
Gross return in %	5.0

¹ Croatia

Retail standing investments

The carrying amount of the 102 standing investments in the retail sector totalled EUR 1,629.4 million as of 30 June 2020 (31 December 2019: 100 standing investments and EUR 1,672.9 million). These properties represented 35.6% of the standing investment portfolio and generated 46.1% of the rental income from standing investments in the second quarter of 2020. The largest regional markets are Romania with EUR 328.8 million, Poland with EUR 288.6 million and Slovakia with EUR 259.8 million. The STOP SHOP retail parks have a carrying amount of EUR 948.7 million; the gross return and the return based on invoiced rents equal 8.0%. The VIVO! shopping centers have a carrying amount of EUR 669.9 million; the gross return and the return based on invoice rents equal 7.5%.

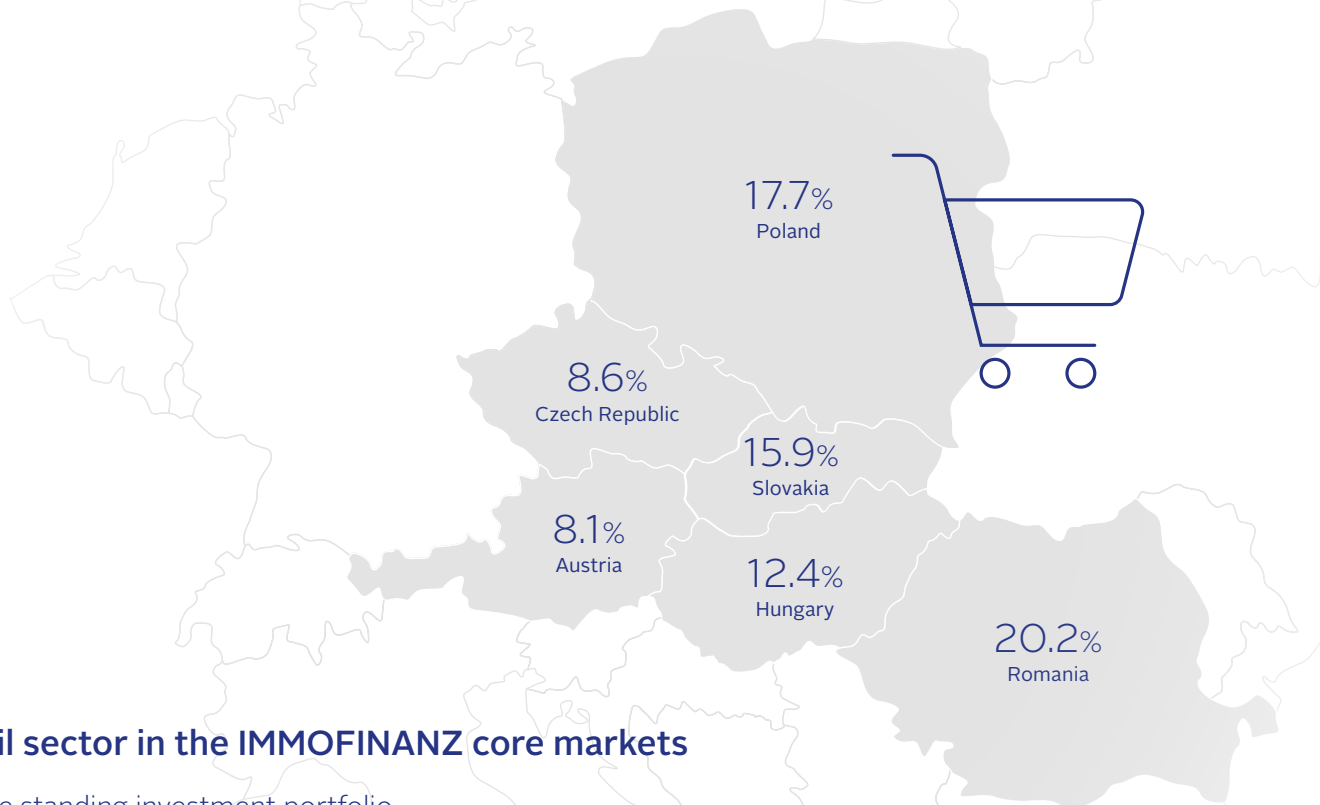
The retail standing investments have 989,774 sqm of rentable space (31 December 2019: 955,039 sqm). Based on annualised rents (Q2 2020: EUR 31.8 million), the retail portfolio has a gross return and a return based on invoice rents of 7.8%. The occupancy rate in the retail properties equalled 97.8% as of 30 June 2020 (30 June 2019: 96.4%; 31 December 2019: 98.3%); the occupancy rates in the STOP SHOP retail parks and the VIVO! shopping centers are 98.4% and 96.7%, respectively. Total leasing activity in the retail properties amounted to roughly 33,700 sqm in the first half of 2020 and includes approximately 9,400 sqm of new rentals and 24,300 sqm of contract extensions.

IMMOFINANZ was affected by the government-ordered, temporary shutdown of retail establishments during the first half of 2020, but all facilities have since reopened. In the retail park business, visitor frequency increased towards the pre-crisis level very quickly after the end of the lockdown. The STOP SHOP retail parks benefit from direct access to the individual shops from the parking areas and a focus on everyday products. Visitor frequency in the VIVO! shopping centers is still below the level before the outbreak of the pandemic. Restrictions remain in place in individual countries, e.g. for gastronomy areas. IMMOFINANZ started discussions with its tenants immediately after the outbreak of the Covid-19 pandemic to develop joint solutions for the crisis months and the reopening phase. These solutions include necessary support through the deferral of rental payments and temporary rent reductions with parallel negotiations over lease extensions, an increase in turnover-based rents, the strengthening of security measures etc. (also see section 5.1 in the consolidated interim financial statements).

IMMOFINANZ relies on a balanced tenant mix to create an optimal environment for retailers and their customers. All larger IMMOFINANZ retail properties have solid international and local anchor tenants, but no single retailer has rented more than 4.0% of the total space in these properties. The WAULT* equalled 3.6 years as of 30 June 2020 (31 December 2019: 3.8 years).

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

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



The retail sector in the IMMOFINANZ core markets

Share of the standing investment portfolio
MEUR 1,629.4
as of 30 June 2020

Romania

Number of properties	5
Carrying amount in MEUR	328.8
Carrying amount in %	20.2
Rentable space in sqm	151,939
Occupancy rate in %	9.3
Rental income Q2 2020 in MEUR	6.2
Gross return in %	7.5

Poland

Number of properties	14
Carrying amount in MEUR	288.6
Carrying amount in %	17.7
Rentable space in sqm	185,516
Occupancy rate in %	96.8
Rental income Q2 2020 in MEUR	6.3
Gross return in %	8.8

Slovakia

Number of properties	18
Carrying amount in MEUR	259.8
Carrying amount in %	15.9
Rentable space in sqm	152,496
Occupancy rate in %	95.6
Rental income Q2 2020 in MEUR	4.7
Gross return in %	7.3

Hungary

Number of properties	14
Carrying amount in MEUR	202.6
Carrying amount in %	12.4
Rentable space in sqm	135,328
Occupancy rate in %	97.2
Rental income Q2 2020 in MEUR	3.8
Gross return in %	7.4

Czech Republic

Number of properties	11
Carrying amount in MEUR	140.8
Carrying amount in %	8.6
Rentable space in sqm	96,156
Occupancy rate in %	98.8
Rental income Q2 2020 in MEUR	2.7
Gross return in %	7.6

Austria

Number of properties	14
Carrying amount in MEUR	132.7
Carrying amount in %	8.1
Rentable space in sqm	67,073
Occupancy rate in %	99.6
Rental income Q2 2020 in MEUR	2.3
Gross return in %	6.9

Other countries¹

Number of properties	26
Carrying amount in MEUR	276.0
Carrying amount in %	16.9
Rentable space in sqm	20,265
Occupancy rate in %	99.2
Rental income Q2 2020 in MEUR	5.8
Gross return in %	8.4

IMMOFINANZ

Number of properties	102
Carrying amount in MEUR	1,629.4
Carrying amount in %	100.0
Rentable space in sqm	989,774
Occupancy rate in %	97.8
Rental income Q2 2020 in MEUR	31.8
Gross return in %	7.8

¹ Slovenia, Serbia, Croatia

Key data on the retail standing investments by category

Standing investments	Number of properties	Carrying amount in MEUR	Carrying amount in %	Rentable space in sqm	Rented space in sqm	Occupancy rate in %
IMMOFINANZ	102	1,629.4	100.0	989,774	967,610	97.8
thereof VIVO!/Shopping Center	10	669.9	41.1	314,112	303,849	96.7
thereof STOP SHOP/Retail Park	90	948.7	58.2	665,379	654,572	98.4
Standing investments	Rental income Q2 2020 in MEUR	Gross return (invoiced rents return) in %	Carrying amount financing in MEUR	Financing costs floating interest in % ¹	Financing costs incl. derivatives in %	LTV in %
IMMOFINANZ	31.8	7.8 (7.8)	667.1	1.6	2.0	40.9
thereof VIVO!/Shopping Center	12.6	7.5 (7.5)	231.8	1.6	2.0	34.6
thereof STOP SHOP/Retail Park	18.9	8.0 (8.0)	435.3	1.6	2.0	45.9

¹ Financing costs based on nominal outstanding liability

Development projects

The development projects had a carrying amount of EUR 214.4 million as of 30 June 2020, which represents 4.3% of the total property portfolio (31 December 2019: EUR 199.4 million and 3.9%). This amount includes EUR 192.0 million of active development projects and EUR 22.4 million of projects in the preparation or concept phase, for which outstanding construction costs are not yet available. The expected fair value of the active projects on completion amounts to EUR 302.4 million. The core markets of Germany and Austria represent the focus of these activities based on an expected fair value after completion of EUR 161.0 million, respectively EUR 100.9 million.

The Covid-19 pandemic led to construction delays on several development projects, but there have been no other limitations to date.

The STOP SHOP Siedlce, which opened at the end of March 2020, was reclassified to the standing investment portfolio during the first half of 2020. This retail park has an occupancy rate of 99.1%.

Current focus of development activities

Germany

The myhive Medienhafen is currently under development in the Düsseldorfer Medienhafen as the first myhive office building in Germany. This high-rise is designed as a multi-tenant building and will have roughly 21,000 sqm of rentable space on 16 floors. Completion is planned for the third quarter of 2021.

Austria

The two development projects currently in progress involve the modernisation of existing office buildings: the location for the myhive am Wienerberg with approximately 12,500 sqm and the myhive Ungargasse in Vienna's third district with roughly 17,200 sqm of planned usable space. These projects are scheduled for completion in 2020.

Romania

At the IRIDE Business Park in Bucharest, the IRIDE 18 and 19 buildings are currently undergoing modernisation and integration in the myhive concept. The office buildings should then have roughly 10,000 sqm and 18,000 sqm of rentable space, respectively. These modernisation projects are scheduled for completion in the first quarter of 2021.

Development projects by core market

Development projects	Number of properties	Carrying amount in MEUR	Carrying amount in %	Outstanding construction costs in MEUR	Planned rentable space in sqm	Expected fair value after completion in MEUR	Expected rental income at full occupancy in MEUR	Expected yield after completion in % ¹
Austria	2	86.4	45.0	14.5	26,572	100.9	4.2	4.1
Germany	1	74.0	38.5	52.6	21,690	161.0	5.8	4.6
Romania	2	31.6	16.4	8.9	27,956	40.5	3.6	8.9
Active projects	5	192.0	100.0	76.0	76,218	302.4	13.6	5.1
Projects in preparation	7	22.4						
IMMOFINANZ	12	214.4						

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

Pipeline projects

Pipeline projects include planned development projects, undeveloped land and/or temporarily suspended projects. These projects had a carrying amount of EUR 180.2 million as of 30 June 2020 (31 December 2019: EUR 173.2 million). Romania represents the focal point of the pipeline projects at EUR 107.3 million. IMMOFINANZ intends to further reduce the scope of pipeline projects, in particular the land reserves in Romania, through selected sales as part of its corporate strategy.

Assets held for sale

The assets held for sale totalled EUR 141.6 million as of 30 June 2020 (including capitalised rights of use for building rights) and are not included in this portfolio report (31 December 2019: EUR 154.6 million). Concrete sale plans have been approved for these properties, and their sale is intended in the near future. Details are provided in section 4.5 of the consolidated interim financial statements.

Property Valuation

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

CBRE appraised nearly all real estate in IMMOFINANZ's portfolio (EUR 4.9 billion) as of 30 June 2020. Internal valuations were responsible for 0.9%.

