IMMOFINANZ
GROUP

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IMMOFINANZ Group with increase in net profit – Five-year sales programme completed earlier than planned

KEY FIGURES (in MEUR)	**1 May 2013 - 31 January 2014**	**Δ in %**	**1 May 2012 - 31 January 2013**
Rental income	**468.3**	**-5.0%**	**492.9**
Results of asset management	**376.8**	**-4.1%**	**392.9**
Results of property sales	**26.0**	**-56.4%**	**59.6**
Results of property development	**11.6**	**n.a.**	**-6.5**
Expenses not directly attributable	**-70.6**	**-12.2%**	**-80.3**
Results of operations	**358.7**	**-7.2%**	**386.3**
Operating profit (EBIT)	**486.0**	**8.4%**	**448.4**
Net profit for the period	**225.8**	**7.1%**	**210.8**
Gross cash flow	**281.8**	**-10.6%**	**315.3**
Sustainable cash flow (FFO)	**171.8**	**-31.2%**	**249.7**

IMMOFINANZ Group recorded net profit of EUR 225.8 million in the first three quarters of 2013/14, for a year-on-year increase of 7.1%. Results of operations declined slightly due to numerous property sales and the delayed completion of the *GOODZONE* shopping center in Moscow.

Rental income was slightly lower year-on-year at EUR 468.3 million for the reporting period (Q1-3 2012/13: EUR 492.9 million). The results of property sales amounted to EUR 26.0 million (Q1-3 2012/13: EUR 59.6 million). The results of property development improved from EUR -6.5 million to EUR 11.6 million. Property sales during the first three quarters of 2013/14 led to a 7.2% decline in the results of operations to EUR 358.7 million (Q1-3 2012/13: EUR 386.3 million). However, the offsetting effects from the parallel reinvestment of the proceeds will only be realized in the 2014/15 financial year due to the delayed completion of the *GOODZONE* shopping center in Moscow.

“We sold properties with a value of EUR 863.1 million during the first three quarters of 2013/14. With these results, we met the target for the five-year, EUR 2.5 billion sales programme that was launched in 2010/11 – as expected – earlier than planned“, indicated Eduard Zehetner, CEO of IMMOFINANZ Group. Property sales from May 2010 to January 2014 totalled EUR 2.52 billion. “In the transaction area, IMMOFINANZ Group wants to maintain this speed for property sales in the future. We recently sold two office buildings for nearly EUR 29 million and above the book value: the Airport Office III in Düsseldorf and the Arbes in Prague. In both cases, the buyers were institutional investors“, added Zehetner.

In addition to sound operating development, positive effects from foreign currency translation and the valuation of derivatives were also responsible for the increase in net profit to EUR 225.8 million (Q1-3 2012/13: EUR 210.8 million). Gross cash flow fell from EUR 315.3 million in the comparable prior year period to EUR 281.8 million. This decline resulted mainly from an increase in taxes to EUR 28.6 million based on the property sales (Q1-3 2012/13: EUR 10.3 million) and a temporary increase in input VAT credits.

OUTLOOK:

The market recovery – above all on the stock exchanges – has been negatively influenced by the Crimean crisis. The extent of a potential effect on the commercial development of our target markets, above all Russia, cannot be estimated at the present time. "Although the weak Ruble has a short-term positive effect on results through the valuation of our properties, it represents a negative factor for the development of our business in Russia over the medium- and long-term. The rental income on our Russian retail portfolio is principally coupled to the Euro or US Dollar, and a change in the Rubel exchange rate therefore has no direct influence on our results from asset management. However, as the owner of shopping centers, we are dependent on the economic success of our tenants. A continuing decline in the value of the Rubel could lead to pressure on some of these tenants", commented CEO Eduard Zehetner. In the past, IMMOFINANZ Group has always handled exchange rate situations successfully and avoided any material economic damage. For example: IMMOFINANZ concluded special short-term arrangements with a number of tenants during the 2008/09 financial crisis as a means of reducing foreign exchange effects. That is also a possible scenario in the current situation.

