

IMMOFINANZ with strong operating development in the first quarter of 2018 – cost savings take effect

- Results of operations double to EUR 35.5 million
- Like-for-like rental income rises by 3.7%
- Financing cost fall by 38.6% to EUR -16.4 million
- FFO 1 roughly triples to EUR 29.1 million
- Net LTV at 40.6% and financing costs (excl. derivatives) further reduced to 1.93%
- Earnings before tax of EUR 27.2 million (EUR 107.0 million) and net profit from continuing operations at EUR 4.3 million (EUR 101.7 million) following strong positive valuation effects for investments in CA Immo and BUWOG in previous year
- Income tax (EUR -22.9 million) influenced, among others, by the liquidation of Aviso Zeta and deferred taxes for the possible sale of the CA Immo investment
- EPRA NAV per share improves to EUR 2.88 (31.12.2017: EUR 2.86)
- Outlook confirmed for FFO 1 of over EUR 100.0 million in 2019 (excl. CA Immo)

KEY FIGURES (IN MEUR)	Q1 2018	Δ IN %	Q1 2017
Rental income	59.0	3.3%	57.1
Results of asset management	45.0	14.1%	39.5
Results of property sales	3.5	n/a	-6.0
Results of property development	1.8	n/a	-5.8
Results of operations	35.5	≥ 100.0%	17.8
Financial results	-4.5	n/a	93.0
Earnings before tax	27.2	-74.5%	107.0
Net profit from continuing operations	4.3	-95.7%	101.7
Net profit	1.0	-98.8%	80.7
FFO 1 before tax (excl. results of property sales and development)	29.1	≥ 100.0%	9.7
FFO 2 before tax (incl. results of property sales)	32.7	≥ 100.0%	3.7

IMMOFINANZ doubled the results of operations to EUR 35.5 million in the first quarter of 2018 (Q1 2017: EUR 17.8 million). Rental income rose by 3.3% to EUR 59.0 million. The results of asset management increased by a sound 14.1% to EUR 45.0 million following a substantial reduction in property expenses. Both the results of property sales and the results of property development turned clearly positive: the results of property sales improved to EUR 3.5 million (EUR -6.0 million) and the results of property development to EUR 1.8 million (EUR -5.8 million).

“The measures implemented during the past restructuring phase are taking effect, and we can now see the expected improvement in our indicators. A significant increase in the efficiency of our portfolio led to a year-on-year reduction of approximately EUR 4.3 million, or 21%, in property expenses. In addition, financing costs fell by nearly 39%, or more than EUR 10 million, due to our extensive refinancing operations in 2017“, explained Oliver Schumy, CEO of IMMOFINANZ, on this development. “The ‘new’ IMMOFINANZ is now very well positioned for further growth.“

Financing costs were significantly lower, as expected, at EUR -16.4 million (Q1 2017: EUR -26.7 million). The share of profit/loss from equity investments amounted to EUR 8.9 million, whereby the previous year was influenced, above all, by strong positive valuation effects from the investments in CA Immo and BUWOG (Q1 2017: EUR 134.1 million). Financial results totalled EUR -4.5 million for the reporting period (Q1 2017: EUR 93.0 million). Earnings before tax (EBT) totalled EUR 27.2 million (Q1 2017: EUR 107.0 million). Income tax amounted to EUR -22.9 million (Q1 2017: EUR -5.3 million) and was influenced, among others, by the liquidation of Aviso Zeta and the recognition of deferred taxes for the possible sale of the CA Immo investment.

Net profit from continuing operations equalled EUR 4.3 million (Q1 2017: EUR 101.7 million). The total net profit for the IMMOFINANZ Group (including a subsequent effect from the sale of the logistics portfolio) amounted to EUR 1.0 million (Q1 2017: EUR 80.7 million).

Sustainable FFO 1 before tax (excluding the results of property sales and property development) roughly tripled to EUR 29.1 million (Q1 2017: EUR 9.7 million) including EUR 7.6 million for the economic interest in FFO 1 of CA Immo. FFO 2 before tax (including the results of property sales) totalled EUR 32.7 million (Q1 2017: EUR 3.7 million).

Financing costs decline to 1.93%

Average financing costs continued to decline and, at the end of March, equalled 1.93% excluding derivatives (31 December 2017: 1.97%) and 2.27% including derivatives (31 December 2017: 2.31%). The net loan-to-value ratio improved to 40.6% (31 December 2017: 40.8%). Cash and cash equivalents rose to EUR 509.4 million (31 December 2017: EUR 477.9 million).

The occupancy rate has remained stable since year-end 2017 at 94.2%, and the gross return equalled 6.4% (31 December 2017: 6.4%).