Development of property valuation in the first half of 2020

The Covid-19 pandemic had a negative influence on the valuation of investment property. Revaluations totalled EUR -159.2 million in the first half of 2020, compared with clearly positive results in the first half of the previous year (Q1–2 2019: EUR 123.5 million or Q1–4 2019: EUR 193.3 million). The external appraisals by CBRE reflected slightly higher market yields (increase of up to 0.5% in the retail segment) as well as changed assumptions concerning re-rentals in the portfolio properties.

Results from the revaluation of the standing investments totalled EUR -143.4 million (Q1–2 2019: EUR 104.7 million). This decline in value represents roughly 3.1% of the carrying amount of the standing investments as of 30 June 2020. Retail properties were written down by EUR -68.1 million (4.2% of the carrying amount) and office properties by EUR -74.8 million (2.5% of the carrying amount).

Development of property valuation like-for-like

A like-for-like analysis – i.e. after an adjustment for new acquisitions, completions and sales to improve comparability – shows a valuation effect of EUR -124.6 million for the first half of 2020 (Q1–2 2019: EUR 78.2 million).

Standing investments like-for-like by core market

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects Q1–2 2020 in MEUR
Austria	23	691.3	18.7	-12.3
Germany	4	332.6	9.0	-4.9
Poland	20	574.8	15.5	-30.9
Czech Republic	17	453.0	12.2	-5.9
Hungary	23	489.9	13.2	-13.7
Romania	13	618.0	16.7	-41.0
Slovakia	20	319.4	8.6	-11.3
Other countries	20	220.1	5.9	-4.6
IMMOFINANZ	140	3,699.1	100.0	-124.6

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

Standing investments like-for-like by asset class

Standing investments like-for-like ¹	Number of properties	Carrying amount in MEUR	Carrying amount in %	Valuation effects Q1–2 2020 in MEUR
Office	48	2,191.9	59.3	-58.5
thereof myhive	20	1,015.4	27.5	-34.2
Retail	91	1,499.9	40.5	-65.9
thereof VIVO!/Shopping Center	10	669.9	18.1	-47.6
thereof STOP SHOP/Retail Park	80	825.4	22.3	-17.7
Others	1	7.3	0.2	-0.3
IMMOFINANZ	140	3,699.1	100.0	-124.6

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

myhive am Wienerberg
Vienna | AT | approx. 150,000 sqm rentable space



Financing

Financial liabilities* totalled EUR 2.8 billion as of 30 June 2020 (31 December 2019: EUR 2.8 billion). Cash and cash equivalents, including cash and cash equivalents held for sale, amounted to EUR 342.2 million (31 December 2019: EUR 345.1 million) and net debt, i.e. debt after the deduction of cash and cash equivalents held by the Group, equalled EUR 2.5 billion (31 December 2019: EUR 2.5 billion).

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

Capital measures after the balance sheet date

Shortly after the end of the reporting period, in July 2020, IMMOFINANZ completed a successful share placement and the issuance of a mandatory convertible bond. The gross issue proceeds amounted to EUR 356.1 million.

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

IMMOFINANZ also placed a subordinated mandatory convertible bond with a total nominal value of EUR 120.0 million through an accelerated book-building procedure with institutional investors under the exclusion of subscription rights. The initial conversion price was set at EUR 17.1472, which represents a 12.0% premium above the issue price of the shares in the current share placement. The three-year bond carries a coupon of 4.0% per annum, payable semi-annually in arrears on 23 January and 23 July of each year. The subordinated mandatory convertible bond is convertible into a total of 6,998,228 IMMOFINANZ shares and is classified as equity under IFRS and by the rating agency S&P (exception: future coupon payments).

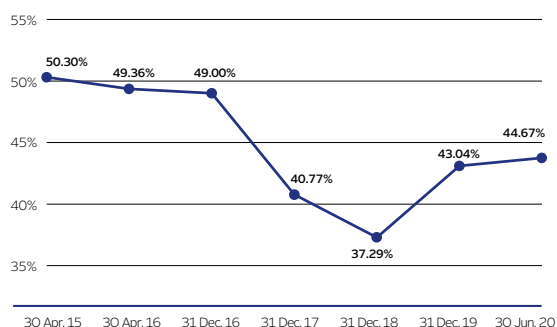
Robust balance sheet structure

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 45.0% (31 December 2019: 46.0%) and a net loan-to-value ratio (net LTV) of 44.7% (31 December 2019: 43.0%). A calculation including the capital measures implemented after the balance sheet date and based on the numbers as of 30 June 2020 shows an improvement in the equity ratio from 45.0% to 47.8%** and in net LTV from 44.7% to 38.6%**.

* Excluding lease liabilities of EUR 61.3 million in accordance with the application of IFRS 16; including IFRS 5

** The calculation is based on the figures as of 30 June 2020 and includes the gross proceeds less ancillary transaction costs and the debt component of the subordinated mandatory convertible bond.

Development of net LTV



Calculation of net LTV as of 30 June 2020

	Amounts in TEUR
Carrying amount of financing ¹	2,825,036.9
- Cash and cash equivalents ²	-342,245.7
Net carrying amount of financing	2,482,791.2
Carrying amount of property ³ & EPRA NAV of S IMMO shares ⁴	5,558,494.6
Net LTV in %	44.7

¹ Including IFRS 5 values, excluding IFRS 16 values

² Cash and cash equivalents, including cash and cash equivalents in assets held for sale

³ Excluding rights of use, values as per IFRS 16

⁴ 19.5 million S IMMO shares at the EPRA NAV of EUR 23.78 per share as of 30 June 2020

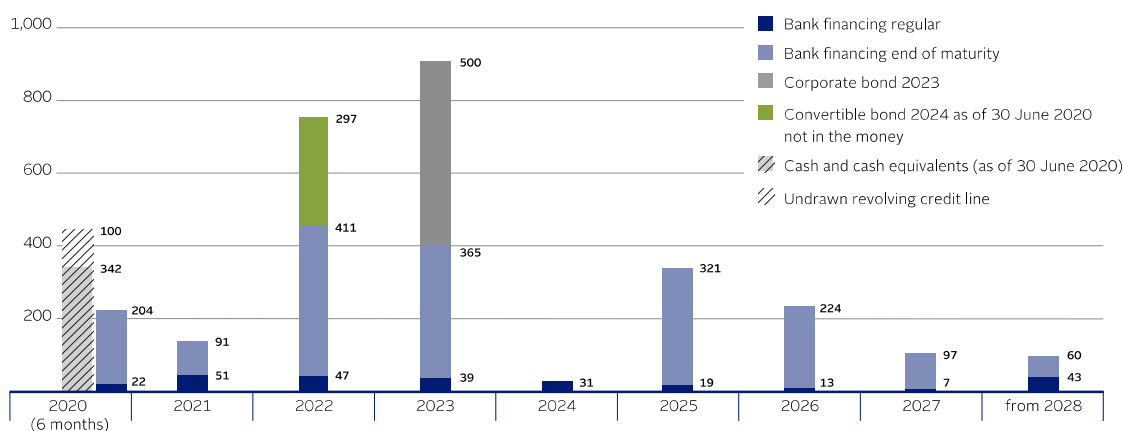
The average financing costs for IMMOFINANZ, including derivatives, equalled 1.89% per year as of 30 June 2020 (31 December 2019: 1.91% per year). The hedging quota was stable at 90.7% (31 December 2019: 90.7%).

Term structure

The weighted average remaining term of financial liabilities equals 3.75 years (2019: 4.0 years). The following graph shows the term structure by year as of 30 June 2020. The financing scheduled to expire in 2020 totalled EUR 204.0 million as of 30 June 2020 (31 December 2019: EUR 203.0 million).

Term structure of financial liabilities by financial year as of 30 June 2020

In MEUR



Unencumbered property

In addition to properties which carry external financing and are encumbered through standard market collateral (e.g. mortgages, pledge of company shares), EUR 1,381.1 million, or 27.1% of the total property carrying amount, were not externally financed and therefore unencumbered as of 30 June 2020 (31 December 2019: EUR 1,434.0 million or 27.3%). Including the S IMMO shares (valued at the EPRA NAV), which are not encumbered by any financing, this value increases to EUR 1,844.8 million or 33.2%.

Unencumbered property by asset class

Unencumbered property in total: MEUR 1,381.1



Composition of financial liabilities

The financial liabilities held by IMMOFINANZ consist of amounts due to financial institutions as well as liabilities from bonds. The composition of these liabilities as of 30 June 2020 is as follows:

Weighted average interest rate of the financial liabilities	Outstanding liability in TEUR as of 30 06 2020	Total average interest rate incl. expenses for derivatives in % ¹
Convertible bond ²	288,903.9	1.50
Corporate bond	500,592.9	2.63
Bank liabilities ³	2,035,540.0	1.77
IMMOFINANZ	2,825,036.9	1.89

¹ Calculation basis: actual remaining debt (nominal amount)

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

³ Including IFRS 5

The remaining balance of the financial liabilities held by IMMOFINANZ totalled EUR 2,825.0 million as of 30 June 2020. As of that date, all financing was denominated in euros.

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

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

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

Rent reductions can result in the failure to meet individual financial covenants. This, in turn, can entitle the financing banks to call the outstanding loan prematurely if the borrower also fails to comply with contractually defined, accepted measures to remedy the situation. As a precautionary measure, IMMOFINANZ has therefore partly concluded agreements with the financing banks to suspend compliance with the debt service coverage ratio during the Covid-19 pandemic. The suspensions covered a total loan volume of EUR 690.6 million as of 30 June 2020 and were temporarily approved, in part up to the end of the current financial year. IMMOFINANZ is in regular contact and communication with its financing banks and is continuously evaluating the current situation.

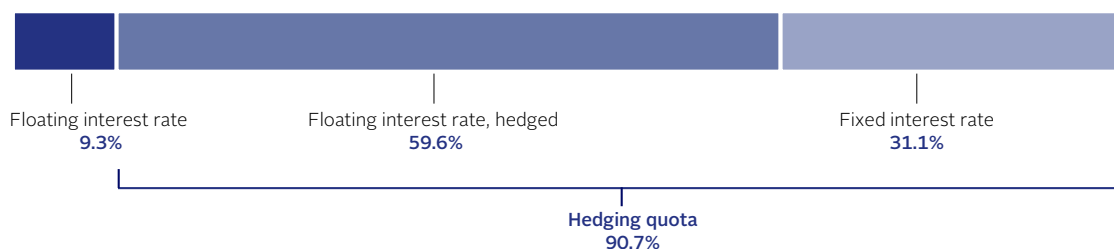
Derivatives

IMMOFINANZ uses derivatives to hedge against interest rate increases. The volume of financial liabilities hedged through interest rate derivatives amounted to EUR 1,692.6 million as of 30 June 2020 (31 December 2019: EUR 1,694.1 million). In total, 90.7% of financial liabilities are hedged against interest rate risk (31 December 2019: 90.7%); 59.6% via interest rate derivatives, and a further 31.1% represent financial liabilities with fixed interest rates.

Derivatives ¹	Floating leg	Market value incl. interest & CVA/DVA as of 30 06 2020 in TEUR	Notional amount in TEUR	Average hedged reference interest rate in %
Interest rate swap	3-M-EURIBOR	-29,542.9	1,692,625.0	0.13
IMMOFINANZ AG		-29,542.9	1,692,625.0	

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

Financial liabilities – type of interest rate as of 30 June 2020



Bonds

The outstanding nominal value of the bonds totalled EUR 797.2 million as of 30 June 2020 (31 December 2019: EUR 797.2 million). It is attributable to the convertible bond issued in January 2017 with a term ending in 2024 and a put option for the investors at the nominal amount in 2022 as well as a corporate bond that was issued in January 2019 and has a term ending on 27 January 2023.

	ISIN	Maturity	Interest rate in %	Nominal value as of 31 12 2019 in TEUR	Repurchases/ redemptions/ conversions/ new issues 2020 in TEUR	Nominal value as of 30 06 2020 in TEUR
Corporate bond	XS1935128956	27 01 2023	2.63	500,000	0	500,000
Convertible bond	XS1551932046	24 01 2022 ¹	1.50 ²	297,200	0	297,200
IMMOFINANZ			2.21	797,200	0	797,200

¹ Put option expires in 2022; end of the bond term in 2024

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

IMMOFINANZ AG received a long-term issuer rating of BBB- with stable outlook from S&P Global Ratings in the first quarter of 2019. Based on this investment grade rating, a benchmark bond with a volume of EUR 500 million and a fixed coupon of 2.625% p. a. was issued. S&P Global Ratings confirmed this rating in February 2020 as part of the annual review process and also in July 2020 after the successful share placement and the issuance of the mandatory convertible bond.

