

IMMOFINANZ with clearly positive net profit in the first quarter of 2017

- Group net profit rises to EUR 80.7 million (Q1 2016: EUR -240.7 million), net profit from continuing operations increases to EUR 101.7 million
- Sale-related decline of 1.9% in rental income, like-for-like rental income plus 3.7%, rental income from Russia plus 16.6%
- Occupancy rate (excl. Russia) reaches 91.9%
- Strong financial results of EUR 93.0 million due to positive valuation effects

KEY FIGURES (IN MEUR)	Q1 2017	Δ IN %	Q1 2016*
Rental income	57.1	-1.9%	58.2
Results of asset management	39.5	-3.6%	40.9
Results of property sales	-6.0	n/a	0.5
Results of property development	-5.8	n/a	27.7
Results of operations	17.8	-68.9%	57.2
Revaluations	-0.8	98.8%	-69.6
Financial results	93.0	n/a	-37.3
Net profit for the period from continuing operations	101.7	n/a	-139.3
Net profit	80.7	n/a	-240.7
FFO 1 (excl. results of property sales and development)	10.6	≥100.0%	2.5
FFO 2 (incl. results of property sales)	4.7	55.1%	3.0

* The harmonisation of the financial year with the calendar year as of 31 December 2016 resulted in the presentation of comparative data which reflect the corresponding period in the 2016 calendar year. Consequently, this data does not reflect the data previously published for the first quarter of the abbreviated 2016 financial year (Q1 2016A).

The retail portfolio Moscow, which was presented as a discontinued operation for the first time in IMMOFINANZ's consolidated financial statements as of 31 December 2016, is also included in these new comparative figures in accordance with IFRS 5 – i.e. through the separate presentation of the retail portfolio Moscow as a discontinued operation in the consolidated income statement and the consolidated cash flow statement.

IMMOFINANZ generated net profit of EUR 101.7 million from continuing operations, i.e. excluding Russia, in Q1 2017 (Q1 2016: EUR -139.3 million). Rental income totalled EUR 57.1 million for the reporting period, compared with EUR 58.2 million in Q1 2016. The slight decline of 1.9% resulted primarily from portfolio adjustments involving the retail sector in Austria. After an adjustment for new acquisitions, completions and sales (like-for-like), rental income rose by 3.7% to EUR 49.7 million in the starting quarter of 2017. Results of operations equalled EUR 17.8 million (Q1 2016: EUR 57.2 million). Financial results improved substantially to EUR 93.0 million (Q1 2016: EUR -37.3 million), above all due to positive valuation effects from the investments in CA Immo and BUWOG.

The results of discontinued operations totalled EUR -21.0 million (Q1 2016: EUR -101.4 million) and represent the discontinued core market Russia. The rental income from Russia amounted to EUR 22.2 million in the first

quarter of 2017 (Q1 2016: EUR 19.0 million), in particular due to a year-on-year improvement in the Ruble exchange rate. Group net profit equalled EUR 80.7 million for the reporting period (Q1 2016: EUR -240.7 million).

“IMMOFINANZ again has grown stronger in recent months: the occupancy rate in our Group’s portfolio rose to nearly 92%, and our cost structures improved significantly – in both the financing and personnel areas. The refinancing arranged in January of this year will reduce our financing costs by more than EUR 21.0 million annually over the medium-term. Our investment in CA Immo has also developed well in the past months, and this has had a positive effect on financial results. Our CA Immo shares are recorded on our books at EUR 630.7 million based on a market-related valuation at the end of March, but – based on the EPRA NAV – were worth roughly EUR 693.0 million. This represents a substantial increase over the original purchase price of EUR 603.7 million“, commented Oliver Schumy, CEO of IMMOFINANZ. “Following the recent commercial court approval of the settlement to terminate the legal proceedings over the review of the exchange ratio applied to the 2010 merger of IMMOEAST and IMMOFINANZ, we have now also ended the last historical legal dispute at the shareholder level.”

Financing costs fell by 7.6% to EUR -26.7 million, among others due to the interest savings which resulted from the incentivised conversion of 43.4% of the convertible bond 2018 (coupon: 4.25%) at the beginning of the year and the issue of the new convertible bond 2024 (coupon: 2.0%). Personnel expenses (excluding Russia) amounted to EUR -9.3 million (Q1 2016: EUR -11.5 million) and were reduced by more than 19.0%.

The occupancy rate in the IMMOFINANZ portfolio (excluding Russia) rose to 91.9% as of 31 March 2017 (31 December 2016: 89.6%). The occupancy rate in the office properties improved to 89.2% (31 December 2016: 87.3%) and, at 95.7%, the retail properties are essentially fully rented (31 December 2016: 93.0%). The occupancy rate in the Retail Moscow properties increased to 88.3% as of 31 March 2017 (31 December 2016: 87.7%).

Results in detail

Rental income totalled EUR 57.1 million in the first quarter of 2017, compared with EUR 58.2 million in the first quarter of 2016. The slight decline of 1.9% resulted, above all, from portfolio adjustments to the retail properties in Austria. Rental income fell by 4.3% to EUR 24.2 million in the retail sector, but rose by 1.3% to EUR 28.1 million in the office sector.

The **results of asset management** were 3.6% lower year-on-year at EUR 39.5 million (EUR 40.9 million). Property expenses totalled EUR -20.4 million (Q1 2016: EUR -20.1 million) and were characterised by higher maintenance costs due to modernisation projects and the roll-out of the myhive brand in the office sector (EUR -3.4 million versus EUR -2.2 million) as well as an increase in extension costs for newly rented space (EUR -3.8 million versus EUR -0.5 million) following the conclusion of large-scale rental contracts. In contrast, substantial declines were recorded in operating costs charged to building owners (EUR -4.4 million versus EUR -5.4 million) and receivables write-offs (EUR 0.05 million versus EUR -1.4 million).

