

## IMMOFINANZ: Increase in net profit for the first half-year, results of operations negatively influenced by rent reductions in Moscow and non-recurring effects from settlements with investors

KEY FIGURES (IN MEUR)*	1 MAY 2015- 31 OCT. 2015	Δ IN %	1 MAY 2014- 31 OCT. 2014
Rental income	160.3	-24.8%	213.2
Results of asset management	102.1	-38.8%	166.8
Results of property sales	6.1	-10.9%	6.9
Results of property development	-5.6	n.a.	5.5
Other operating expenses	-53.5	95.2%	-27.4
Results of operations	68.3	-56.0%	155.3
Revaluation of investment properties	359.5	>100%	18.4
Financial results	-203.1	32.2%	-153.5
Net profit	132.2	>100%	3.4
Cashflow from operating activities	83.6	1.2%	82.6

\* Due to the sale of the logistics portfolio, the earnings contribution from these properties is now reported under results of discontinued operations. The comparable prior year data were adjusted accordingly.

IMMOFINANZ generated net profit of EUR 132.2 million in the first half of the 2015/16 financial year (H1 2014/15: EUR 3.4 million). This increase was supported primarily by positive effects from property valuation. The results of operations totalled EUR 68.3 million (H1 2014/15: EUR 155.3 million) and resulted from a decline in rental income to EUR 160.3 million (H1 2014/15: EUR 213.2 million) that was caused by temporary rent reductions in Moscow and the planned sale of properties. Another contributing factor was the increase in other operating expenses to EUR -53.5 million (H1 2014/15: EUR -27.4 million) as a non-recurring effect for the settlement of legal proceedings by investors.

“IMMOFINANZ’s results of operations for the first half of 2015/16 were influenced, above all, by two factors: on the one hand, we have the continuing tense political and economic situation in Russia, which has led us to grant temporary rent reductions to the tenants in our Moscow shopping centers. We are reviewing and renegotiating these agreements on a regular basis, but the situation remains challenging and estimates for the future course of the Russian economy are still connected with considerable uncertainty. On the other hand, we addressed the difficult and prolonged issue of investors’ lawsuits in recent months and achieved an out-of-court settlement. That creates legal security and puts an end to the uncertainty surrounding the length of the court proceedings and the related costs“, explained Oliver Schumy, CEO of IMMOFINANZ. Most of the expenses connected with the termination of the legal proceedings initiated by investors are covered by provisions in the consolidated financial statements of IMMOFINANZ AG. The difference of approx. EUR 28.1 million was recognised as an expense in the financial statements for the first half of the 2015/16 financial year.

Adjusted rental income fell by 5.9% from the first quarter of 2015/16 to EUR 70.1 million in the second quarter, but was generally stable excluding Moscow. The occupancy rate in the standing investment portfolio was 82.8%. “Our focus for the management of the standing investments is unchanged – we want to improve our operating performance and raise the occupancy rate“, emphasised CEO Schumy. “In the office segment, our investments are designed to further increase the quality of our offering in order to meet the rising demands in our East European core markets. In the retail sector, we are expanding our market position through the roll-out of our successful STOP.SHOP. and VIVO! brands.“

With the sale of the entire logistics portfolio, IMMOFINANZ has also taken an important step to further strengthen its positioning as a leading commercial property company for the office and retail sectors. “The liquidity released by the sale will be invested in the expansion of our portfolio in Germany, where we recently announced another milestone project with the development of the new corporate headquarters for trivago in the Düsseldorf Medienhafen“, added CEO Schumy.

Operating profit (EBIT) rose to EUR 430.8 million in the first half of 2015/16 (H1 2014/15: EUR 172.6 million), primarily based on positive results from property valuation. Revaluations adjusted for foreign exchange effects equalled EUR 24.0 million (H1 2014/15: EUR -80.7 million) and are attributable, above all, to the settlement for the investment agreement for the shopping center *GOODZONE* in Moscow and also to the sound performance of the shopping centers in Romania. This contract gave the city rights to approx. 30% of the space in the shopping center, which were subsequently repurchased. In addition, foreign exchange-based revaluations totalled EUR 335.4 million in the first half-year (H1 2014/15: EUR 99.1 million). They originated almost entirely in Russia, since the Euro is the functional currency in all other core countries, and were based on the translation of the Ruble property values in the local Russian companies.

This effect was reversed in part under financial results because a weaker Ruble also leads to an increase in the foreign currency liabilities in the Russian subsidiaries. Negative foreign currency effects amounted to EUR -180.5 million for the first half of 2015/16, compared with EUR -103.7 million in the first six months of the previous financial year. Financial results totalled EUR -203.1 million for the first half of 2015/16 (H1 2014/15: EUR -153.5 million).

Net profit equalled EUR 132.2 million (H1 2014/15: EUR 3.4 million) and represents earnings per share (diluted) of EUR 0.13 (H1 2014/15: EUR 0.01). The NAV per share equalled EUR 4.18 (30 April 2015: EUR 4.19).

Cash and cash equivalents totalled EUR 357.5 million as of 31 October 2015 (versus EUR 390.7 million as of 30 April 2015) and represent approx. EUR 0.37 per share (excluding treasury shares).

Detailed information on the developments and further indicators are provided in the attached documents (see attached pdf).

The report by IMMOFINANZ AG on the first half of 2015/16 as of 31 October 2015 will be available on the company’s website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 17 December 2015.

## **On IMMOFINANZ**

*IMMOFINANZ is a commercial real estate company whose activities are focused on the retail and office segments of eight core markets in Europe: Austria, Germany, Czech Republic, Slovakia, Hungary, Romania, Poland and Moscow. The core business includes the management and development of properties. The company has a real estate portfolio of approx. EUR 6.2 billion that covers more than 390 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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