In connection with the issue of this unsecured bond, IMMOFINANZ has committed to comply with the following standard financial covenants. These covenants are calculated on the basis of the consolidated IFRS financial statements:

Financial covenant	Threshold in %	Value as of 30 06 2020 in %
Net Debt to Value Ratio ¹	Max. 60.0	43.7
Secured Net Debt to Value Ratio ¹	Max. 45.0	29.9
Interest Coverage Ratio	Min. 150.0	342.3

¹ These values are based on the latest calculation as per the bond terms on or before 30 June 2020.

Business Development

IMMOFINANZ started the 2020 financial year with strong operational performance, but the development of business in the second quarter was negatively influenced by the Covid-19 pandemic. Rental income rose by 10.4% to EUR 145.5 million in the first half of 2020 due to the expansion of the portfolio through acquisitions and completions, but a crisis-related increase in receivables write-offs led to substantially higher property expenses. The results of asset management still improved by 1.8% to EUR 102.8 million despite these write-offs. The pandemic also influenced the valuation of investment property: revaluations totalled EUR -159.2 million, compared with clearly positive results in the first half of the previous year (Q1–2 2019: EUR 123.5 million). This reduction represents 3.1% of the total property portfolio. Net profit for the first half of 2020 amounted to EUR -120.4 million, and FFO 1 from the standing investment business (before tax) was 9.8% lower year-on-year at EUR 53.3 million (Q1–2 2019: EUR 59.0 million). This FFO 1 includes, for the first time, the full year's coupon payment of EUR 13.1 million for the corporate bond 2023, made in January 2020, as an expense. The smoothing of this coupon payment results in FFO 1 of EUR 59.8 million for the first half-year, which is slightly higher than the comparative period.

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Rental income	145,522	131,837
Results of asset management	102,781	100,970
Results of property sales	-738	1,683
Results of property development	-16,723	14,309
Other operating income	941	4,079
Other operating expenses	-26,533	-22,304
Results of operations	59,728	98,737
Revaluation result from standing investments and goodwill	-143,367	104,668
Operating profit (EBIT)	-83,639	203,405
Financial results	-42,380	-5,198
Earnings before tax (EBT)	-126,019	198,207
Net profit for the period from continuing operations	-120,364	181,267
Net profit or loss from discontinued operations	0	4,008
Net profit or loss	-120,364	185,275

Results of asset management, property sales and property development

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 increased by 10.4%, or EUR 13.7 million, to EUR 145.5 million, above all due to acquisitions and property completions in the previous year.

The Covid-19 pandemic led to a substantial rise in the write-off of receivables from asset management to EUR -18.2 million (Q1–2 2019: EUR -0.5 million), whereby EUR -15.8 million are attributable to Covid-19. In contrast, maintenance and real estate marketing costs declined to EUR -7.2 million (Q1–2 2019: EUR -7.9 million), respectively EUR -1.7 million (Q1–2 2019: EUR -3.4 million). Property expenses were 63.8% higher year-on-year at EUR -38.9 million (Q1–2 2019: EUR -23.7 million). However, an adjustment for the Covid-19 effects on receivables write-offs shows a year-on-year reduction of 2.6% in property expenses.

The results of asset management improved by 1.8% to EUR 102.8 million (Q1–2 2019: EUR 101.0 million), and the results of property sales equalled EUR -0.7 million (Q1–2 2019: EUR 1.7 million). Properties with a volume of EUR 51.7 million were sold during the first half-year (asset and share deals), whereby the largest transactions involved an office property in Warsaw and land in Romania.

The results of property development turned negative at EUR -16.7 million (Q1–2 2019: EUR 14.3 million). This decline resulted from the foreign exchange-adjusted revaluation of properties under construction, which amounted to EUR -16.8 million (Q1–2 2019: EUR 18.2 million) and also reflected a slight Covid-19-related increase in market yields as well as subsequent purchase costs for land.

Results of operations

Other operating expenses rose by 19.0% to EUR -26.5 million (Q1–2 2019: EUR -22.3 million). The increase in personnel expenses included under this position is primarily attributable to a non-recurring payment related to the resignation of Oliver Schumy from the Executive Board. The results of operations equalled EUR 59.7 million and were 39.5% lower than the first half of the previous year (Q1–2 2019: EUR 98.7 million).

Revaluation and operating profit

Results from the revaluation of standing investments and goodwill totalled EUR -143.4 million (Q1–2 2019: EUR 104.7 million), chiefly due to the negative effects of the Covid-19 pandemic. This decline in value represents roughly 3.1% of the carrying amount of the standing investments as of 30 June 2020. Retail properties were written down by EUR -68.1 million (4.2% of the carrying amount) and office properties by EUR -74.8 million (2.5% of the carrying amount). The external appraisals by CBRE reflected slightly higher market yields (increase of up to 0.5% in the retail segment) as well as changed assumptions concerning re-rentals in the portfolio properties.

Operating profit (EBIT) declined from EUR 203.4 million in the first half of 2019 to EUR -83.6 million.

Financial results and taxes

Financing costs rose by 19.4% to EUR -37.7 million (Q1–2 2019: EUR -31.6 million) as a result of property acquisitions and a 14.1% increase in the total financing volume. Moreover, the comparative prior year value included a positive effect of EUR 4.2 million from the reduction of the coupon for the convertible bond 2024 (adjustment of the effective interest method). Average financing costs, including hedging, equalled 1.89% per year (31 December 2019: 1.91%). Other financial results amounted to EUR -12.4 million (Q1–2 2019: EUR -16.2 million) and resulted chiefly from the valuation of interest rate derivatives in the current low-interest environment.

The share of profit/loss from equity-accounted investments amounted to EUR 6.4 million (Q1–2 2019: EUR 43.4 million), whereby EUR 4.5 million are attributable to the share of earnings from S IMMO. Financial results totalled EUR -42.4 million in the first half of 2020 (Q1–2 2019: EUR -5.2 million).

Net profit

Profit before tax amounted to EUR -126.0 million (Q1–2 2019: EUR 198.2 million). The negative revaluation of investment properties led to a positive effect in deferred taxes, and income tax equalled EUR 5.7 million for the first half of 2020 (Q1–2 2019: EUR -16.9 million). Net profit amounted to EUR -120.4 million (Q1–2 2019: EUR 185.3 million), which represents earnings per share (basic) of EUR -1.19 (Q1–2 2019: EUR 1.72).

Funds from operations (FFO)

FFO 1 from the standing investment business (before tax) declined by 9.8% year-on-year to EUR 53.3 million (Q1–2 2019: EUR 59.0 million), which represents FFO 1 per share of EUR 0.53 (Q1–2 2019: EUR 0.54). This FFO 1 includes, for the first time, the full year's coupon payment of EUR 13.1 million for the corporate bond 2023, made in January 2020, as an expense. The smoothing of this coupon payment results in FFO 1 of EUR 59.8 million for the first half-year, which is slightly higher than the comparative period.

Funds from operations (FFO)

All amounts in TEUR	P&L Q1–2 2020	Adjustments	FFO Q1–2 2020	FFO Q1–2 2019
Results of asset management	102,781	39	102,820	100,824
Results of property sales	-738	738		
Results of property development	-16,723	16,723		
Other operating income	941	-188	753	1,348
Other operating expenses	-26,533	7,060	-19,473	-21,580
Results of operations	59,728	24,372	84,100	80,592
Other revaluation results	-143,367	143,367		
Operating profit (EBIT)	-83,639	167,739	84,100	80,592
Financing costs	-37,711			
Financing income	1,082			
Foreign exchange differences	253			
Other financial results	-12,401			
Net profit or loss from equity-accounted investments	6,397			
Financial results	-42,380	11,530	-30,850	-21,561
FFO 1 before tax			53,250	59,031
FFO 1 per share before tax in EUR			0.53	0.54
Number of shares (as per EPS formula) for the calculation			100,876,743	108,426,046

Balance sheet

The condensed balance sheet is shown below:

All amounts in TEUR	30 06 2020	in %	31 12 2019	in %
Investment property	4,818,590		4,985,257	
Property under construction	214,431	83.7	199,439	83.6
Real estate inventories	907		868	
Assets held for sale	141,627		154,622	
Other assets	57,653	0.9	55,771	0.9
Equity-accounted investments	448,953	7.3	478,191	7.5
Trade and other receivables	164,088	2.7	169,826	2.7
Cash and cash equivalents	339,494	5.5	341,161	5.3
Assets	6,185,743	100.0	6,385,135	100.0
Equity	2,781,671	45.0	2,937,145	46.0
Liabilities from convertible bonds	288,904	4.7	285,807	4.5
Financial liabilities	2,571,194	41.6	2,580,381	40.4
Trade and other payables	188,514	3.0	197,667	3.1
Other liabilities	96,511	1.6	108,849	1.7
Deferred tax liabilities	258,949	4.2	275,286	4.3
Equity and liabilities	6,185,743	100.0	6,385,135	100.0

The value of the property portfolio amounted to EUR 5.2 billion and represents 83.7% of total assets. These properties are reported on the balance sheet under the following positions: investment property, property under construction, real estate inventories and non-current assets held for sale. Non-current assets held for sale include properties as well as other assets which will be transferred to the buyer in the event of a sale.

The equity-accounted investments of EUR 449.0 million include EUR 446.4 million which are attributable to S IMMO. Based on the roughly 19.5 million shares held by IMMOFINANZ, the book value of the S IMMO share equals EUR 22.89 (31 December 2019: EUR 24.3).

EPRA Financial Indicators

Net Asset Value (NAV) and Triple Net Asset Value (NNNAV)

The calculation of EPRA NAV and EPRA NNNAV – in contrast to 31 December 2019 – does not include any potential diluting effects from the conversion of the IMMOFINANZ convertible bond 2024 because the bond was “not in the money” as of 30 June 2020.

Basic EPRA NAV per share equalled EUR 30.93 as of 30 June 2020 (31 December 2019: diluted EUR 31.05). The absence of the dilution had a positive effect of EUR 1.23 per share (see reconciliation below). Basic EPRA NNNAV per share equalled EUR 30.54 (31 December 2019: diluted EUR 30.63).

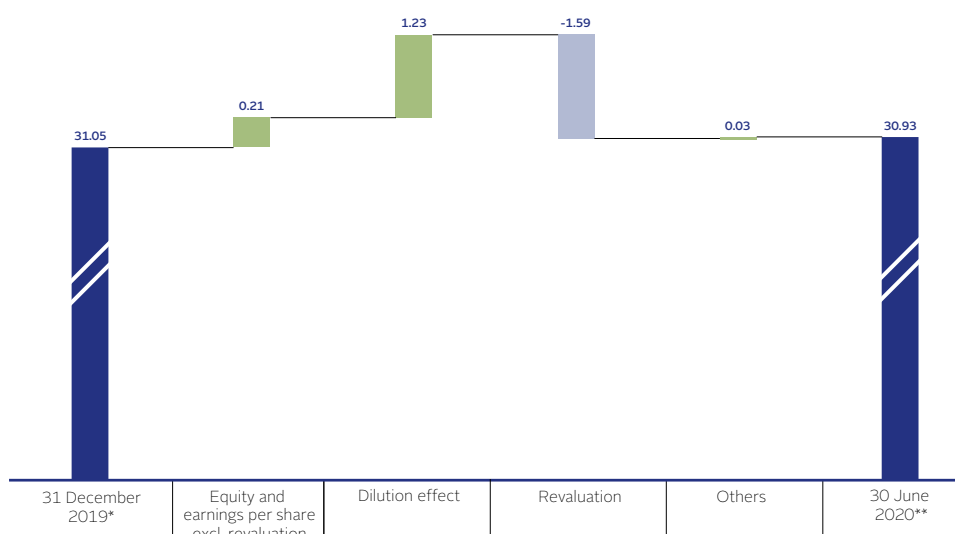
The book value per share equalled EUR 27.82 (31 December 2019: EUR 29.34).

