IMMOFINANZ GROUP

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IMMOFINANZ Group confirms upward trend in operations during 2012/13 – property sales at record high, net profit lower due to decline in positive valuation effects

KEY FIGURES (in MEUR)*	**1 May 2012 - 30 April 2013**	**Δ in %**	**1 May 2011 - 30 April 2012**
Rental income	**655.8**	**12.0%**	**585.7**
Results of asset management	**513.0**	**15.1%**	**445.9**
Results of property sales	**110.8**	**108.3%**	**53.2**
Results of property development	**-18.4**	**n.a.**	**30.1**
Expenses not directly attributable	**-98.5**	**-0.7%**	**-99.2**
Results of operations	**542.1**	**15.3%**	**470.1**
Operating profit (EBIT)	**508.9**	**-26.6%**	**692.9**
Net profit	**110.8**	**-59.1%**	**271.2**
Gross cash flow	**408.5**	**8.0%**	**378.3**
Sustainable cash flow (FFO)	**341.0**	**27.1**	**268.4**

In 2012/13 IMMOFINANZ Group confirmed the positive operating trend from the past year despite weaker growth in the core markets. Results of operations for the 2012/13 financial year totalled EUR 542.1 million, which represents an increase of 15.3% or EUR 71.9 million.

Rental income rose substantially year-on-year by EUR 70.2 million or 12.0%. Revenues rose by 11.2% to EUR 869.2 million in 2012/13. Results of asset management were 15.1% higher at EUR 513.0 million. Results of property sales rose by an impressive 108.3% year-on-year to EUR 110.8 million. Results of property development amounted to EUR -18.4 million (2011/12: EUR 30.1 million), above all due to delays in the *GOODZONE* project in Russia.

"The 2012/13 financial year was characterised by a concentration on the operating business – and we generated more than solid growth rates. Gross cash flow rose by 8.0% to EUR 408.5 million, and sustainable cash flow (FFO) increased by 27.1% to EUR 341.0 million or from EUR 0.27 to EUR 0.33 per share", commented Eduard Zehetner, CEO of IMMOFINANZ Group. "The decline of EUR 160.4 million in net profit resulted primarily from lower positive effects from property valuation which, after an adjustment for foreign exchange effects, fell by EUR 170.7 million to EUR 37.9 million", added Zehetner.

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* IMMOFINANZ Group adjusted the structure of the consolidated income statement as of 30 April 2013 to reflect the international peer group reporting standards respectively EPRA's recommendation. The costs directly attributable to income sources (personnel and overhead expenses) were reclassified from personnel and overhead expenses to the individual income categories (results of asset management, results of property sales and results of property development). With this change, IMMOFINANZ Group has improved its cost transparency and comparability with the peer group and also taken a further step to optimise the transparent presentation of corporate results.

"Our real estate machine gained significant speed during the past year. This is true, above all, for our sales activities, where we set a new record since the beginning of our sales programme with a volume of approx. EUR 661.3 million. With these results, we exceeded our target of EUR 1.5 billion by EUR 153.2 million or 10.2% after three years. This figure does not include properties with a carrying value of EUR 583.4 million that were classified as held for sale on the balance sheet as of 30 April 2013. Many of these transactions have closed or the contract has already been signed."

Negative other valuation results of EUR -33.2 million (incl. foreign exchange effects) led to a decline in operating profit to EUR 508.9 million (2011/12: EUR 692.9 million). This decline is attributable to the year-on-year drop of approx. EUR 170.7 million in positive effects from the foreign exchange adjusted revaluation of properties (from EUR 208.7 million to EUR 37.9 million) and a negative non-recurring effect (EUR -106.4 million) from the adjustment of the purchase price liability for the acquisition of the *Golden Babylon Rostokino* shopping center in Moscow. The final purchase price for this shopping center, which was opened together with a joint venture partner in November 2009 and taken over in full during May 2012, is dependent on the net operating income (NOI) generated in the 2013 calendar year. This NOI has risen significantly in recent months because the *Golden Babylon Rostokino* is almost fully rented. Consequently, the fair value of the property rose by EUR 135.0 million in 2012/13 and will offset the additional costs from the purchase price adjustment.

Net profit for the 2012/13 financial year equalled EUR 110.8 million (2011/12: EUR 271.2 million). The substantial increase in the tax rate to 43.2% (2011/12: 14.9%) resulted primarily from unusually high, non-recurring non-cash effects related to deferred taxes.

