

IMMOFINANZ sells retail portfolio Moscow to the FORT Group

- Purchase contract signed, closing expected by the end of December 2017
- The FORT Group is acquiring the entire retail portfolio in Moscow from IMMOFINANZ in a share deal
- No further reduction of liquidity through equity contributions for the Russian portfolio
- The purchase price for the gross assets, including the financial liabilities, totals up to approx. EUR 901 million and represents a purchase price of up to approx. EUR 226 million for the net assets
- Expected deconsolidation effect of approx. EUR -169 million on Group equity, respectively EUR -0.15 on EPRA NAV per share (basis: values as of 30 June 2017); upside from earn-outs and tax reimbursements of up to approx. EUR 151 million

The Executive Board and the Supervisory Board of IMMOFINANZ AG today approved the sale of the entire retail portfolio in Moscow to the Russian FORT Group. The FORT Group is a key player on the retail market in St. Petersburg and, with this acquisition, will now extend its activities to Moscow. The transaction is the result of a multi-stage, structured sale process by IMMOFINANZ. The purchase contract was signed today, and the closing is expected by the end of December 2017 contingent upon fulfilment of customary closing conditions. These conditions include the refinancing of the portfolio by the FORT Group.

The object of the sale is the Austrian holding company that contains all of the investments in the property companies which hold the retail portfolio in Moscow. The transaction is taking place as a share deal and will transfer all of the assets held for sale (as of 30 June 2017: EUR 1,068 million) and all of the liabilities held for sale (per 30 June 2017: EUR 822 million) in the retail portfolio Moscow to the FORT Group. The included property assets total EUR 976 million. In addition, the FORT Group will also take over a Russian pure land-owning company (investment property as of 30 June 2017: EUR 4 million). The net assets covered by the sale totalled EUR 250 million as of 30 June 2017.

The purchase price for the gross assets, including financial liabilities of EUR 675 million as of 30 June 2017, totals up to approximately EUR 901 million converted from Rubels. The purchase price for the net assets, converted from Rubels, totals up to approximately EUR 226 million (RUB 15 billion; nominal amounts in RUB converted at an EUR/RUB exchange rate of 66.2425 as of 30 June 2017). Included here is an amount of EUR 14.5 million which is deferred and guaranteed up to January 2022 as well as an earn-out of up to RUB 9 billion (approx. EUR 136 million) which is also due in 2022, but is based on the revenues of the shopping centers in 2021.

Strategy-based transaction

The Russian retail portfolio is characterised by different market dynamics and has a higher risk profile than the rest of the IMMOFINANZ portfolio. "The ongoing difficult market environment in Russia has

had a substantial negative effect on the Group's financial and earnings position during the past financial years. As previously announced, we are now selling the retail properties in Russia in line with our corporate strategy. This transaction will immediately recover equity and significantly reduce our financial liabilities and average financing costs. Moreover, the sale will eliminate any further burden on the liquidity through equity contributions for the retail portfolio in Russia“, commented Oliver Schumy, CEO of IMMOFINANZ, on the transaction. “IMMOFINANZ can now concentrate on further growth to become one of the largest players on the commercial property market in Europe.”

The retail portfolio Moscow had a loan-to-value ratio of 69.1% as of 30 June 2017. In the event of a spin-off or further retention of this retail portfolio by IMMOFINANZ, liquidity outflows of roughly EUR 250 million would have been required for debt service and the implementation of a repositioning programme for the shopping centers.

Expected effect on earnings

The earnings potential from the revenue-based earn-out of up to RUB 9 billion (converted: approx. EUR 136 million) can most likely not be recognised as of the sale date and therefore represents an upside in the form of an undisclosed reserve. IMMOFINANZ will also participate with up to RUB 1 billion (converted: approx. EUR 15 million) in the positive outcome of tax refund proceedings which are current in progress and should be concluded by the end of 2018. Based on the carrying amounts as of 30 June 2017, the deconsolidation can therefore be expected to result in an earnings effect of approximately EUR -169 million. It is attributable, above all, to historical goodwill (EUR -58 million) and investment properties (EUR -111 million, including deferred taxes).

Since the Ruble (RUB) is the functional currency for the retail portfolio Moscow, the closing will also result in the reclassification to the income statement of accumulated historical differences from foreign currency translation. These differences were recognised under other comprehensive income (OCI), i.e. de facto directly in equity, in previous years in accordance with IAS 21 and equal approximately EUR -533 million*. This reclassification has no effect on cash and will not reduce Group equity or the EPRA NAV when the sale closes. The negative foreign exchange differences result from the market entry in Russia at a time when, based on the current EUR/RUB exchange rate, the Ruble was much stronger.

The deconsolidation of the retail portfolio in Moscow is expected to have an effect of EUR -0.15 on EPRA NAV per share, as seen from the viewpoint on 30 June 2017. Plans for the 2017 financial year still include the distribution of a dividend of EUR 0.06 per share.

*See the half-year financial report 2017, pages 59 and 68ff (as well as OCI from a Russian pure land-owning company)

On IMMOFINANZ

IMMOFINANZ is a commercial real estate group whose activities are focused on the retail and office segments of seven core markets in Europe: Austria, Germany, Czech Republic, Slovakia, Hungary, Romania and Poland. The core business covers the management and the development of properties, whereby the STOP SHOP (retail), VIVO! (retail) and myhive (office) brands represent strong focal points that stand for quality and service. The real estate portfolio has a value of approx. EUR 4.1 billion and covers more than 240 properties. IMMOFINANZ is listed on the stock exchanges in Vienna (leading ATX index) and Warsaw. Further information under: <http://www.immofinanz.com>

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