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

	30 06 2020		31 12 2019	
	in TEUR	in EUR per share	in TEUR	in EUR per share
Equity excluding non-controlling interests	2,806,042		2,960,094	
Diluting effects of convertible bond 2024	0		285,807	
Diluted equity excluding non-controlling interests after an adjustment for convertible bonds and the exercise of options	2,806,042		3,245,901	
Undisclosed reserves in real estate inventories	0		2	
Fair value of derivative financial instruments	29,332		18,311	
Deferred taxes on investment property	314,400		327,275	
Deferred taxes on real estate inventories and derivative financial instruments	-5,782		-3,590	
Goodwill resulting from deferred taxes	-24,185		-24,184	
Number of shares excluding treasury shares (in 1,000)		100,877		100,877
Potential shares (in 1,000)		0		13,903
EPRA NAV	3,119,807	30.93	3,563,715	31.05
Fair value of derivative financial instruments	-29,332		-18,311	
Effect of fair value measurement of financial liabilities	-19,333		-30,240	
Deferred taxes on derivative financial instruments and the fair value measurement of financial liabilities	10,616		11,150	
Deferred taxes on investment property	-1,421		-10,253	
EPRA NNNAV	3,080,337	30.54	3,516,061	30.63

The European Public Real Estate Association (EPRA) recommends the publication of a revised version of the Net Asset Value (NAV) indicators beginning with the annual financial statements for 2020. The NAV and NNNAV indicators are expected to be replaced by three new indicators at the end of 2020: Net Tangible Assets (NTA), Net Reinstatement Value (NRV) and Net Disposal Value (NDV).

EPRA NAV bridge



¹ Number of shares as of 31 December 2019 in thousand: 114,780 (diluted)

² Number of shares as of 30 June 2020 in thousand: 100,877 (basic)

EPRA earnings per share

EPRA earnings per share for the first half of 2020 equalled EUR 0.22, respectively EUR 0.26 per share after company-specific adjustments.

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Weighted average number of shares (in 1,000)	100,877	108,426
Net profit or loss from continuing operations excluding non-controlling interests	-119,938	182,980
Revaluation of investment properties and development properties	160,168	-122,840
Results of property sales	738	-1,682
Changes in fair value of financial instruments	13,209	16,204
Acquisition costs on share deals	0	4
Taxes in respect of EPRA adjustments	-31,467	11,066
EPRA adjustments in respect of joint ventures and non-controlling interests	-305	-480
EPRA earnings	22,405	85,252
EPRA earnings per share in EUR	0.22	0.79
Company-specific adjustments		
One-time effects in other operating expenses	4,873	493
Foreign exchange gains and losses	-253	1,454
Deferred taxes in respect of company-specific adjustments	-1,037	-313
Company-specific adjusted EPRA earnings	25,988	86,887
EPRA earnings per share after company-specific adjustments in EUR	0.26	0.80

EPRA net initial yield

The EPRA net initial yield rose from 5.7% at year-end 2019 to 5.9%.

All amounts in TEUR	Q1–2 2020	2019
Investment property	4,832,929	5,005,974
Investment property – proportional share of joint ventures	1,268	1,267
less undeveloped land	-178,186	-166,756
less undeveloped land – proportional share of joint ventures	-1,268	0
Total property portfolio	4,654,743	4,840,485
Allowance for estimated purchasers' costs	91,233	94,874
Gross value of total standing investment portfolio	4,745,976	4,935,359
Annualised cash rental income	306,581	311,939
Non-recoverable property operating expenses	-27,964	-28,452
Non-recoverable property operating expenses – proportional share of joint ventures	0	-5
Annualised net rental income	278,617	283,482
EPRA net initial yield in %	5.9	5.7

EPRA vacancy rate

The EPRA vacancy rate equals 4.0% (31 December 2019: 3.2%). At 1.5%, the STOP SHOP retail parks had the lowest vacancy rate as of 30 June 2020.

EPRA vacancy rate by core market

All amounts in %	Standing investments as of 30 06 2020	Standing investments as of 31 12 2019
Austria	8.5	4.9
Germany	1.2	1.7
Poland	2.6	1.7
Czech Republic	3.4	3.2
Hungary	3.4	2.8
Romania	4.7	5.0
Slovakia	6.0	5.5
Other countries	1.6	0.7
IMMOFINANZ	4.0	3.2

EPRA vacancy rate by asset class and brand

All amounts in %	Standing investments as of 30 06 2020	Standing investments as of 31 12 2019
Office	5.1	4.2
thereof myhive	5.7	4.6
Retail	2.5	1.9
thereof VIVO!/Shopping Center	3.6	2.7
thereof STOP SHOP/Retail Park	1.5	1.2
IMMOFINANZ	4.0	3.2

EPRA capital expenditures

Investments in development projects totalled EUR 48.2 million in the first half of 2020. The major projects included the myhive Medienhafen in Düsseldorf, the modernisation of existing office properties at the myhive am Wienerberg and in the Ungargasse (Vienna) as well as a STOP SHOP in the Polish city of Siedlce which opened on 26 March 2020 in compliance with government Covid-19 restrictions. Capital expenditure in the standing investment portfolio (like-for-like) fell by more than half year-on-year to EUR 8.8 million in the first six months of 2020 (Q1–2 2019: EUR 19.8 million) and consisted primarily of two office properties, the myhive Twin Towers (Vienna) and the FLOAT (Düsseldorf), as well as the VIVO! shopping center in Bratislava.

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Acquisitions	0	114,137
Development projects	48,223	40,563
Standing investments like-for-like ¹	8,758	19,756
EPRA capital expenditure	56,981	174,457

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

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



Risk Report

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

Based on the hedging and management instruments currently in use, no material risks can be identified at the present time that could endanger the company's standing as a going concern. The overall risk situation for the first half of 2020 was classified as elevated due to the Covid-19 pandemic and its effects.

Risks in the first half of 2020

Market and property-specific risks

A macroeconomic evaluation shows that the Covid-19 pandemic has triggered the strongest recession since World War II. Economic output in the eurozone fell by 12.1% in the second quarter of 2020 as described in the section "Economic Overview and Property Markets", and unemployment increased in IMMOFINANZ's core countries. This situation has improved with the resumption of economic activity, but the extent and duration of the pandemic as well as possible future containment measures are still impossible to predict. A further risk factor involves the rising political tensions between China and the USA. The Covid-19 pandemic also led to a substantial decline in the oil price, which has had a substantial negative impact on the budgets of the oil-producing countries.

The economic support measures announced by the European Central Bank (ECB) included the reopening of the bond purchase programme and the provision of additional liquidity for the European banking sector. The European Union compiled a rescue package for the countries hardest hit by the pandemic, while national governments introduced measures to strengthen consumer spending and support businesses. However, further negative implications for economic growth and the negative effects of the crisis on IMMOFINANZ's net profit cannot be excluded during the remainder of the year. These factors are related, among others, to a potential subsequent wave of bankruptcies following the expiration of government support programmes. A wave of bankruptcies could increase the risk of a deterioration in the financing environment for companies. Banks negatively affected by write-offs could cease to be available as financing partners, and this could lead to a dangerous liquidity shortage on the capital market. IMMOFINANZ therefore sees the protection of sufficient liquidity as a key priority in the event this scenario materialises.

The first half of 2020 was influenced by the Covid-19 pandemic and its impact on the real estate sector. In order to offset the temporary decline in rental income from the retail business on cash flow, IMMOFINANZ's management introduced a cost savings programme in March. It includes, among others, the postponement of non-essential investments and expenditures, the reduction of overheads and the renegotiation of supplier contracts. The equity structure was also strengthened by capital measures after the end of the reporting period. On the revenue side, individual solutions were developed together with retail tenants to assist them in overcoming the crisis and marketing activities were launched to ensure the rapid recovery of visitor frequency in the retail properties. In the office business, tenants received support for a smooth return to work. Back-to-office plans were prepared with a focus on room concepts, distance guidelines, disinfection, protective measures and access rules. A separate task force was installed to manage hygiene procedures for the common areas to ensure the safe use of office and retail space.

IMMOFINANZ was affected by the government-ordered, temporary shutdown of retail facilities and – up to now only a few – tenant bankruptcies. In individual countries, rental payments in the retail and office sector were deferred by government directives. Voluntary retrospective and prospective rental price reductions were also agreed as were the deferral of rents and contract term extensions. Construction was also delayed on several development projects. The immediate installation of a crisis staff and the introduction of internal emergency measures substantially reduced the impact on the operating business. This active risk management will be continued during the second half-year, but future periods carry the general risk of possible tenant bankruptcies as well as the risks connected with new rentals and the re-rental of vacant space.

The foreseeable long-term effects of the Covid-19 pandemic include, for example, changes in consumer behaviour and changes in the modern working world, both of which will have an influence on IMMOFINANZ's real estate solutions. In the retail sector, this could range from more conscious purchasing behaviour to the avoidance of public areas. In the office sector, the focus on home office could increase and the current recession could lead to changes in the demand for office space. With its cost-efficient STOP SHOP and VIVO! retail concepts and high-quality, innovative office solutions, the Executive Board of IMMOFINANZ sees itself well positioned to meet these challenges.

The development projects currently in progress by IMMOFINANZ (property under construction) have a carrying amount of EUR 192.0 million (31 December 2019: EUR 177.5 million). The outstanding construction costs for these development projects totalled EUR 76.0 million as of 30 June 2020 (31 December 2019: EUR 111.9 million). The pipeline projects, including real estate inventories, had a carrying amount of EUR 180.2 million as of 30 June 2020 (31 December 2019: EUR 173.2 million).

Business and other risks

IMMOFINANZ is also exposed to other risks in connection with its business activities. These legal, compliance, environmental, tax and human resources risks remained generally unchanged in comparison with the 2019 financial year.

IMMOFINANZ AG acquired 19,499,437 bearer shares in S IMMO AG through share purchase contracts dated 18 April 2018. The transaction closed on 21 September 2018. The S IMMO share is listed in the Prime Segment of the Vienna Stock Exchange and is therefore exposed to market price risks. The equity method is used to account for this investment: as of 30 June 2020, the carrying amount of the S IMMO investment equalled EUR 446.4 million, which represents 7.2% of IMMOFINANZ's total assets. The purchase of these shares was not financed externally.

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

Vienna, 26 August 2020

The Executive Board



Ronny Pecik
CEO



Stefan Schönauer
CFO



Dietmar Reindl
COO

Consolidated Balance Sheet

All amounts in TEUR	Notes	30 6 2020	31 12 2019
Investment property	4.1	4,818,590	4,985,257
Property under construction	4.2	214,431	199,439
Other tangible assets		3,618	3,628
Intangible assets		24,524	24,619
Equity-accounted investments	4.3	448,953	478,191
Trade and other receivables	4.4	61,324	65,396
Income tax receivables		548	759
Other financial assets		11,603	10,449
Deferred tax assets		5,213	2,992
Non-current assets		5,588,804	5,770,730
Trade and other receivables	4.4	102,764	104,430
Income tax receivables		12,147	13,324
Assets held for sale	4.5	141,627	154,622
Real estate inventories		907	868
Cash and cash equivalents		339,494	341,161
Current assets		596,939	614,405
Assets		6,185,743	6,385,135
Share capital	4.6	112,085	112,085
Capital reserves	4.6	4,465,194	4,465,194
Treasury shares	4.6	-250,378	-250,378
Accumulated other equity		-200,725	-166,611
Retained earnings		-1,320,134	-1,200,196
Equity attributable to owners of IMMOFINANZ AG		2,806,042	2,960,094
Non-controlling interests		-24,371	-22,949
Equity		2,781,671	2,937,145
Liabilities from convertible bonds	4.7	284,433	281,344
Financial liabilities	4.8	2,234,908	2,307,684
Trade and other payables	4.9	59,336	50,475
Income tax liabilities		3	2
Provisions		18,311	18,135
Deferred tax liabilities		258,949	275,286
Non-current liabilities		2,855,940	2,932,926
Liabilities from convertible bonds	4.7	4,471	4,463
Financial liabilities	4.8	336,286	272,697
Trade and other payables	4.9	129,178	147,192
Income tax liabilities		5,949	5,795
Provisions		25,485	36,262
Liabilities held for sale	4.5	46,763	48,655
Current liabilities		548,132	515,064
Equity and liabilities		6,185,743	6,385,135