"We do not believe that the so-called 'sanctions' implemented by various parties to date are capable of negatively influencing the Russian economy or the flow of goods and capital", added Zehetner.

"Our Russian properties are financed in US Dollars and solely through Russian banks (Sberbank of Russia) or the Russian subsidiaries of international banks (e.g. Rosbank, Nordea). These loans have long remaining terms, with the respective property serving as collateral. Sufficient longterm financing is also available for our newly developed properties, such as the recently completed GOODZONE shopping center", explained CFO Birgit Noggler.

IMMOFINANZ Group expects further growth in the value of the company during the 2013/14 financial year. This development will be supported by the further optimisation of the portfolio, the continuation of the extremely successful sales programme and the intensification of development activities with a focus on Germany, Poland, Russia and Romania.

After the BUWOG spin-off, IMMOFINANZ will have a sharpened profile as a specialist for office, retail and logistics properties in Central and Eastern Europe, including Russia. This will underscore the Group's leading position in these segments by portfolio volume and market capitalisation. The BUWOG spin-off will also lead to an improvement in key operating and financial indicators and significantly reduce the complexity of IMMOFINANZ Group's structure. The future orientation will also create better opportunities for strategic transactions. In the operating business, IMMOFINANZ Group will continue to focus on the real estate machine – and on the optimisation of profitability along the entire value chain.

DEVELOPMENTS IN DETAIL:

Results of asset management

Rental income amounted to EUR 468.3 million for the first three quarters of 2013/14. This represents a 5.0% decline in comparison with the previous year (Q1-3 2012/13: EUR 492.9 million) and is attributable to property sales and delays on development projects during the reporting period.

Results of asset management declined for the same reason, falling by 4.1% to EUR 376.8 million (Q1-3 2012/13: EUR 392.9 million).

Results of property sales

Property sales generated proceeds of EUR 26.0 million for the reporting period (Q1-3 2012/13: EUR 59.6 million). The portfolio optimisation included the sale of smaller properties as well as the sale of the *Hilton Vienna Danube* in Austria, the Horn retail warehouse in Austria, the *Silesia City Center* in Poland and the *Egerkingen* logistics property in Switzerland. The sale of the *Silesia City Center* for EUR 412 million to an international consortium of investors headed by Allianz represents one of the largest transactions on the East European real estate market in recent years. A major contribution to earnings was also made by the sale of properties in the BUWOG segment: among others, 48 properties in Upper Austria with 1,135 apartments and nearly 84,000 sqm of total space – representing most of the portfolio in this province – were sold. After the sale of the Vorarlberg portfolio and parts of the portfolio in Styria and Carinthia, this represents a further step by BUWOG in shifting the focus of its business to the core markets. The greater Vienna area represents the focal point for Austria, while the northern provinces and the capital city Berlin are the main focus of activities in Germany.

Results of property development

The sale of inventories and the valuation of active development projects generated results of EUR -14.8 million, before foreign exchange effects, during the reporting period (Q1-3 2012/13: EUR -12.1 million). This negative result is attributable, among others, to delays on the *GOODZONE* project. After an adjustment for foreign exchange effects, the results of property development rose to EUR 11.6 million (Q1-3 2012/13: EUR -6.5 million).

Administrative expenses

Administrative expenses that are not directly attributable (overhead costs and personnel expenses) fell from EUR -80.3 million in the first three quarters of the prior year to EUR -70.6 million. This reduction is attributable to a year-on-year decline in the negative effects of legal proceedings by Aviso Zeta.

Results of operations, EBIT, EBT and net profit

Results of operations declined 7.2% year-on-year to EUR 358.7 million (EUR 386.3 million) due to the above-mentioned property sales and delays on development projects.

Valuation results, adjusted for foreign exchange effects, were lower than the comparable prior year period at EUR -30.0 million for the first three quarters of 2013/14 (Q1-3 2012/13: EUR 25.8 million). This represents a fluctuation of 0.3% in the value of long-term investment property totalling EUR 9,218.5 million. EBIT rose by 8.4% from EUR 448.4 million to EUR 486.0 million.