Sustainable cash flow per share rose from EUR 0.27 in 2011/12 to EUR 0.33 for the reporting year and reflects the sound improvement in the development of the operating business.

The EUR 0.15 dividend for the 2012/13 financial year is confirmed, subject to the approval of the annual general meeting on 2 October 2013. The net asset value (NAV) per share rose by 4.9% to EUR 5.51.

OUTLOOK:

The most important goals for the 2013/14 financial year are to significantly increase development activities and generate sound contributions to earnings, but to also create the requirements to raise the real estate machine to a new activity level. "For 2014 we plan to separate the residential property management and development activities in Germany and Austria that are bundled in BUWOG from IMMOFINANZ Group and transfer this business to a separate company. This will take place through an initial public offering (IPO) or a spin-off, depending on the relevant market environment at that time. Both options will be designed to establish a fair balance between the interests of the company and shareholders, above all with a view to the potential effects of the individual alternatives on liquidity", indicated Eduard Zehetner.

The remaining commercial part of IMMOFINANZ Group will concentrate on the highly profitable retail, office and logistics market segments especially in Central and Eastern Europe. Activities will be focused on real estate development, including the development of condominium apartments for sale in Central and Eastern Europe.

"As in the past, we will also continue our efforts to optimise real estate management through the further reduction of vacancies in individual countries and asset classes, and the simplification of the portfolio through the sale of properties in non-core countries and the Opportunistic Office and Opportunistic Retail segment. Our optimisation efforts will be accompanied by financial goals that include the sale of the remaining property assets that do not represent direct investments or are not under our direct control. We are optimistic that we will be able to further increase the value of

IMMOFINANZ Group during the 2013/14 financial year and generate growing, risk-optimised cash flows for our shareholders."

DEVELOPMENTS IN DETAIL:

INCOME STATEMENT:

A condensed version of IMMOFINANZ Group's income statement for the 2012/13 and 2011/12 financial years is presented in the following table:

All amounts in TEUR	**1 May 2012 - 30 April 2013**	**1 May 2011 - 30 April 2012 (adjusted)**	**Change in %**
Results of asset management	**513,028.1**	**445,853.6**	**15.1%**
Results of property sales	**110,765.3**	**53,174.0**	**108.3%**
Results of property development	**-18,440.0**	**30,074.7**	**n.a.**
Other operating income	35,216.4	40,184.7	-12.4%
Expenses not directly attributable	-98,505.0	-99,163.8	-0.7%
Results of operations	**542,064.8**	**470,123.2**	**15.3%**
Other revaluation results	-33,195.5	222,747.9	n.a.
Operating profit (EBIT)	**508,869.3**	**692,871.1**	**-26.6%**
Financial results	-313,826.7	-374,357.3	-16.2%
Earnings before tax (EBT)	**195,042.6**	**318,513.8**	**-38.8%**
Net profit for the period	**110,836.0**	**271,176.4**	**-59.1%**

Results of asset management include rental income, other revenues, operating income and operating costs as well as directly allocated expenses. Rental income rose substantially year-on-year by EUR 70.2 million or 12.0%. This positive development was supported, above all, by the retail segment, where rental income increased by EUR 70.4 million or 33.4%. The improvement in rental income from retail properties resulted, for the most part, from the acquisition of the remaining 50% stake in the *Golden Babylon Rostokino* shopping center in Moscow on 16 May 2012. Rental income in the office and logistics asset classes rose slightly by 1.1% and 0.3%, respectively. The residential asset class recorded a slight year-on-year decline of 3.0%, which resulted chiefly from the sale of properties in the BUWOG segment.

Revenues rose by 11.2% to EUR 869.2 million in 2012/13. Results of asset management were 15.1% higher at EUR 513.0 million due to an increase in rental income and a constant level of direct expenses.