Consolidated Income Statement

All amounts in TEUR	Notes	Q2 2020 ¹	Q1–2 2020	Q2 2019 ¹	Q1–2 2019
Rental income	5.1	71,532	145,522	66,607	131,837
Operating costs charged to tenants		18,810	41,348	19,501	40,758
Other revenues		898	2,818	391	592
Revenues		91,240	189,688	86,499	173,187
Expenses from investment property	5.2	-26,474	-38,892	-12,425	-23,742
Operating expenses		-21,451	-48,015	-23,459	-48,475
Results of asset management		43,315	102,781	50,615	100,970
Results of property sales	5.3	1,069	-738	655	1,683
Results of property development	5.4	-15,976	-16,723	18,926	14,309
Other operating income	5.5	578	941	3,308	4,079
Other operating expenses	5.6	-12,720	-26,533	-11,610	-22,304
Results of operations		16,266	59,728	61,894	98,737
Revaluation result from standing investments and goodwill	5.7	-98,379	-143,367	97,564	104,668
Operating profit (EBIT)		-82,113	-83,639	159,458	203,405
Financing costs	5.8	-18,170	-37,711	-16,642	-31,586
Financing income	5.8	723	1,082	127	598
Foreign exchange differences		1,866	253	-348	-1,454
Other financial results	5.8	-7,091	-12,401	-8,209	-16,152
Net profit or loss from equity-accounted investments		10,559	6,397	38,543	43,396
Financial results	5.8	-12,113	-42,380	13,471	-5,198
Earnings before tax (EBT)		-94,226	-126,019	172,929	198,207
Current income tax		-1,221	-4,711	-3,368	-7,210
Deferred tax		12,731	10,366	-13,588	-9,730
Net profit or loss from continuing operations		-82,716	-120,364	155,973	181,267
Net profit or loss from discontinued operations		0	0	-1,128	4,008
Net profit or loss		-82,716	-120,364	154,845	185,275
thereof attributable to owners of IMMOFINANZ AG		-82,565	-119,938	155,598	186,434
thereof attributable to non-controlling interests		-151	-426	-753	-1,159
Basic earnings per share in EUR		-0.82	-1.19	1.44	1.72
Diluted earnings per share in EUR		-0.82	-1.19	1.28	1.53

¹ Not reviewed

Consolidated Statement of Comprehensive Income

All amounts in TEUR	Notes	Q2 2020 ¹	Q1–2 2020	Q2 2019 ¹	Q1–2 2019
Net profit or loss		-82,716	-120,364	154,845	185,275
Other comprehensive income (reclassifiable)					
Currency translation adjustment		-1,206	-2,329	-942	-3,139
thereof changes during the financial year		-1,206	-2,858	-1,108	-2,190
thereof reclassification to profit or loss	2.2	0	529	166	-949
Other comprehensive income from equity-accounted investments	4.3	-326	126	-1,493	-2,873
thereof changes during the financial year		-313	64	-1,778	-3,554
thereof income taxes		-13	62	285	681
Total other comprehensive income (reclassifiable)		-1,662	-2,203	-2,435	-6,012
Other comprehensive income (not reclassifiable)					
Financial instruments at fair value through other comprehensive income		-130	-130	0	0
thereof changes during the financial year		-173	-173	0	0
thereof income taxes		43	43	0	0
Other comprehensive income from equity-accounted investments	4.3	-4,081	-32,777	1,595	11,436
thereof changes during the financial year		-5,442	-43,703	3,236	16,358
thereof income taxes		1,361	10,926	-1,641	-4,922
Total other comprehensive income (not reclassifiable)		-4,081	-32,907	1,595	11,436
Total other comprehensive income after tax		-5,743	-35,110	-840	5,424
Total comprehensive income		-88,459	-155,474	154,005	190,699
thereof attributable to owners of IMMOFINANZ AG		-87,862	-154,052	155,215	192,529
thereof attributable to non-controlling interests		-597	-1,422	-1,210	-1,830

¹ Not reviewed

Consolidated Cash Flow Statement

All amounts in TEUR	Notes	Q1–2 2020	Q1–2 2019 ¹
Earnings before tax (EBT)		-126,019	198,207
Earnings before tax (EBT) from discontinued operations		0	4,008
Revaluations of investment properties	5.7	159,239	-123,494
Goodwill impairment and subsequent price adjustments		-45	0
Write-downs and write-ups on real estate inventories (including impending losses from forward sales)	5.4	0	1,010
Write-downs and write-ups on receivables and other assets		18,071	937
Net profit or loss from equity-accounted investments		-6,398	-43,397
Foreign exchange differences and fair value measurement of financial instruments		14,565	18,315
Net interest income/expense		35,724	28,980
Results from deconsolidation	2.2	357	-2,859
Other non-cash income/expense/reclassifications		-917	-1,791
Gross cash flow before tax		94,577	79,916
Income taxes paid		-2,840	-6,897
Gross cash flow after tax		91,737	73,019
Change in real estate inventories		1,291	61,794
Change in trade and other receivables		-26,581	-2,479
Change in trade payables and other liabilities		-2,537	-24,518
Change in provisions		-8,991	-4,256
Cash flow from operating activities		54,919	103,560
Acquisition of investment property and property under construction		-66,719	-79,720
Business combinations and other acquisitions, net of cash and cash equivalents		0	-8,354
Consideration transferred/paid from disposal of discontinued operations, net of cash and cash equivalents		0	-695
Consideration transferred from disposal of subsidiaries, net of cash and cash equivalents		17,425	11,889
Acquisition of other non-current assets		-2,629	77
Disposal of investment property and property under construction		12,861	45,491
Disposal of other non-current assets		0	175
Disposal of equity-accounted investments and cash flows from other net investment positions		0	-51
Dividends received from equity-accounted investments	4.3	3,129	16,219
Interest or dividends received from financial instruments		982	1,353
Cash flow from investing activities		-34,951	-13,616
Increase in financial liabilities plus decrease in blocked cash and cash equivalents		102,292	633,133
Repayment of financial liabilities plus increase in blocked cash and cash equivalents		-84,158	-573,666
Derivatives		-5,383	-6,701
Interest paid		-30,747	-20,549
Distributions	4.6	0	-88,113
Share buyback	4.6	0	-104,557
Cash flow from financing activities		-17,996	-160,453
Net foreign exchange differences		-4,867	-1,051
Change in cash and cash equivalents		-2,895	-71,560
Cash and cash equivalents at the beginning of the period (consolidated balance sheet item)		341,161	631,754
Plus cash and cash equivalents in disposal groups		3,980	252
Cash and cash equivalents at the beginning of the period		345,141	632,006
Cash and cash equivalents at the end of the period		342,246	560,446
Less cash and cash equivalents in disposal groups	4.5	2,752	0
Cash and cash equivalents at the end of the period (consolidated balance sheet item)		339,494	560,446

¹ The comparative prior year data were adjusted (see section 1.)

Consolidated Statement of Changes in Equity

All amounts in TEUR	Notes	Share capital	Capital reserves	Treasury shares
Balance on 31 December 2019		112,085	4,465,194	-250,378
Other comprehensive income	4.6			
Net profit or loss				
Total comprehensive income				
Balance on 30 June 2020		112,085	4,465,194	-250,378
Balance on 31 December 2018		112,085	4,465,259	-106,414
Other comprehensive income				
Net profit or loss				
Total comprehensive income				
Share buyback			-47	-104,509
Distributions				
Balance on 30 June 2019		112,085	4,465,212	-210,923

Accumulated other equity								
	Revaluation reserve (former AFS reserve)	IAS 19 reserve	Hedge accounting reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	12,767	-405	-3,398	-175,575	-1,200,196	2,960,094	-22,949	2,937,145
	-32,907		-650	-557		-34,114	-996	-35,110
					-119,938	-119,938	-426	-120,364
	-32,907		-650	-557	-119,938	-154,052	-1,422	-155,474
	-20,140	-405	-4,048	-176,132	-1,320,134	2,806,042	-24,371	2,781,671
	-8,886	-385	-925	-173,128	-1,470,672	2,816,934	-16,593	2,800,341
	11,436		-2,957	-2,384		6,095	-671	5,424
					186,434	186,434	-1,159	185,275
	11,436		-2,957	-2,384	186,434	192,529	-1,830	190,699
						-104,556		-104,556
					-88,113	-88,113		-88,113
	2,550	-385	-3,882	-175,512	-1,372,351	2,816,794	-18,423	2,798,371

Notes

1. Basis of Preparation

The consolidated interim financial statements of IMMOFINANZ as of 30 June 2020 were prepared for the period from 1 January 2020 to 30 June 2020 (first half-year 2020) in agreement with the International Financial Reporting Standards (IFRS) applicable to interim reporting, as applied in the EU.

The condensed scope of reporting in these consolidated interim financial statements reflects the requirements of IAS 34. Supplementary information was included in the consolidated interim financial statements to describe the effects of Covid-19. Information on the application of IFRS, on the significant accounting policies and on further disclosures is provided in the consolidated financial statements of IMMOFINANZ as of 31 December 2019 and forms the basis for these consolidated interim financial statements.

These consolidated interim financial statements of IMMOFINANZ were reviewed by Deloitte Audit Wirtschaftsprüfungs GmbH, which also audits the consolidated financial statements.

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.

In contrast to the consolidated interim financial statements as of 30 June 2019, the presentation on the cash flow statement of the consideration received and paid for the sale of discontinued operations was adjusted to reflect the presentation in the consolidated financial statements as of 31 December 2019. This adjustment involves the presentation of EUR 0.7 million under cash flow from investing activities instead of under cash flow from operating activities.

2. Scope of Consolidation

2.1 Development of the scope of consolidation

Scope of consolidation	Subsidiaries full consolidation	Joint ventures at equity	Associates at equity	Total
Balance on 31 December 2019	228	2	7	237
Companies initially included				
Other acquisitions	1	0	0	1
Companies no longer included				
Sales	-3	0	0	-3
Mergers	-3	0	0	-3
Liquidations	-2	0	0	-2
Balance on 30 June 2020	221	2	7	230
thereof foreign companies	151	2	0	153
thereof in liquidation	8	0	0	8
thereof intragroup merger resolution adopted	3	0	0	3

2.2 Sale of subsidiaries

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

All amounts in TEUR	Q1–2 2020
Investment property (see 4.1)	43,270
Receivables and other assets	513
Deferred tax assets	477
Cash and cash equivalents	644
Financial liabilities	-24,276
Trade payables	-139
Other liabilities	-855
Provisions	-2
Deferred tax liabilities	-4,652
Net assets sold	14,980
Consideration received in cash and cash equivalents	15,152
Less net assets sold	-14,980
Reclassification of foreign exchange differences to profit or loss	-529
Results from deconsolidation	-357
Consideration received in cash and cash equivalents	15,152
Less cash and cash equivalents sold	-644
Net inflow of cash and cash equivalents	14,508

3. Information on Operating Segments

Information on the reportable segments of IMMOFINANZ is presented in the following section.

All amounts in TEUR	Austria		Germany	
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Office	11,021	13,507	10,070	8,417
Retail	5,767	5,948	0	0
Other	2,268	2,097	1,192	1,541
Rental income	19,056	21,552	11,262	9,958
Operating costs charged to tenants	4,388	5,012	2,686	1,420
Other revenues	323	110	0	2
Revenues	23,767	26,674	13,948	11,380
Expenses from investment property	-7,685	-6,563	-1,081	340
Operating expenses	-5,784	-6,339	-2,746	-1,932
Results of asset management	10,298	13,772	10,121	9,788
Results of property sales	-620	1,097	-158	-229
Results of property development	-6,198	9,628	-7,146	9,320
Other operating income	120	183	23	22
Other operating expenses	-206	-553	-1,195	-1,009
Results of operations	3,394	24,127	1,645	17,892
Revaluation result from standing investments and goodwill	-13,810	48,574	-7,137	38,966
Operating profit (EBIT)	-10,416	72,701	-5,492	56,858
	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Investment property	790,731	796,143	579,679	586,258
Property under construction	103,850	93,610	74,830	67,560
Goodwill	0	0	0	0
Investment properties held for sale	406	5,476	0	0
Real estate inventories	0	0	559	520
Segment assets	894,987	895,229	655,068	654,338
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Segment investments	19,675	29,241	16,385	45,150

All amounts in TEUR	Poland		Czech Republic	
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Office	20,037	11,922	7,110	5,381
Retail	11,284	10,796	6,752	6,393
Other	3,779	2,542	842	808
Rental income	35,100	25,260	14,704	12,582
Operating costs charged to tenants	10,972	9,244	3,721	3,644
Other revenues	1,439	116	56	73
Revenues	47,511	34,620	18,481	16,299
Expenses from investment property	-8,279	-4,016	-2,812	-1,449
Operating expenses	-12,936	-11,647	-3,736	-3,688
Results of asset management	26,296	18,957	11,933	11,162
Results of property sales	-636	-401	-103	-252
Results of property development	-222	-4,124	1	-71
Other operating income	221	189	29	39
Other operating expenses	-1,752	-1,269	-730	-715
Results of operations	23,907	13,352	11,130	10,163
Revaluation result from standing investments and goodwill	-39,786	1,921	-5,958	8,421
Operating profit (EBIT)	-15,879	15,273	5,172	18,584
	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Investment property	1,029,592	1,096,219	538,202	543,333
Property under construction	272	10,549	0	0
Goodwill	32	32	7,056	7,056
Investment properties held for sale	137,301	138,448	0	0
Real estate inventories	0	0	0	0
Segment assets	1,167,197	1,245,248	545,258	550,389
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Segment investments	6,950	37,267	1,005	65,759

