

## IMMOFINANZ Group increases results of operations by nearly nine per cent in the first quarter of 2013/14

KEY FIGURES (in MEUR)	1 May 2013 - 31 July 2013	Δ in %	1 May 2012 - 31 July 2012
Rental income	161.4	-0.5%	162.3
Results of asset management	136.3	0.5%	135.6
Results of property sales	5.7	21.4%	4.7
Results of property development	8.1	n.a.	-1.0
Expenses not directly attributable	-21.1	-0.9%	-21.2
Results of operations	134.0	8.9%	123.0
Operating profit (EBIT)	199.8	4.7%	190.8
Net profit	117.7	>100%	9.6
Gross cash flow	104.0	-3.4%	107.7
Sustainable cash flow (FFO)	65.4	-16.4%	78.2

IMMOFINANZ Group continued its positive business development by generating sound operating results in the first quarter of the 2013/14 financial year. Rental income declined slightly to EUR 161.4 million for the reporting period (Q1 2012/13: EUR 162.3 million) as a result of properties sold in the previous year. The results of property sales rose from EUR 4.7 million to EUR 5.7 million (+21.4%), and the results of property development amounted to EUR 8.1 million (Q1 2012/13: EUR -1.0 million). The results of operations increased 8.9% to EUR 134.0 million (Q1 2012/13: EUR 123.0 million). Net profit totalled EUR 117.7 million for the reporting period (Q1 2012/13: EUR 9.6 million). This strong increase was based on the sound development of the operating business as well as positive effects from foreign currency translation and the valuation of derivatives.

“The first quarter of our 2013/14 financial year failed to bring any positive economic impulses, but we still made sound progress with the optimisation of our portfolio. All three operating areas – asset management, trade and development – contributed to the increase in results from operations, the occupancy rate in our properties improved slightly, and our sales programme was successfully continued”, explained Eduard Zehetner, CEO of IMMOFINANZ Group. “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 43.6%.”

### OUTLOOK:

The current growth and optimisation course will be continued during and after the current financial year. Activities will also focus on the reduction of operating costs and cash flow generation. BUWOG will be strengthened through further property acquisitions on the

German market in preparation for a possible initial public offering (IPO) or spin-off during the 2014 calendar year. Furthermore, the positioning of IMMOFINANZ Group as one of the leading real estate companies in Europe will be improved with specifically designed development activities in the commercial property segment of Central and Eastern Europe.

“Our goals for separating BUWOG, the West European residential property portfolio in Austria and Germany, from our commercial real estate portfolio, are to allow for a market valuation of BUWOG’s residential property portfolio that is significantly higher than its current standing as part of IMMOFINANZ Group’s mixed portfolio and to improve IMMOFINANZ Group’s key indicators through a concentration on higher yield commercial properties in Western and Eastern Europe”, commented Zehetner.

## **DEVELOPMENTS IN DETAIL:**

### **Results of asset management**

Rental income of EUR 161.4 million was generated in the first quarter of 2013/14. This represents a marginal decline of 0.5% below the comparable prior year level (EUR 162.3 million) and resulted from the sale of properties during the past financial year.

Results of asset management improved slightly by 0.5% to EUR 136.3 million due to a year-on-year decline in real estate expenses (Q1 2012/13: EUR 135.6 million).

### **Results of property sales**

Property sales, before foreign exchange effects, generated results of EUR 5.7 million for the reporting period (Q1 2012/13: EUR 4.7 million). As part of the portfolio optimisation, the *Egerkingen* logistics property in Switzerland and a number of smaller properties in Austria were sold during the first quarter. The largest contribution to earnings was made by property sales in the BUWOG segment: in Upper Austria, 48 properties 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 income of EUR 1.4 million, before foreign exchange effects, during the reporting period (Q1 2012/13: EUR -1.6 million). Including foreign exchange effects this figure increased to EUR 8.1 million (Q1 2012/13: EUR -1.0 million). The sale of BUWOG condominium apartments also made the largest contribution to income in this area.

### **Administrative expenses**

Administrative expenses that are not directly attributable (overhead costs and personnel expenses) declined slightly from EUR -21.2 million in the first quarter of the previous year to EUR -21.1 million.

### **Results of operations, EBIT, EBT and net profit**

Results of operations rose by 8.9% to EUR 134.0 million in the first quarter of 2013/14 (Q1 2012/13: EUR 123.0 million). This increase reflects improved operating development in all three income categories (asset management, property sales and property development).

Valuation results, adjusted for foreign exchange effects, were lower than the comparable prior year period at EUR 4.7 million for the first quarter of 2013/14 (Q1 2012/13: EUR 12.4 million). However, EBIT rose by 4.7% to EUR 199.8 million (Q1 2012/13: EUR 190.8 million).

Financial results were substantially better in year-on-year comparison at EUR -51.0 million (Q1 2012/13: EUR -179.3 million). This position includes non-cash foreign exchange accounting effects of EUR -20.0 million (Q1 2012/13: EUR -94.0 million). Other financial results of EUR 30.8 million also include, among others, positive effects from the non-cash valuation of derivatives that are held to hedge interest rate risk (Q1 2012/13: EUR -31.9 million). Earnings before tax increased significantly from EUR 11.5 million in the first quarter of the prior year to EUR 148.7 million.

The sound development of the operating business and positive effects from foreign currency translation and the valuation of derivatives led to an improvement in net profit to EUR 117.7 million (Q1 2012/13: EUR 9.6 million).

### **Cash flow**

Gross cash flow declined slightly in year-on-year comparison to EUR 104.0 million (Q1 2012/13: EUR 107.7 million). Sustainable cash flow\* totalled EUR 65.4 million (Q1 2012/13: EUR 78.2 million) – due to an increase in tax expenses as a consequence of property sales and higher financing costs. In contrast, cash flow from operating activities rose by a sound 49.4% from EUR 48.8 million to EUR 73.0 million, and cash flow from investing activities improved to EUR 63.3 million (Q1 2012/13: EUR -45.6 million). Higher repayments of borrowings led to cash flow of EUR -235.5 million from financing activities (Q1 2012/13: EUR 227.5 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 43.6% and a reduction of EUR 210.8 million in financial liabilities.

### **NAV per share and earnings per share**

Diluted net asset value (NAV) per share equalled EUR 5.59 as of 31 July 2013, which represents an increase of 1.5% over the level on 30 April 2013 (EUR 5.51).

Based on the share price as of 20 September 2013 (EUR 3.13), the IMMOFINANZ share traded at a discount of 44.1% to the diluted NAV per share price.

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\* Gross cash flow (EUR 104.0 million) + interest received (EUR 4.7 million) - interest paid (EUR -40.2 million) - cash outflows for derivative transactions (EUR -8.8 million) + results of property sales (EUR 5.7 million)

The current report on the first quarter will be available for download as of 25 September 2013 on our website (<http://www.immofinanz.com>) in the Investor Relations section under "Financial Reports".

**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 1,700 investment properties with a carrying amount of approx. EUR 10.4 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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