

IMMOFINANZ continues sound prior year development in first quarter of 2019

- Rental income reaches EUR 65.2 million (+10.5%, resp. +4.1% adjusted for IFRS 16 effect)
- Sustainable FFO 1 (before tax) rises by 35% to EUR 28.1 million
- Robust balance sheet: net LTV of 38.3%, cash and cash equivalents increase to EUR 672.5 million, financing costs reduced to 1.94% (incl. derivatives)
- Outlook confirmed for FFO 1 of more than EUR 100.0 million in 2019

KEY FIGURES (IN MEUR)	Q1 2019	Δ IN %	Q1 2018
Rental income	65.2	10.5%	59.0
Results of asset management	50.4	11.8%	45.0
Results of property sales	1.0	-71.0%	3.5
Results of property development	-4.6	n/a	1.8
Results of operations	36.8	3.7%	35.5
Financial results	-18.4	≤-100%	-4.5
Earnings before tax	25.6	-6.2%	27.2
Net profit	30.4	≥ 100.0%	1.0
FFO 1 (before tax, excl. S IMMO)	28.1	35.0%	20.8*

*adjusted

Rental income improved by 10.5% (including the effects from the initial application of IFRS 16), respectively by 4.1% (excluding IFRS 16 effects) to EUR 65.2 million. Results of operations rose by 3.7% to EUR 36.8 million and sustainable FFO 1 (before tax) from the standing investment business climbed 35.0% to EUR 28.1 million. Net profit also increased significantly year-on-year to EUR 30.4 million in the reporting period (Q1 2018: EUR 1.0 million).

“With this very good first quarter, we are continuing our strong development from the previous year. The foundation for this success is a solid financial profile that allows us to grow through our own strength as well as a progressive brand policy. This policy is appealing to tenants and leads to high occupancy“, explained Oliver Schumy, CEO of IMMOFINANZ, on first quarter results. “In addition, the highly satisfactory development of our FFO 1 with an increase of roughly 35% underscores our stronger earning power.“

The results of asset management rose by 11.8% to EUR 50.4 million based on an increase in rental income and substantial savings in property expenses (-17.3%). The results of property sales amounted to EUR 1.0 million (Q1 2018: EUR 3.5 million), and the results of property development equalled EUR -4.6 million (Q1 2018: EUR 1.8 million). The results of operations improved by 3.7% to EUR 36.8 million. Other operating expenses fell by 37.2% year-on-year to EUR -10.7 million (Q1 2018: EUR -17.0 million). After an adjustment for the payment of a one-time special bonus of EUR 4.0 million to the Executive Board in 2018 for the successful restructuring of the Group, the cost savings equalled EUR 2.3 million or 17.8%.

Financial results benefited from a further reduction in financing costs during the first quarter (reduction of 8.9% to EUR -14.9 million). The share of profit/loss from equity-accounted investments amounted to EUR 4.9 million (Q1 2018: EUR 8.9 million), whereby EUR 4.5 million are attributable to the proportional share of S IMMO earnings. Financial results for Q1 2019 totalled EUR -18.4 million (Q1 2018: EUR -4.5 million).

Net profit improved significantly to EUR 30.4 million (Q1 2018: EUR 1.0 million). Basic earnings per share equalled EUR 0.28 (Q1 2018: EUR 0.02) and diluted earnings per share EUR 0.25 (Q1 2018: EUR 0.02).

FFO 1 (before tax) from the standing investment business rose by 35.0% to EUR 28.1 million during the reporting period (Q1 2018: EUR 20.8 million), which represents FFO 1 per share of EUR 0.26 (Q1 2018: EUR 0.19). After the inclusion of future interest payments for the corporate bond 2023 which was issued in January 2019 (coupon: 2.625%, first coupon payment in January 2020), FFO 1 adjusted over the quarters for this effect equals EUR 25.8 million (plus 24.2%) or FFO 1 per share of EUR 0.24 (Q1 2018: EUR 0.19). This FFO 1 does not include the economic interest in S IMMO.

Occupancy rate at approx. 95%

The real estate portfolio covered 217 properties with a carrying amount of approx. EUR 4.4 billion as of 31 March 2019. Most of these properties – roughly 85% or EUR 3.8 billion – are standing investments. The occupancy rate reached a level of 94.9% (31 March 2018: 94.2%; 31 December 2018: 95.8%). Based on IFRS rental income, that represents a gross return of 6.6% (31 March 2018: 6.4%; 31 December 2018: 6.3%).