All amounts in TEUR	Slovakia		Hungary	
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Office	1,533	1,480	7,125	7,069
Retail	9,456	9,214	8,126	8,127
Other	324	348	1,188	1,165
Rental income	11,313	11,042	16,439	16,361
Operating costs charged to tenants	3,620	4,067	4,950	6,007
Other revenues	48	35	67	126
Revenues	14,981	15,144	21,456	22,494
Expenses from investment property	-4,151	-3,851	-2,754	-1,773
Operating expenses	-3,370	-3,868	-5,836	-7,077
Results of asset management	7,460	7,425	12,866	13,644
Results of property sales	541	485	-24	635
Results of property development	-61	-77	-89	-164
Other operating income	34	67	6	81
Other operating expenses	-569	-718	-920	-812
Results of operations	7,405	7,182	11,839	13,384
Revaluation result from standing investments and goodwill	-11,313	1,613	-14,062	1,347
Operating profit (EBIT)	-3,908	8,795	-2,223	14,731
	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Investment property	320,623	330,347	500,555	515,881
Property under construction	0	0	2,450	2,530
Goodwill	184	184	2,385	2,385
Investment properties held for sale	0	0	245	245
Real estate inventories	0	0	0	0
Segment assets	320,807	330,531	505,635	521,041
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Segment investments	2,110	5,401	531	625

All amounts in TEUR	Romania		Other Countries	
	Q1-2 2020	Q1-2 2019	Q1-2 2020	Q1-2 2019
Office	8,378	7,930	677	679
Retail	13,702	14,260	11,642	8,382
Other	2,957	3,595	292	236
Rental income	25,037	25,785	12,611	9,297
Operating costs charged to tenants	8,442	9,399	2,569	1,965
Other revenues	177	118	708	12
Revenues	33,656	35,302	15,888	11,274
Expenses from investment property	-8,975	-5,679	-3,155	-751
Operating expenses	-10,946	-11,750	-2,661	-2,174
Results of asset management	13,735	17,873	10,072	8,349
Results of property sales	521	607	-259	-259
Results of property development	-2,981	117	-27	-320
Other operating income	430	3,021	52	4
Other operating expenses	-4,032	-2,085	-667	-620
Results of operations	7,673	19,533	9,171	7,154
Revaluation result from standing investments and goodwill	-43,782	2,488	-7,519	1,338
Operating profit (EBIT)	-36,109	22,021	1,652	8,492
	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Investment property	725,174	771,595	334,034	345,481
Property under construction	31,580	24,230	1,449	960
Goodwill	13,529	13,529	999	998
Investment properties held for sale	0	5,762	0	0
Real estate inventories	348	348	0	0
Segment assets	770,631	815,464	336,482	347,439
	Q1-2 2020	Q1-2 2019	Q1-2 2020	Q1-2 2019
Segment investments	10,147	4,395	730	11,003

All amounts in TEUR	Total reportable segments		Reconciliation to consolidated financial statements		IMMOFINANZ	
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Office	65,951	56,385	0	0	65,951	56,385
Retail	66,729	63,120	0	0	66,729	63,120
Other	12,842	12,332	0	0	12,842	12,332
Rental income	145,522	131,837	0	0	145,522	131,837
Operating costs charged to tenants	41,348	40,758	0	0	41,348	40,758
Other revenues	2,818	592	0	0	2,818	592
Revenues	189,688	173,187	0	0	189,688	173,187
Expenses from investment property	-38,892	-23,742	0	0	-38,892	-23,742
Operating expenses	-48,015	-48,475	0	0	-48,015	-48,475
Results of asset management	102,781	100,970	0	0	102,781	100,970
Results of property sales	-738	1,683	0	0	-738	1,683
Results of property development	-16,723	14,309	0	0	-16,723	14,309
Other operating income	915	3,606	26	473	941	4,079
Other operating expenses	-10,071	-7,781	-16,462	-14,523	-26,533	-22,304
Results of operations	76,164	112,787	-16,436	-14,050	59,728	98,737
Revaluation result from standing investments and goodwill	-143,367	104,668	0	0	-143,367	104,668
Operating profit (EBIT)	-67,203	217,455	-16,436	-14,050	-83,639	203,405
	30 6 2020	31 12 2019	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Investment property	4,818,590	4,985,257	0	0	4,818,590	4,985,257
Property under construction	214,431	199,439	0	0	214,431	199,439
Goodwill	24,185	24,184	0	0	24,185	24,184
Investment properties held for sale	137,952	149,931	0	0	137,952	149,931
Real estate inventories	907	868	0	0	907	868
Segment assets	5,196,065	5,359,679	0	0	5,196,065	5,359,679
	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019	Q1–2 2020	Q1–2 2019
Segment investments	57,533	198,841	0	0	57,533	198,841

4. Notes to the Consolidated Balance Sheet

4.1 Investment property

The development of the investment properties during the first half of 2020 is as follows:

All amounts in TEUR	Q1–2 2020
Beginning balance	4,985,257
Deconsolidations (see 2.2)	-43,270
Currency translation adjustments	-4,128
Additions	9,310
Disposals	-2,619
Revaluation	-142,917
Reclassifications	11,894
Reclassification from IFRS 5	5,063
Ending balance	4,818,590

The additions consist chiefly of investments in a retail property in Bratislava and office properties in Vienna, while the disposals primarily involve the sale of an office property in Poland. The reclassifications consist mainly of transfers from property under construction to investment property in Poland and reclassification from IFRS 5 the transfer of a retail property in Austria from assets held for sale to investment property.

Investment property includes IFRS 16 rights of use totalling EUR 61.1 million (2019: EUR 63.5 million). IFRS 16 rights of use amounting to EUR 2.8 million (2019: EUR 4.3 million) included in investment property are reported under assets held for sale (see section 4.5).

4.1.1 Valuation assumptions and existing valuation uncertainty

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

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

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

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

The following tables also include the investment properties held for sale (see section 4.5), where current appraisals were available as of 30 June 2020.

Office						
Q1–2 2020		Lettable space in sqm	Market rent per sqm, month and property in EUR	Actual rent per sqm, month and property in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,194	6.53	4.10	2.90	0.00
	max	66,360	24.65	22.86	5.55	20.98
	weighted average	18,670	14.71	13.71	4.23	4.54
	median	10,180	14.34	14.08	4.40	0.08
CEE	min	5,914	7.74	6.66	4.20	0.00
	max	71,606	22.98	22.78	10.15	31.20
	weighted average	20,034	13.81	11.15	7.44	5.29
	median	17,071	13.73	10.47	7.75	3.19
Other Countries	min	15,995	11.91	10.20	7.75	9.85
	max	15,995	11.91	10.20	7.75	9.85
	weighted average	15,995	11.91	10.20	7.75	9.85
	median	15,995	11.91	10.20	7.75	9.85

The presentation of identical parameters for the minimum, maximum, weighted average and median is explained by the fact that there is only one office property in the other countries.

Retail						
Q1–2 2020		Lettable space in sqm	Market rent per sqm, month and property in EUR	Actual rent per sqm, month and property in EUR	Capitalisation rate in %	Vacancy rate in %
West	min	2,174	6.05	5.79	5.05	0.00
	max	9,480	13.90	14.83	6.15	7.58
	weighted average	4,791	10.96	11.67	5.68	0.72
	median	4,377	11.43	12.36	5.70	0.00
CEE	min	2,636	5.10	4.59	6.50	0.00
	max	62,605	20.13	21.12	9.75	24.68
	weighted average	11,596	9.92	10.02	7.68	2.48
	median	7,964	9.32	9.59	7.60	0.00
Other Countries	min	1,657	7.45	4.57	7.75	0.00
	max	13,112	12.27	13.05	8.75	6.97
	weighted average	7,741	9.96	9.88	8.26	0.67
	median	7,626	10.00	10.33	8.00	0.00

The above information should be viewed in connection with the disclosures as of 31 December 2019 and reflects the first changes resulting from Covid-19. The capitalisation and vacancy rates increased during the first half of 2020 and had a negative effect on valuation.

Moreover, it should be noted that – in addition to the effects of Covid-19 on the parameters (rents included) as of 30 June 2020 – these parameters are connected with further uncertainties that cannot be predicted at the present time.

Sensitivity analysis of revaluation results

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

The following two tables show the per cent change in the fair value of investment property as of 30 June 2020 that would have resulted from changes in rental income and interest rates, respectively from changes in the vacancy rate:

Sensitivity of fair value as of 30 June 2020					Rental income
Interest rate ¹	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -50 basis points	5.6%	8.8%	11.9%	15.0%	18.1%
Δ -25 basis points	-0.3%	2.6%	5.6%	8.5%	11.5%
Δ 0 basis points	-5.6%	-2.8%	0.0%	2.8%	5.6%
Δ +25 basis points	-10.3%	-7.7%	-5.0%	-2.3%	0.3%
Δ +50 basis points	-14.6%	-12.1%	-9.5%	-7.0%	-4.4%

¹ Capitalisation rate

Sensitivity of fair value as of 30 June 2020					Rental income
Vacancy rate	Δ -5.0%	Δ -2.5%	Δ 0.0%	Δ +2.5%	Δ +5.0%
Δ -5.0% points	-3.3%	-4.2%	-5.6%	-8.3%	-10.9%
Δ -2.5% points	-0.4%	-1.3%	-2.8%	-5.5%	-8.3%
Δ 0.0% points	2.5%	1.5%	0.0%	-2.8%	-5.6%
Δ +2.5% points	5.3%	4.4%	2.8%	-0.1%	-2.9%
Δ +5.0% points	8.2%	7.2%	5.6%	2.7%	-0.3%

The above data are based on the top 30 properties in the standing investment portfolio, excluding the properties classified as held for sale in accordance with IFRS 5. As of 30 June 2020, the investment property had a carrying amount of EUR 4,818.6 million (31 December 2019: EUR 4,985.3 million), and the carrying amount of the top 30 properties totalled EUR 2,931.3 million (31 December 2019: EUR 3,048.9 million) or 60.8% (31 December 2019: 61.2%) of the standing investment portfolio.

For the top 30 properties in the standing investment portfolio, the capitalisation rates used by the appraisers for valuation as of 30 June 2020 ranged from 3.05% to 8.75% (31 December 2019: 3.1% to 8.5%). The interest rates were highest in Romania during the first half of 2020 with a range of 7.6% to 8.85% and lowest in Austria with a range of 3.05% to 4.85%. In the previous financial year, the highest interest rates were recorded in Romania with a range of 7.5% to 8.5% and the lowest rates were recorded in Austria with a range of 3.1% to 4.8%.

4.2 Property under construction

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

All amounts in TEUR	Q1-2 2020
Beginning balance	199,439
Additions	48,223
Revaluation	-16,756
Reclassifications	-16,475
Ending balance	214,431

The additions are related primarily to the German development project currently in progress at the myhive Medienhafen in Düsseldorf and to investments in Vienna and Bucharest. The development project in Düsseldorf had a negative effect of EUR -8.1 million on revaluation results due to the identification of subsequent purchase costs for the land during the second quarter of 2020; these costs will be payable in 2021.

The reclassifications involve, above all, transfers of EUR -16.5 million (2019: EUR -269.3 million) from property under construction to investment property.

Property under construction did not include any IFRS 16 rights of use as of 30 June 2020 or 30 June 2019. All IFRS 16 rights of use attributable to property under construction (EUR 13.2 million; 2019: EUR 13.7 million) are reported under assets held for sale (see section 4.5).

The ongoing Covid-19 pandemic has not only affected IMMOFINANZ's standing investments but also the development projects through impairment losses caused by an increase in the capitalisation rates. For example: the capitalisation rates in Romania and Austria, where IMMOFINANZ is currently carrying out substantial office refurbishments, increased by 10 basis points in each case.

The existing valuation uncertainties resulting from Covid-19 involve construction delays, but there have been no further limitations on development projects or material negative financial effects to date.

4.3 Equity-accounted investments

The development of the equity-accounted investments is shown in the following table:

All amounts in TEUR	S IMMO	Other	Total
Interest held by IMMOFINANZ	26.49%		
Beginning balance	474,650	3,541	478,191
Current net profit or loss from equity-accounted investments	4,482	1,915	6,397
Other comprehensive income from currency translation adjustment	718	58	776
Other comprehensive income from financial instruments measured at fair value through other comprehensive income (FVOCI)	-32,777	0	-32,777
Other comprehensive income from the change in the hedge accounting reserve	-650	0	-650
Offset of results with other net investment positions	0	143	143
Dividend	0	-3,127	-3,127
Ending balance	446,423	2,530	448,953

The carrying amount of the equity-accounted investments totalled EUR 449.0 million as of 30 June 2020, whereby EUR 446.4 million are attributable to S IMMO AG. Based on the 19,499,437 shares held by IMMOFINANZ, the book value per share of S IMMO AG equals EUR 22.89. The share of results from equity-accounted investments reported on the income statement amounts to EUR 6.4 million, whereby EUR 4.5 million are attributable to S IMMO AG.