Results of property sales rose by an impressive 108.3% year-on-year to EUR 110.8 million. Transactions in the BUWOG segment covered the sale of individual apartments and the sale of a residential property portfolio in Carynthia, Austria, that includes 35 buildings with 781 apartments. These sales reflect the strategy to sell regional portfolios in Austria and use the proceeds for acquisitions in Germany. Even though the transaction volume in Eastern Europe was lower than Western Europe, IMMOFINANZ Group was able to arrange for the profitable sale of the *BB Centrum Building C* and *Diamond Point* office properties in the Czech Republic during the reporting year. Portfolio optimisation measures in the office segment also included the sale of the *Office Cube* and *Josefstaedter Strasse 78* in Vienna. Transactions in the logistics asset class covered three properties owned by the Deutsche Lagerhaus subsidiary and the *Quartier Saint Isidore* in Nice. A number of apartment buildings in Vienna were also sold to investors in recent months, including *Mariahilfer Straße 53*. The largest contribution to earnings was made by the sale of 100% of the shares in Les

Bains de St. Moritz Holding AG, the owner of the *Kempinski Grand Hotel des Bains* in Switzerland. After the balance sheet date on 30 April 2013, IMMOFINANZ Group also sold the *Silesia City Center* shopping center in Katowice, Poland, and a logistics property from the Deutsche Lagerhaus portfolio in Egerkingen, Switzerland. In accordance with IFRS, the revaluation gains on these sales are included in the financial statements as of 30 April 2013, even though the cash inflows will only take place in 2013/14.

Results of property development cover the sale of inventories as well as the valuation of development projects completed during the reporting year or currently in progress. In 2012/13 results from property development totalled EUR -18.4 million (2011/12: EUR 30.1 million). The negative results recorded for the reporting year are attributable, above all, to the *GOODZONE* project in Russia. The bankruptcy-related replacement of the general contractor led to delays and the postponement of the scheduled opening from 2012/13 into the following year. As a result, the planned earnings were not realised and costs increased. A new general contractor has been engaged, and the completion and opening of the project is planned for the end of 2013.

Other operating income was 12.4% lower at EUR 35.2 million due to a year-on-year decline in the reversal of provisions.

Expenses not directly attributable (personnel and overhead expenses) were slightly lower than the prior year level at EUR 98.5 million (2011/12: EUR 99.2 million) despite an inflation-related increase in personnel expenses.

Results of operations for the 2012/13 financial year totalled EUR 542.1 million, which represents an increase of 15.3% or EUR 71.9 million. This improvement resulted, above all, from the substantial growth in the results of asset management and sound results from property sales.

Negative **other revaluation results** of EUR -33.2 million (incl. foreign exchange effects) led to a decline in operating profit to EUR 508.9 million (2011/12: EUR 692.9 million). This decline is attributable to the year-on-year drop of approx. EUR 170.7 million in positive effects from the foreign exchange adjusted revaluation of properties (from EUR 208.7 million to EUR 37.9 million) and a negative non-recurring effect (EUR -106.4 million) from the adjustment of the purchase price liability for the acquisition of the *Golden Babylon Rostokino* shopping center in Moscow. The final purchase price for this shopping center, which was opened together with a joint venture partner in November 2009 and taken over in full during May 2012, is dependent on the net operating income (NOI) generated in the 2013 calendar year. This NOI has risen significantly in recent months because the *Golden Babylon Rostokino* is almost fully rented. Consequently, the fair value of the property rose by EUR 135.0 million in 2012/13 and will offset the additional costs from the purchase price adjustment.

Financial results improved by EUR 60.5 million in year-on-year comparison to EUR -313.8 million, whereby this figure also includes EUR -32.5 million of non-cash foreign exchange effects. However, earnings before tax declined to EUR 195.0 million (2011/12: EUR 318.5 million). This foreign exchange-related factor should be reduced substantially by the conversion of the functional currency in the core markets of Poland, Czech Republic, Hungary and Romania to the Euro after the balance sheet date on 30 April 2013.

Net profit for the 2012/13 financial year equalled EUR 110.8 million (2011/12: EUR 271.2 million). The substantial increase in the tax rate to 43.2% (2011/12: 14.9%) resulted primarily from unusually high, non-recurring non-cash effects related to deferred taxes. These effects were higher, among others, due to changes in tax rates and the use of capitalised tax loss carryforwards.

Sustainable cash flow per share rose from EUR 0.27 in 2011/12 to EUR 0.33 for the reporting year and reflects the sound improvement in the development of the operating business.