Robust balance sheet indicators

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 46.5% (31 December 2018: 48.0%). Cash and cash equivalents rose to EUR 672.5 million (31 December 2018: EUR 631.8 million). The net loan-to-value ratio equalled 38.3% (31 December 2018: 37.3%). Average financing costs declined further and, at the end of March, equalled 1.94% including derivatives (31 December 2018: 2.14%). The hedging quota equals 89.22% (31 December 2018: 73.75%).

EPRA NAV per share equalled EUR 29.36 as of 31 March 2019 (31 December 2018: EUR 28.80). The book value per share rose to EUR 26.74 (31 December 2018: EUR 26.29).

Outlook

The guidance is confirmed for FFO 1 of more than EUR 100 million in the 2019 financial year.

A robust balance sheet and available liquidity allow IMMOFINANZ to take advantage of suitable investment opportunities. Activities involving the STOP SHOPS will include further acquisitions and development projects to strengthen the company's leading position as a retail park operator. Further acquisitions are also under evaluation for the office portfolio, for example in the capital cities of Warsaw, Prague and Budapest.

Results in detail

Rental income rose by 10.5%, or EUR 6.2 million, to EUR 65.2 million. After the adjustment of effects totalling EUR 3.8 million from the initial application of IFRS 16, the increase equalled EUR 2.4 million or 4.1%. The decline in rental income from the sale of properties which do not fit in with the corporate strategy was more than offset by completions and acquisitions.

Property expenses declined by 17.3% to EUR -11.3 million (Q1 2018: EUR -13.7 million). This reduction was supported primarily by a decline in fit-out costs (EUR -0.9 million versus EUR -2.2 million). The vacancy costs included in operating expenses fell by 13.3% to EUR -2.1 million.

In total, the increase in rental income and decline in property expenses led to an improvement of 11.8% in the **results of asset management** to EUR 50.4 million (Q1 2018: EUR 45.0 million).

The **results of property sales** amounted to EUR 1.0 million (Q1 2018: EUR 3.5 million), and the **results of property development** equalled EUR -4.6 million (Q1 2018: EUR 1.8 million). As previously reported, the sale of the hotel in Cologne which is leased to 25hours and other units in the *Gerling Quartier* closed during Q1 2019. Real estate inventories included EUR 450,000 from the *Gerling Quartier* as of 31 March 2019.

The **results of operations** improved by 3.7% to EUR 36.8 million. Other operating expenses fell by 37.2% year-on-year to EUR -10.7 million (Q1 2018: EUR -17.0 million). After an adjustment for the payment of a one-time special bonus of EUR 4.0 million to the Executive Board in 2018 for the successful restructuring of the Group, the cost savings equalled EUR 2.3 million or 17.8%.

Results from the revaluation of investment property and goodwill turned positive and equalled EUR 7.1 million (Q1 2018: EUR -3.8 million). This change was supported, above all, by the revaluation of the *Na Prikope* property in the inner city of Prague. IMMOFINANZ acquired a 50% interest in this revitalised office project during Q1 2019 and is now its sole owner.

Financing costs declined by 8.9% to EUR -14.9 million, among others due to a reduction in the Group's expenses for financing (31 March 2019: 1.94% p.a. including derivatives). **Other financial results** equalled EUR -7.9 million and were lower than the previous year (Q1 2018: EUR 1.2 million), in particular due to the valuation of derivatives. The **share of profit/loss from equity-accounted investments** amounted to EUR 4.9 million (Q1 2018: EUR 8.9 million), whereby EUR 4.5 million are attributable to the proportional share of S IMMO earnings. **Financial results** for Q1 2019 totalled EUR -18.4 million (Q1 2018: EUR -4.5 million).

Net profit from continuing operations increased substantially to EUR 25.6 million (Q1 2018: EUR 4.3 million). The **results of discontinued operations** were influenced, above all, by tax reimbursements from Russia and equalled EUR 4.9 million (Q1 2018: EUR -3.4 million). As reported in connection with the sale of the Russian portfolio to the FORT Group at the end of 2017, IMMOFINANZ can participate in a positive outcome of ongoing proceedings for the reimbursement of withholding and property taxes.

IMMOFINANZ recorded a significant improvement in **net profit** to EUR 30.4 million in Q1 2019 (Q1 2018: EUR 1.0 million). Basic earnings per share equalled EUR 0.28 (Q1 2018: EUR 0.02) and diluted earnings per share EUR 0.25 (Q1 2018: EUR 0.02).

The interim report by IMMOFINANZ AG on the first quarter 2019 as of 31 March 2019 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 29 May 2019.

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, Poland, Czech Republic, Slovakia, Hungary and Romania. 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 4.4 billion and covers approx. 220 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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