There were no objective indications of impairment to the S IMMO investment as of 30 June 2020. However, there is a possibility that an impairment loss could be recognised to the investment by year-end depending on the further development of the share price.

4.4 Trade and other receivables

All amounts in TEUR	30 6 2020	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2019
Rents receivable	36,519	36,519	0	0	24,284
Miscellaneous	27,653	27,653	0	0	31,943
Total trade accounts receivable	64,172	64,172	0	0	56,227
Receivables due from joint ventures	1,912	872	1,025	15	1,757
Receivables due from equity-accounted investments	1,912	872	1,025	15	1,757
Restricted funds	40,532	2,531	36,830	1,171	42,863
Financing	8,310	84	167	8,059	8,746
Property management	7,188	6,869	293	26	2,863
Outstanding purchase price receivables - sale of properties	0	0	0	0	2,951
Outstanding purchase price receivables - sale of shares in other companies	12,303	1	12,302	0	14,597
Miscellaneous	12,034	10,598	1,385	51	9,816
Total other financial receivables	80,367	20,083	50,977	9,307	81,836
Tax authorities	17,421	17,421	0	0	29,005
Other contractual assets	216	216	0	0	1,001
Total other non-financial receivables	17,637	17,637	0	0	30,006
Total	164,088	102,764	52,002	9,322	169,826

Additional information on the receivables write-offs resulting from Covid-19 is provided in section 5.2.

4.5 Assets and liabilities held for sale

Of the assets and liabilities classified as held for sale as of 31 December 2019, one office property in Poland and two retail properties in Romania and Hungary were sold during the first half of 2020.

One retail property in Austria was reclassified to investment property. The decision was based on a disagreement over the settlement of the sale process, including the transfer of land rights to a third party. Covid-19 did not lead to any changes in the intent to sell or the end of existing buyers' interest in the first half of 2020.

Management stands by its intention to sell the remaining assets and liabilities classified as held for sale as of 31 December 2019 and to complete the sales not realised as of 30 June 2020.

The following table provides summarised information on the assets and liabilities classified as held for sale as of 30 June 2020:

All amounts in TEUR	Carrying amount as of 30 6 2020	Carrying amount as of 31 12 2019
Investment property	78,205	88,446
Property under construction	59,747	61,485
Deferred tax assets	0	27
Trade and other receivables	923	684
Cash and cash equivalents	2,752	3,980
Assets held for sale	141,627	154,622
Reclassifiable reserves	-904	-904
Financial liabilities	43,536	45,365
Trade and other payables	1,870	2,185
Provisions	333	335
Deferred tax liabilities	1,024	770
Liabilities held for sale	46,763	48,655

The investment property and property under construction which are classified as held for sale include IFRS 16 rights of use totalling EUR 2.8 million (2019: EUR 4.3 million), respectively EUR 13.2 million (2019: EUR 13.7 million).

The financial liabilities held for sale include lease liabilities of EUR 16.0 million (2019: EUR 17.9 million).

4.6 Equity

In view of the Covid-19 pandemic, IMMOFINANZ rescheduled the 27th annual general meeting which was originally planned for 22 May 2020 in Vienna to 1 October 2020. Consequently, the resolution on the distribution of profit for 2019 and the dividend will also be postponed to that date.

4.7 Liabilities from convertible bonds

IMMOFINANZ had convertible bonds with a total nominal value of EUR 297.2 million outstanding as of 30 June 2020 (31 December 2019: EUR 297.2 million). The underlying bond liability and the related interest coupons are measured at amortised cost based on the effective interest method.

All amounts in TEUR	30 6 2020	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2019
Convertible bond 2017-2024	288,904	4,471	284,433	0	285,807
Total	288,904	4,471	284,433	0	285,807

Convertible bond 2017–2024

IMMOFINANZ issued a convertible bond on 24 January 2017 through an accelerated book-building process with institutional investors. The bond has a nominal value of EUR 297.2 million, an initial interest rate of 2.0% and a term ending on 24 January 2024. Following the receipt of an investment grade rating from S&P Global Ratings in the first quarter of 2019, the coupon was reduced by 0.5% to 1.5% in accordance with the issue terms beginning with the interest rate period as of 24 January 2019. S&P Global Ratings confirmed this rating during its annual review process in February 2020 and again after the successful share placement and issue of the mandatory convertible bond in July 2020.

The convertible bond 2017–2024 includes a (non-separable) put option at the nominal value plus accrued interest as of 24 January 2022, which also determines the instrument's maturity at the present time.

The conversion price for the convertible bond 2017–2024 currently equals EUR 21.3772 per share. The conversion right can be exercised up to 10 January 2024.

4.8 Financial liabilities

The following table shows the composition and classification of financial liabilities by remaining term as of 30 June 2020:

All amounts in TEUR	30 6 2020	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2019
Amounts due to financial institutions	2,009,197	327,110	1,228,962	453,125	2,008,731
thereof secured by collateral	2,009,099	327,012	1,228,962	453,125	2,008,618
thereof not secured by collateral	98	98	0	0	113
Liabilities arising from the issue of bonds	500,593	5,469	495,124	0	506,161
Other financial liabilities	61,404	3,707	10,024	47,673	65,489
Total	2,571,194	336,286	1,734,110	500,798	2,580,381

Liabilities arising from the issue of bonds show an unsecured, non-subordinated bond with a nominal value of EUR 500 million. The bond was issued in January 2019; it has a four-year term and carries a fixed interest rate of 2.625% per year.

The other financial liabilities consist almost entirely of IFRS 16 lease liabilities.

Agreements have been reached with the banks in selected cases over the possible suspension of principal payments and the deferral of compliance with financial covenants during the Covid-19 pandemic. The actual payment suspensions represent only an immaterial component of the total outstanding credit volume. The deferral of compliance with financial covenants was immaterial because the originally agreed covenants were met in nearly all cases.

4.9 Trade payables and other liabilities

All amounts in TEUR	30 6 2020	Thereof remaining term under 1 year	Thereof remaining term between 1 and 5 years	Thereof remaining term over 5 years	31 12 2019
Trade payables	69,186	67,744	1,405	37	85,280
Derivative financial instruments (liabilities)	29,329	650	17,882	10,797	18,007
Property management	6,778	6,778	0	0	6,378
Amounts due to non-controlling interests	4,522	0	262	4,260	4,449
Amounts due to associated companies	68	68	0	0	191
Amounts due to joint ventures	322	6	20	296	326
Deposits and guarantees received	25,107	5,911	15,601	3,595	25,689
Prepayments received on property sales	1,107	1,107	0	0	1,124
Construction and refurbishment	2,136	1,917	219	0	6,496
Outstanding purchase prices (acquisition of properties)	0	0	0	0	111
Miscellaneous	13,671	9,805	3,858	8	14,212
Total other financial liabilities	83,040	26,242	37,842	18,956	76,983
Tax authorities	12,380	12,380	0	0	7,051
Rental and lease prepayments received	23,908	22,812	222	874	28,353
Total non-financial liabilities	36,288	35,192	222	874	35,404
Total	188,514	129,178	39,469	19,867	197,667

5. Notes to the Consolidated Income Statement

5.1 Rental income

All amounts in TEUR				Q1–2 2020
	Office	Retail	Other	Total
Office space	65,780	73	77	65,930
Retail space	3,827	62,319	0	66,146
Other space	10,998	1,496	952	13,446
thereof parking areas	6,776	162	215	7,153
thereof warehouse space	2,456	195	0	2,651
thereof hotel	123	0	705	828
thereof advertising and telecommunications	912	1,056	3	1,971
thereof other	731	83	29	843
Total	80,605	63,888	1,029	145,522

All amounts in TEUR				Q1–2 2019
	Office	Retail	Other	Total
Office space	56,215	154	17	56,386
Retail space	4,106	59,014	0	63,120
Other space	10,629	1,410	292	12,331
thereof parking areas	6,825	174	218	7,217
thereof warehouse space	1,991	143	24	2,158
thereof advertising and telecommunications	1,009	1,050	3	2,062
thereof other	804	43	47	894
Total	70,950	60,578	309	131,837

The increase in rental income resulted primarily from acquisitions in the second half of 2019, in particular the Warsaw Spire and Palmovka Open Park.

Covid-19 led to the legally mandated suspension of rental payments in individual countries during the first half of 2020. In addition, voluntary retrospective and prospective rental price reductions were agreed.

The pure suspension of rental payments does not have an impact on recognised revenues. Rental price reductions for future periods will be distributed over the remaining term as lease incentives. Previously invoiced rental payments were written down and expensed accordingly (information on the receivables write-offs resulting from Covid-19 is provided in section 5.2).

Rental price reductions in the office segment totalled EUR 0.4 million up to 30 June 2020. The comparable amount for the retail segment also totalled EUR 0.4 million. In addition, rental payments were suspended and lease terms were extended in both segments. IMMOFINANZ is continuing to work with tenants to develop individual solutions to counter future negative developments resulting from Covid-19. In addition to contractually agreed lease adjustments, IMMOFINANZ was negotiating with further tenants over rental price reductions at the end of June. (Also see section 8. Subsequent Events.)

Covid-19 had only a very limited effect on revenues for the first six months of 2020 because most rents for the first half of 2020 were already invoiced. However, turnover-based rents declined slightly as a result of Covid-19.

In addition to the above-mentioned measures, future periods are connected with the general risk of possible tenant bankruptcies as well as the risks connected with new rentals and the re-rental of vacant space.

5.2 Expenses from investment property

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Commission expenses	-220	-183
Maintenance	-7,192	-7,904
Operating costs charged to building owners	-6,252	-7,266
Property marketing	-1,670	-3,386
Personnel expenses from asset management	-2,441	-2,480
Other expenses from asset management	-1,263	-338
Fit-out costs	-1,030	-1,944
Write-off of receivables from asset management	-18,249	-525
Other expenses	-575	284
Total	-38,892	-23,742

Covid-19 was responsible for a substantial year-on-year increase in receivables write-offs. Of the EUR -18.2 million receivables write-offs shown in the above table, EUR -15.8 million are attributable to Covid-19.

Marketing activities were also noticeably reduced in the first half of 2020 due to Covid-19.

5.3 Results of property sales

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Office	0	28,133
Retail	8,369	7,305
Other	548	3,758
Proceeds from property sales	8,917	39,196
Less carrying amount of sold properties	-8,369	-39,196
Net gain/loss from property sales	548	0
Results from deconsolidation	-357	2,860
Sales commissions	-216	-393
Personnel expenses from property sales	-701	-586
Legal, auditing and consulting fees from property sales	-1,035	-568
Other expenses	94	-285
Expenses from property sales	-1,858	-1,832
Revaluation results from properties sold and held for sale (see 5.7)	929	655
Total	-738	1,683

Covid-19 has led to delays in the completion of property sales, but there were no price adjustments.

The positive amount reported for other expenses resulted from the release of a provision created in the previous year in connection with the sale of land in Romania.

The amounts reported under the proceeds from property sales and book value disposals in 2019 were reduced equally by EUR 6.0 million to reflect the net gain/loss from property sales as presented in the consolidated financial statements as of 31 December 2019.

5.4 Results of property development

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Proceeds from the sale of real estate inventories	567	53,265
Cost of real estate inventories sold	-19	-52,707
Other costs to sell for real estate inventories	0	-186
Write-down related reversals of real estate inventories	0	202
Write-down of real estate inventories	0	-1,212
Operating costs charged to building owners of real estate inventories	-9	-157
Other expenses from real estate inventories	1,179	-1,370
Expenses from real estate inventories	1,170	-2,723
Expenses from property development	-1,685	-1,697
Revaluation results from properties under construction (see 5.7)	-16,756	18,171
Total	-16,723	14,309

The positive amount reported under other expenses resulted from the release of liabilities totalling EUR 0.9 million.

Information on the negative effect of Covid-19 on revaluation results is provided under the change in parameters in section 4.1.1.