Financial results declined slightly to EUR -204.5 million (Q1-3 2012/13: EUR -191.7 million). This position includes noncash foreign exchange accounting effects of EUR -57.6 million (Q1-3 2012/13: EUR -18.5 million). Other financial results of EUR 27.1 million (Q1-3 2012/13: EUR -14.5 million) contain, among others, positive effects of EUR 27.6 million from the non-cash valuation of derivatives that are held to hedge interest rate risk. Earnings before tax rose from EUR 256.7 million in the first three quarters of the previous year to EUR 281.5 million.

The solid development of the operating business combined with property sales, positive foreign currency translation effects and the valuation of derivatives led to a year-on-year increase of 7.1% in net profit from EUR 210.8 million to EUR 225.8 million.

Cashflow

Gross cash flow declined in year-on-year comparison to EUR 281.8 million (Q1-3 2012/13: EUR 315.3 million). Sustainable cash flow[1)] amounted to EUR 171.8 million (Q1-3 2012/13: EUR 249.7 million), whereby the reduction is mainly the result of an increase in tax expense to EUR 28.6 million (Q1-3 2012/13: EUR 10.3 million) and a decline in income from property sales to EUR 26.0 million (Q1-3 2012/13: EUR 59.6 million). Cash flow from operating activities declined from EUR 282.2 million to EUR 229.6 million, while cash flow from investing activities improved to EUR 321.5 million (Q1-3 2012/13: EUR -38.6 million). Higher repayments of borrowings led to cash flow from financing activities of EUR -803.0 million (Q1-3 2012/13: EUR -189.6 million). The large number of property sales in recent months and the accompanying repayment of financing led to an increase in the equity ratio from 42.3% on 30 April 2013 to 44.3% and a reduction of EUR 270.7 million in net debt. The loan to value ratio (LTV) equalled 45.8% (net) after the deduction of cash and cash equivalents.

NAV per share and earnings per share

Diluted net asset value (NAV) per share equalled EUR 5.48 as of 31 January 2014 and declined only slightly by EUR 0.03, or 0.5% per share, below the level on 30 April 2013 (EUR 5.51) despite the payment of a EUR 0.15 dividend per share at the beginning of October.

Based on the share price as of 18 March 2014 (EUR 3.50), the IMMOFINANZ share traded at a discount of 36.2% to the diluted NAV per share.

The report on the third quarter of IMMOFINANZ AG as of 31 January 2014 can be reviewed on the company's website under http://www.immofinanz.com/en/investor-relations/financial-reports/ starting on 20 March 2014.

[1)]Sustainable cash flow: Gross cash flow (EUR 281.8 million [Q1-Q3 2012/13: EUR 315.3 million]) + interest received on financial investments (EUR 8.6 million [Q1-Q3 2012/13: EUR 14.4 million]) – interest paid (EUR 120.3 million [Q1-Q3 2012/13: EUR 116.1 million]) - cash outflows for derivative transactions (EUR 24.3 million [Q1-Q3 2012/13: EUR 23.5 million]) + results of property sales (EUR 26.0 million [Q1-Q3 2012/13: EUR 59.6 million])

On IMMOFINANZ Group

IMMOFINANZ Group is one of the leading listed property companies in Europe. The company is included in the leading ATX index of the Vienna Stock Exchange and also trades on the Warsaw Stock Exchange. Since its founding in 1990, the company has compiled a high-quality property portfolio that now comprises more than 1,600 investment properties with a carrying amount of approx. EUR 10.2 billion. As a "real estate machine" the company concentrates on linking its three core business areas: the development of sustainable, specially designed prime properties in premium locations, the professional management of these properties and cycle-optimised sales. IMMOFINANZ Group concentrates its activities in the retail, office, logistics and residential segments of eight regional core markets: Austria, Germany, Czech Republic, Slovakia, Hungary, Romania, Poland and Russia. Further information under: http://www.immofinanz.com | http://blog.immofinanz.com | http://properties.immofinanz.com

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