The EPRA NAV per share rose to EUR 2.88 (31 December 2017: EUR 2.86). The EPRA triple net asset value per share equalled EUR 2.87 (31 December 2017: EUR 2.84).

Outlook

A structured bidding process for a package sale of the approximately 26% investment in CA Immobilien Anlagen AG was started in April 2018. The outcome of this process is still open, but it is expected to be concluded during summer 2018.

Activities are current in progress to obtain the approval of the anti-trust authorities in several countries for the acquisition of a 29.1% investment in S IMMO AG. This transaction should be concluded during summer.

The outlook is confirmed for FFO 1 of more than EUR 100 million, excluding the economic interest in CA Immo, in the 2019 financial year. Moreover, an increase in the dividend to eight Euro cents (EUR 0.08) per share is planned for the current 2018 financial year.

Results in detail

Rental income rose by 3.3% to EUR 59.0 million, compared with EUR 57.1 million in the first quarter of the previous year. Completions and new rentals more than offset the decline in rental income resulting from the sale of properties which no longer correspond to the Group's strategy.

The **results of asset management** increased by a sound 14.1% to EUR 45.0 million (Q1 2017: EUR 39.5 million). Property expenses fell substantially by 21.1% year-on-year to EUR -16.1 million (Q1 2017: EUR -20.4 million). This decline resulted primarily from a reduction in fit out costs (EUR -2.2 million versus EUR -3.8 million), vacancy costs (EUR -2.4 million versus EUR -3.4 million), operating costs charged to building owners (EUR -3.9 million versus EUR -4.4 million) and maintenance costs (EUR -3.2 million versus EUR -3.4 million).

The **results of property sales** turned positive at EUR 3.5 million in the first quarter of 2018 (Q1 2017: EUR -6.0 million). The **results of property development** improved to EUR 1.8 million (Q1 2017: EUR -5.8 million) based on positive valuation effects from the *FLOAT* and *trivago Campus* development projects in Düsseldorf.

The **results of operations** doubled to EUR 35.5 million in the first quarter of 2018 (Q1 2017: EUR 17.8 million). Other operating expenses rose to EUR -17.0 million (Q1 2017: EUR -11.1 million), among others due to the payment of a one-time special bonus of EUR -4.0 million to the Executive Board for the successful restructuring of the Group. Other non-recurring effects of approximately EUR -1.4 million involved costs related to the simplification of the corporate structure. After an adjustment for these non-recurring factors, other operating expenses were at EUR -11.6 million. Personnel expenses adjusted for the special bonuses were 9.4% lower than the comparable prior year value at EUR -8.3 million (Q1 2017: EUR -9.1 million).

The **revaluation of investment property** totalled EUR -3.7 million (Q1 2017: EUR -3.6 million). **Financing costs** fell, as expected, by a substantial 38.6% to EUR -16.4 million (Q1 2017: EUR -26.7 million) due to the extensive refinancing measures carried out in 2017. **Other financial results** amounted to EUR 1.2 million, compared with EUR -15.6 million in the first quarter of the previous year which was influenced primarily by the valuation of derivatives and the incentivised conversion of the 2018 convertible bond. The **share of profit/loss from equity-accounted investments** amounted to EUR 8.9 million, whereby the previous year was positively influenced, above all, by valuation effects from the investments in CA Immo and BUWOG (Q1 2017: EUR 134.1 million). **Financial results** totalled EUR -4.5 million for the reporting period (Q1 2017: EUR 93.0 million).

Earnings before tax (EBT) totalled EUR 27.2 million (Q1 2017: EUR 107.0 million). Income tax amounted to EUR -22.9 million (Q1 2017: EUR -5.3 million) and contains EUR -15.2 million of deferred taxes to reflect the income taxes that could become due in later financial years. Included here, among others, are EUR -6.6 million of deferred taxes related to the investment in CA Immo (outside basis differences) which were recognised following the start of the sale process in April. Current income tax expenses of EUR -7.7 million include approximately EUR -3.0 million of taxes that resulted from the liquidation of Aviso Zeta.

Net profit from continuing operations equalled EUR 4.3 million for the reporting period (Q1 2017: EUR 101.7 million). The **results of discontinued operations** totalled EUR -3.4 million (Q1 2017: EUR -21.0 million). Included here are subsequent costs related to tax proceedings involving the logistics properties which were sold in 2016, but are attributable to IMMOFINANZ as the owner at that time.

Net profit (including the subsequent effect from the sale of the logistics portfolio) equalled EUR 1.0 million (Q1 2017: EUR 80.7 million).

The report by IMMOFINANZ AG on the first quarter of the 2018 financial year as of 31 March 2018 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 30 May 2018.

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 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 4.2 billion and covers more than 230 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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