5.5 Other operating income

Other operating income comprises the following items:

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Expenses charged on	243	41
Insurance compensation	99	88
Income from derecognised liabilities	37	2,562
Reimbursement for penalties	53	300
Miscellaneous	509	1,088
Total	941	4,079

5.6 Other operating expenses

Other operating expenses include the following items:

All amounts in TEUR	Q1–2 2020	Q1–2 2019
Administrative expenses	-78	-63
Legal, auditing and consulting fees	-3,978	-3,641
Penalties	-6	-63
Levies	-2,593	-438
Advertising	-1,648	-1,229
Expenses charged on	0	-1
EDP and communications	-1,373	-1,277
Expert opinions	-240	-292
Personnel expenses	-13,901	-10,782
Other write-downs	-687	-523
Miscellaneous	-2,029	-3,995
Total	-26,533	-22,304

The increase in personnel expenses compared with the first half of 2019 is attributable, above all, to non-recurring payments connected with the resignation of Oliver Schumy from the Executive Board as of 18 March 2020.

The increase in levies during 2020 reflected the higher expenses which resulted from the write-off of uncollectible VAT receivables in Romania.

5.7 Revaluation results from investment property and goodwill

The results from the revaluation of investment properties and goodwill in 2020 consist solely of effects from property valuation.

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

All amounts in TEUR	Q1–2 2020			Q1–2 2019		
	Revaluation gains	Revaluation losses	Total	Revaluation gains	Revaluation losses	Total
Investment property	8,731	-152,143	-143,412	138,447	-33,779	104,668
Property under construction	8	-16,764	-16,756	32,736	-14,565	18,171
Properties sold and held for sale	1,288	-359	929	1,649	-994	655
Total	10,027	-169,266	-159,239	172,832	-49,338	123,494

Details on the valuation assumptions and the related potential risks for subsequent periods are provided in section 4.1.1.

5.8 Financial results

All amounts in TEUR	Q1–2 2020	Q1–2 2019
For financial liabilities AC	-33,326	-28,038
For derivative financial instruments	-4,385	-3,548
Total financing costs	-37,711	-31,586
For financial receivables AC	975	512
For derivative financial instruments	107	86
Total financing income	1,082	598
Foreign exchange differences	253	-1,454
Profit or loss on other financial instruments and proceeds on the disposal of financial instruments	24	-17
Valuation of financial instruments at fair value through profit or loss	-13,209	-16,290
Distributions	606	568
Valuation adjustments and impairment of receivables	178	-413
Other financial results	-12,401	-16,152
Net profit or loss from equity-accounted investments	6,397	43,396
Total	-42,380	-5,198

AC: financial assets/liabilities measured at amortised cost

The valuation of financial instruments at fair value through profit or loss consists primarily of results from the measurement of derivative financial instruments (interest rate swaps).

Information on the net gains and losses from equity-accounted investments is provided in section 4.3.

6. Additional Disclosures on Financial Instruments

6.1 Classes and categories of financial instruments

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

	Carrying amount of financial assets	Carrying amount of non-financial assets	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2020	30 6 2020	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Trade accounts receivable	64,172	0	64,172	56,227	64,172	56,227
Financing receivables	10,222	0	10,222	10,503	10,222	10,503
Loans and other receivables	72,057	17,637	89,694	103,096	89,694	103,096
Trade and other receivables	146,451	17,637	164,088	169,826	164,088	169,826
Real estate fund shares	3,186	0	3,186	3,811	3,186	3,811
Derivatives	0	0	0	86	0	86
Miscellaneous other financial instruments	8,417	0	8,417	6,552	8,417	6,552
Other financial assets	11,603	0	11,603	10,449	11,603	10,449
Cash and cash equivalents	339,494	0	339,494	341,161	339,494	341,161
Total assets	497,548	17,637	515,185	521,436	515,185	521,436

Non-FI: non-financial assets

	Carrying amount of financial liabilities	Carrying amount of non-financial liabilities	Total carrying amount	Total carrying amount	Total fair value	Total fair value
All amounts in TEUR	30 6 2020	30 6 2020	30 6 2020	31 12 2019	30 6 2020	31 12 2019
Liabilities from convertible bonds	288,904	0	288,904	285,807	294,165	294,241
Bonds	500,593	0	500,593	506,161	501,885	528,445
Amounts due to financial institutions	2,009,197	0	2,009,197	2,008,731	2,021,976	2,016,686
Other financial liabilities	61,404	0	61,404	65,489	61,404	65,489
Financial liabilities	2,571,194	0	2,571,194	2,580,381	2,585,265	2,610,620
Trade payables	69,186	0	69,186	85,280	69,186	85,280
Derivatives	29,329	0	29,329	18,007	29,329	18,007
Miscellaneous other liabilities	53,711	36,288	89,999	94,380	89,999	94,380
Trade and other payables	152,226	36,288	188,514	197,667	188,514	197,667
Total equity and liabilities	3,012,324	36,288	3,048,612	3,063,855	3,067,945	3,102,528

Non-FI: non-financial liabilities

6.2 Hierarchy of financial instruments carried at fair value

The following section includes an analysis of the financial instruments carried at fair value. A three-level classification was developed for this analysis in accordance with the measurement hierarchy defined in IFRS 13:

- Level 1: quoted prices for identical assets or liabilities on an active market (without any adjustments)
- Level 2: inputs that can be derived directly (e.g. as prices) or indirectly (e.g. based on prices) for the individual assets or liabilities and cannot be classified under Level 1
- Level 3: inputs for assets or liabilities that are not based on observable market data

All amounts in TEUR	Level 1	Level 2	Level 3	30 6 2020
				Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	3,186	3,186
Miscellaneous other financial instruments	6,548	-	1,869	8,417
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	29,329	29,329

All amounts in TEUR	Level 1	Level 2	Level 3	31 12 2019
				Total
Financial assets at fair value through profit or loss				
Real estate fund shares	-	-	3,811	3,811
Derivatives	-	-	86	86
Miscellaneous other financial instruments	6,552	-	-	6,552
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	18,007	18,007

The following table reconciles the beginning and ending balances of the financial instruments classified under Level 3:

All amounts in TEUR	Real estate fund shares	Derivatives	Miscellaneous other financial instruments	Total
	Q1–2 2020	Q1–2 2020	Q1–2 2020	Q1–2 2020
Beginning balance	3,811	-17,921	0	-14,110
Recognised in the consolidated income statement	-625	-12,579	0	-13,204
Recognised in other comprehensive income	0	0	-173	-173
Additions	0	0	2,042	2,042
Disposals	0	1,167	0	1,167
Reclassification from/to assets held for sale	0	4	0	4
Ending balance	3,186	-29,329	1,869	-24,274

Of the EUR -13.2 million results recognised in profit or loss and reported in the above table, EUR -13.1 million are attributable to financial instruments that were held as of 30 June 2020. The respective amounts are included under other financial results.

The valuation procedures and valuation-relevant input factors used to determine the fair value of financial instruments (for both continuing and discontinued operations) are as follows:

Level	Financial instruments	Valuation method	Major input factors	Major non-observable input factors
3	Real estate fund shares	Net present value methods	Discount rate, expected principal repayments and dividends	Discount rate: 8.50% to 8.85%
3	Derivatives (interest rate swaps)	Net present value methods	Interest rate curves observable on the market, probability of default, loss given default, exposure at default	Credit margin: 1.00% to 2.25%
3	Miscellaneous other financial instruments	Net present value methods	Discount rate, expected cash flows	Discount rate: 16.00%

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

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

The valuation of default risk includes assumptions for the probability of default, the 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 2020:

All amounts in TEUR	30 6 2020	31 12 2019
Relations with joint ventures		
Receivables	1,912	1,758
thereof bad debt allowance	-5,479	-5,503
Liabilities	321	325
Relations with associated companies		
Liabilities	68	191
All amounts in TEUR		
	Q1-2 2020	Q1-2 2019
Relations with joint ventures		
Other income	5	1
Interest income	126	135
Write-downs to receivables	24	407
thereof results that increase or reduce the net investment	-143	-130
Relations with associated companies		
Other income	387	350
Other expenses	-1,218	-1,308
Interest income	0	232
Write-downs to receivables	0	-598
thereof results that increase or reduce the net investment	0	-592

There were no reportable transactions between IMMOFINANZ and related persons in the first half of 2020.

8. Subsequent Events

The negative effects of Covid-19 after the balance sheet date on 30 June 2020 also include suspended rents and a decline in rental income from the office and retail businesses. In addition to the lease adjustments which had been signed as of 30 June 2020, numerous other contract adjustments were nearing finalisation. IMMOFINANZ assumes that most of these contract adjustments will be signed during the next quarter. Contractual agreements over further rental price reductions in the office and retail segments were also reached during the weeks in which this report was prepared.

Covid-19 also has a significant influence on the company's revaluation results, and the impact of the pandemic on the further development of business during and after 2020 cannot be estimated at the present time.

On 9 July 2020, IMMOFINANZ announced plans for a capital increase and the issue of a subordinated mandatory convertible bond.

IMMOFINANZ placed 15,418,824 shares, which represent approximately 13.76% of the company's current share capital, with institutional investors through an accelerated book-building process under the exclusion of subscription rights. The gross proceeds from the placement totalled roughly EUR 236 million.

A total of 4,210,298 treasury shares, which represent approximately 3.76% of the company's current share capital, were sold. IMMOFINANZ holds 6,998,228 treasury shares after this sale, which represent approximately 6.24% of the company's current share capital (and roughly 5.68% of share capital after the cash capital increase).

In addition, IMMOFINANZ AG placed a subordinated mandatory convertible bond with a total nominal value of EUR 120 million with institutional investors through an accelerated book-building process under the exclusion of subscription rights.

IMMOFINANZ sold the Panta Rhei office building in Düsseldorf to Deka Immobilien on 6 August 2020.

Statement by the Executive Board

We confirm to the best of our knowledge that these consolidated interim financial statements of IMMOFINANZ as of 30 June 2020, which were prepared in accordance with the rules for interim financial reporting defined by the International Financial Reporting Standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by Austrian stock market regulations. We also confirm to the best of our knowledge that the interim Group management report gives a true and fair view of important events that occurred during the first six months of the financial year and their impact on these consolidated interim financial statements as well as the principal risks and uncertainties for the remaining six months of the financial year and reportable transactions with related parties.

Vienna, 26 August 2020

The Executive Board of IMMOFINANZ AG



Stefan Schönauer
CFO



Ronny Pecik
CEO



Dietmar Reindl
COO

Report on the Review of the Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of IMMOFINANZ AG, Vienna, for the period from 1 January 2020 to 30 June 2020. These condensed consolidated interim financial statements comprise (i) the consolidated balance sheet as of 30 June 2020, (ii) the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity, each for the period from 1 January 2020 to 30 June 2020 and the comparative information for the period from 1 January 2019 to 30 June 2019, and (iii) notes.

Management is responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and applicable to interim financial reporting.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Our responsibility and liability for proven financial losses due to a grossly negligent breach of duty is limited to EUR 12 million analogous to § 275 (2) UGB (Austrian Commercial Code). Our liability for slight negligence is excluded in accordance with the General Conditions of Contract for the Public Accounting Professions (AAB 2018) on which this review engagement is based. The limitation of our liability agreed with the client and disclosed here also applies to any third party who takes or fails to take action in reliance on our review report.

Scope of review

We conducted our review of the condensed consolidated interim financial statements in accordance with Austrian legal requirements and professional standards and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing, which require the application of the International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of IMMOFINANZ AG are not prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and applicable to interim financial reporting.

Vienna, 26 August 2020

Deloitte Audit Wirtschaftsprüfungs GmbH

Mr. Friedrich Wiesmüllner

Austrian Chartered Accountant

This report is a translation of the German version of our report on the Review of the Condensed Consolidated Interim Financial Statements as of 30 June 2020. The translation is presented for the convenience of the reader only. The German wording of the report is solely valid and is the only legally binding version. Section 281 (2) UGB applies.

Financial Calendar 2020

21 September 2020	Record date for participation in the 27th annual general meeting
1 October 2020	27th annual general meeting
5 October 2020	Expected ex-dividend date
6 October 2020	Expected date for the determination of dividend rights (record date)
7 October 2020	Expected dividend payment date
25 November 2020 ¹	Announcement of results for the first three quarters of 2020
26 November 2020	Interim financial statements on the first three quarters of 2020

¹ Publication after close of trading at the Vienna Stock Exchange

Imprint

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Disclaimer

We have prepared this report and verified the data herein with the greatest possible caution. However, errors arising from rounding, transmission, typesetting or printing cannot be excluded. This report contains assumptions and forecasts that were based on information available at the time this report was prepared. If the assumptions underlying these forecasts are not realised, actual results may differ from the results expected at the present time. Automatic data processing can lead to apparent mathematical errors in the rounding of numbers or percentage rates. This report is published in German and English, and can be downloaded from the investor relations section of the IMMOFINANZ website. In case of doubt, the German text represents the definitive version. This report does not represent a recommendation to buy or sell shares in IMMOFINANZ AG.

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

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