BALANCE SHEET:

A condensed version of IMMOFINANZ Group's balance sheet as of 30 April 2013 and 30 April 2012 is presented in the following table:

All amounts in TEUR	**30 April 2013**	**in %**	**30 April 2012 (adjusted)**	**in %**
Investment property	9,297,431.3		9,915,201.1	
Property under construction	344,170.1		300,615.8	
Real estate inventories	262,649.6	83.4%	148,305.7	84.4%
Non-current assets held for sale	583,403.2		42,205.3	
Intangible assets	275,243.7	2.2%	281,920.5	2.3%
Investments in associated companies	72,320.4	0.6%	78,910.4	0.6%
Trade and other receivables	696,491.1	5.5%	642,291.5	5.2%
Other financial instruments	213,859.3	1.7%	247,609.2	2.0%
Deferred tax assets	45,034.2	0.4%	58,917.1	0.5%
Cash and cash equivalents	738,454.9	5.9%	559,163.2	4.5%
Other assets	51,646.5	0.4%	56,678.1	0.5%
Assets	**12,580,704.3**	**100.0%**	**12,331,817.9**	**100.0%**

All amounts in TEUR	**30 April 2013**	**in %**	**30 April 2012 (adjusted)**	**in %**
Equity	**5,327,066.9**	**42.3%**	**5,517,535.9**	**44.7%**
Liabilities from convertible bonds	554,108.4	4.4%	729,366.8	5.9%
Financial liabilities	4,863,503.3	38.7%	4,645,274.0	37.7%
Trade and other payables	854,020.2	6.8%	758,500.3	6.2%
Provisions	110,398.2	0.9%	120,277.4	1.0%
Deferred tax liabilities	577,181.0	4.6%	541,252.1	4.4%
Income tax liabilities	31,950.5	0.3%	19,611.4	0.2%
Financial liabilities held for sale	262,475.8	2.1%	0.0	0.0%
Equity and liabilities	**12,580,704.3**	**100.0%**	**12,331,817.9**	**100.0%**

Investment property represented 83.4% of total assets as of 30 April 2013 and is reported on the balance sheet under the following positions: investment property, property under construction, inventories and noncurrent assets held for sale. IMMOFINANZ Group recorded a year-on-year increase of EUR 81.3 million in investment property to EUR 10.5 billion in 2012/13.

Cash and cash equivalents, the second largest position under assets, rose by EUR 179.3 million to EUR 738.5 million. This represents 5.9% of total assets as of 30 April 2013.

IMMOFINANZ Group's **equity** amounted to EUR 5.3 billion as of 30 April 2013 (2011/12: EUR 5.5 billion). This represents an equity ratio of 42.3%. If cash and cash equivalents (including the cash and cash equivalents in other receivables) were offset against financial liabilities, the equity ratio would increase to 45.7%.

Financial liabilities, including liabilities from convertible bonds, rose marginally by 0.8% over the previous year to EUR 5.4 billion.

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CASH FLOW:

All amounts in TEUR	1 Mai 2012 - 30 April 2013	1 Mai 2011- 30 April 2012
Earnings before tax	195,042.6	318.513.8
Revaluation/impairment losses/recognition of gains on bargain purchase	-113,526.1	-276.420.0
Gains/losses from associated companies	2,910.6	11.861.9
Gains/losses from disposal of non-current assets	171.1	2.309.8
Temporary changes in the fair value of financial instruments	60,469.8	174,953.0
Income taxes paid	-13,672.5	-21.754.0
Net interest	234,394.3	190,075.9
Results from the change in investments	-49,067.7	-11.419.1
Other non-cash income/expense	91,739.5	-9.862.1
Gross cash flow	**408,461.6**	**378,259.2**
Cash flow from operating activities	**396,347.7**	**339,562.9**
Cash flow from investing activities	**-26,315.9**	**-113,281.8**
Cash flow from financing activities	**-201,071.7**	**-267,565.4**
Net foreign exchange differences	10,331.6	33,200.5
Change in cash and cash equivalents	**179,291.7**	**-8,083.8**
Cash and cash equivalents at the beginning of the period	559,163.2	567,247.1
Cash and cash equivalents at the end of the period	738,454.9	559,163.3

Gross cash flow rose by 8.0% from EUR 378.3 million to EUR 408.5 million due to the improvement in operating results. Cash flow from operating activities increased 16.7% from EUR 339.6 million to EUR 396.3 million.

Cash flow from investing activities amounted to EUR -26.3 million in 2012/13 (2011/12: EUR -113.3 million). This decline reflected the lower volume of investments during the reporting year.

Cash flow from financing activities consists primarily of additions to and reductions in financial liabilities, bonds and convertible bonds as well as the dividend payment. This position totalled EUR -201.1 million for the reporting year (2011/12: EUR -267.6 million).

Cash and cash equivalents rose by 32.1% year-on-year to EUR 738.4 million. This increase reflected an improvement in all major cash flow indicators.