The **results of property sales** amounted to EUR -6.0 million in the first quarter of 2017 (Q1 2016: EUR 0.5 million) and reflects the optimisation of the portfolio. The foreign exchange-adjusted valuation effects are related, among others, to smaller office buildings and retail properties in Austria which do not reflect IMMOFINANZ’s strategy.

In the first quarter of 2017 the **results of property development** equalled EUR -5.8 million (Q1 2016: EUR 27.7 million) and resulted primarily from additional costs for real estate inventories in the *Gerling Quartier*. The

foreign exchange-adjusted revaluation of property under construction amounted to EUR 5.3 million and is attributable to development projects in Germany (*FLOAT, trivago Campus, Cluster Produktionstechnik*) (Q1 2016: EUR 38.9 million).

The **results of operations** equalled EUR 17.8 million and were 68.9% lower than the first quarter of 2016 (EUR 57.2 million). Other operating expenses fell by 22.1% year-on-year to EUR -11.1 million (EUR -14.2 million), primarily due to a reduction in legal, auditing and consulting expenses (EUR -1.9 million versus EUR -5.8 million).

The **foreign exchange-adjusted revaluation of investment property** equalled EUR -3.1 million (Q1 2016: EUR -110.9 million). **Financial results** amounted to EUR 93.0 million (Q1 2016: EUR -37.3 million). Financing costs fell by 7.6% to EUR -26.7 million (Q1 2016: EUR -29.0 million), among others due to the interest savings which resulted from the incentivised conversion of 43.4% of the convertible bond 2018 (coupon: 4.25%) at the beginning of the year and the issue of the new convertible bond 2024 (coupon: 2.0%). Other financial results of EUR -15.6 million (Q1 2016: EUR 17.3 million) resulted chiefly from the valuation of derivatives at EUR -4.4 million and the earnings effect of EUR -12.5 million from the incentivised conversion of the convertible bond 2018. The valuation of the BUWOG shares at the market price on 31 March contributed a further EUR 2.0 million.

The **share of profit/loss from equity-accounted investments** amounted to EUR 134.1 million (Q1 2016: EUR -18.3 million) and consisted primarily of the following: EUR 6.5 million for the proportional share of earnings from CA Immo, EUR 84.1 million from the market-based valuation (IFRS) of the CA Immo investment, a gain of EUR 18.0 million on the sale of 4.5 million BUWOG shares and a valuation gain of EUR 25.8 million at the market price following the termination of equity accounting for the BUWOG investment. IMMOFINANZ ceased to exercise significant influence over the BUWOG Group in the sense of IAS 28 with the resignation of IMMOFINANZ CEO Oliver Schumy as the vice-chairman of the BUWOG supervisory board on 6 March 2017. The remaining BUWOG shares are now valued through profit or loss based on the closing price on the Vienna Stock Exchange as of the respective balance sheet date.

Earnings before tax (EBT) therefore amounted to EUR 107.0 million (Q1 2016: EUR -114.6 million). Income tax expense equalled EUR -5.3 million for the reporting period (Q1 2016: EUR -24.7 million).

The **results of discontinued operations** totalled EUR -21.0 million (Q1 2016: EUR -101.4 million) and represent the discontinued core market Russia. The rental income from Russia amounted to EUR 22.2 million in the first quarter of 2017 (Q1 2016: EUR 19.0 million), primarily due to a year-on-year improvement in the Ruble exchange rate. The occupancy rate in the five Moscow shopping centers equalled 88.3% as of 31 March 2017 (31 December 2016: 87.7%). The foreign exchange-adjusted revaluation – which represents the change in the value of the Russian investment properties in US Dollar translated into the Euro – totalled EUR -2.7 million in the first quarter of 2017 (Q1 2016: EUR -71.7 million).

The **net profit from continuing operations** totalled EUR 101.7 million in the first quarter of 2017 (Q1 2016: EUR -139.3 million). **Net profit** (including the results of discontinued operations) amounted to EUR 80.7 million (Q1 2016: EUR -240.7 million). Diluted earnings per share equalled EUR 0.07 (Q1 2016: EUR -0.24). The EPRA NAV per share equalled EUR 3.14 as of 31 March 2017 (31 December 2016: EUR 3.12).

Sustainable FFO 1 (excluding the results of property sales and property development) equalled EUR 10.6 million (Q1 2016: EUR 2.5 million). **FFO 2** (including the results of property sales) equalled EUR 4.7 million (Q1 2016: EUR 3.0 million).

Cash and cash equivalents totalled EUR 469.0 million as of 31 March 2017 (31 December 2016: EUR 189.3 million). This increase is a result of the multi-stage refinancing programme carried out in January which included, among others, the issue of a new convertible bond with a term extending to 2024 and the placement of roughly 4.5 million BUWOG shares on the market. IMMOFINANZ has a robust balance sheet structure with an **equity ratio** of 40.3% (31 December 2016: 37.8%) and a **net loan-to-value (net LTV)** ratio of 44.3%, respectively 48.2% including Russia (31 December 2016: 49.0% resp. including Russia 52.2%).

Outlook

The separation of the Russian retail properties through sale or spin-off should be completed, as previously announced, by the end of 2017. The forecast remains intact for the factors underlying the medium-term growth in sustainable FFO 1 which were discussed during the presentation of results for 2016A. Plans call for the payment of a dividend for the 2017 financial year.

The report by IMMOFINANZ AG on the first quarter of 2017 financial year as of 31 March 2017 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 30 May 2017.

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 4.0 billion (excluding Russia) 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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