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KEY DATA:

The following table provides a summary of key data on the financial, asset and earnings positions of IMMOFINANZ Group:

Earnings data	**30 April 2013**	**Change in %**	**30 April 2012**
Rental income in EUR mill.	655.8	12.0%	585.7
Results of operations in EUR mill.	542.1	15.3%	470.1
EBIT in EUR mill.	508.9	-26.6%	692.9
EBT in EUR mill.	195.0	-38.8%	318.5
Net profit in EUR mill.	110.8	-59.1%	271.2
Earnings per share in EUR	0.11	-60.1%	0.27
Sustainable cash flow per share in EUR**	0.33	23.6%	0.27
Interest Coverage Ratio in %	209.6%	11.4%	188.3%
Gross cash flow in EUR mill.	408.5	8.0%	378.3
Cashflow from operating activities in EUR mill.	396.3	16.7%	339.6
Enterprise Value/Results of Operations	14.5	-10.2%	16.1

Asset data	**30 April 2013**	**Change in %**	**30 April 2012**
Balance sheet total in EUR mill.	12,580.7	2.0%	12,331.8
Equity as a % of the balance sheet total	42.3%	-5.4%	44.7%
Loan to Value ratio in %	54.2%***	4.9%	51.6%
Gearing in %	87.8%	0.6%	87.3%

Property data	**30 April 2013**	**Change in %**	**30 April 2012**
Total number of properties	1,759	-3.4%	1,821
Lettable space in sqm	6,526,550	-2.5%	6,695,769
Occupancy rate in %	89.5%	-0.7%	90.1%
Carrying amount investment property in EUR mill.	9,297.4	-5.7%	9,864.1
Carrying amount property under construction in EUR mill.	344.2	14.5%	300.6
Carrying amount real estate inventories in EUR mill.	262.6	77.1%	148.3

Stock exchange data	**30 April 2013**	**Change in %**	**30 April 2012**
Carrying amount per share in EUR	5.23	3.7%	5.05
Net Asset Value per share diluted in EUR	5.51	4.9%	5.25
Share price at end of period in EUR	3.11	16.9%	2.66
Discount of share price to diluted NAV per share in %	43.6%	-11.7%	49.4%
Number of shares	1,128,952,687	-1.0%	1,140,479,102
Number of treasury shares	112,895,268	8.1%	104,421,683
Market capitalisation at end of period in EUR mill.	3,505.4	15.7%	3,029.1

** Gross cash flow (EUR 408.5 million) + interest income on financial investments (EUR 20.8 million) - interest paid (EUR -166.5 million) - cash outflows for derivative transactions (EUR -32.5 million) + results of property sales (EUR 110.8 million) = Subtotal/average number of shares in the reporting period, excl. treasury shares (1,031,823,676).

*** Including cash and cash equivalents of EUR 738.5 million, the loan to value ratio equals 47.1%.

The **key data** in the above table show generally positive development for the reporting year. Results of operations rose by 15.3% to EUR 542.1 million. **Earnings per share** declined from EUR 0.27 to EUR 0.11 due to negative non-recurring effects in 2012/13. In contrast, **sustainable cash flow per share** rose from EUR 0.27 to EUR 0.33.

Gross cash flow and **cash flow from operating activities** increased to EUR 408.5 million (+8.0% year-on-year) and EUR 396.3 million (+16.7% year-on-year), respectively, in 2012/13.

In spite of the challenging economic environment in individual core countries of IMMOFINANZ Group, the occupancy level in the portfolio remained stable at 89.5% during 2012/13.

The net asset value (NAV) of the IMMOFINANZ share rose by 4.9% to EUR 5.51, despite the dividend payment of EUR 0.15 per share.

The annual report for 2012/13 will be available beginning on 20 August 2013 under the menu point “Financial Reports” in the Investor Relations section of the company’s homepage: http://www.immofinanz.com

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 10.5 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

For additional information please contact:

MEDIA INQUIRIES

Bettina Schragl
Head of Corporate Communications | Press Spokesperson
IMMOFINANZ Group
T +43 (0)1 88 090 2290
M +43 (0)699 1685 7290
communications@immofinanz.com

INVESTOR RELATIONS

Stefan Schönauer
Head of Corporate Finance & Investor Relations
IMMOFINANZ Group
T +43 (0)1 88 090 2312
M +43 (0)699 1685 7312
investor@immofinanz.com