

## IMMOFINANZ: Net profit more than doubles to EUR 185.3 million in the first half of 2019

- Rental income reaches EUR 131.8 million (+10.8%, or +4.2% adjusted for IFRS 16 effects)
- Sustainable FFO 1 (before tax, excl. S IMMO dividend) rises by 22% to EUR 59.0 million
- Outlook for FFO 1 (before tax) in 2019 raised to EUR >115 million (excl. S IMMO dividend), or EUR >128 million (incl. S IMMO dividend)
- Planned dividend for 2019: distribution of 75% of FFO 1 (before tax, incl. S IMMO dividend)

KEY FIGURES (IN MEUR)	Q1-2 2019	Δ IN %	Q1-2 2018
Rental income	131.8	10.8%	119.0
Results of asset management	101.0	6.6%	94.8
Results of property sales	1.7	-91.8%	20.6
Results of property development	14.3	-40.8%	24.2
Results of operations	98.7	-14.0%	114.8
EBIT	203.4	63.9%	124.1
Financial results	-4.6	n.a.	1.5
Net profit	185.3	≥ 100.0%	86.2
FFO 1 (before tax, excl. S IMMO/CAI)	59.0	22.0%	48.4*
FFO 1 per share (before tax, excl. S IMMO/CAI) in EUR	0.54	25.5%	0.43*

\*adjusted

The strong earnings development recorded by IMMOFINANZ in the previous year continued during the first half of 2019. Rental income rose by 10.8% (including the effects from the initial application of IFRS 16) to EUR 131.8 million. After an adjustment for the IFRS 16 effects, the increase equalled 4.2%. The results of asset management increased 6.6% to EUR 101.0 million, the operating profit (EBIT) rose by 63.9% to EUR 203.4 million and sustainable FFO 1 (before tax) from the standing investment business improved by 22.0% to EUR 59.0 million. Net profit more than doubled to EUR 185.3 million.

“This very good first half-year follows our strong performance in 2018. Against this backdrop, we are raising our outlook for pre-tax FFO 1 in 2019 and now expect more than 115 million Euros. That means FFO 1 before tax of roughly 128 million Euros together with our dividend from S IMMO“, indicated Oliver Schumy, CEO of IMMOFINANZ. “We have successfully returned to a growth course following the portfolio restructuring measures and efficiency improvements implemented in recent years. Together with our latest acquisitions in the office and retail areas, our property portfolio is approaching a value of roughly five billion Euros.“

The results of asset management improved by 6.6% to EUR 101.0 million (Q1–2 2018: EUR 94.8 million). The results of property sales amounted to EUR 1.7 million (Q1-2 2018: EUR 20.6 million) and the results of property development totalled EUR 14.3 million (Q1–2 2018: EUR 24.2 million). Results from the revaluation of investment property and goodwill increased substantially to EUR 104.7 million (Q1–2 2018: EUR 9.3 million), above all due to the positive market development in Germany and Austria. Operating profit (EBIT) therefore rose significantly year-on-year to EUR 203.4 million (Q1-2 2018: EUR 124.1 million).

The Group's financial results benefited from a further decline in financing costs (6.4% reduction to EUR -31.6 million). The share of profit/loss from equity-accounted investments amounted to EUR 43.4 million (Q1–2 2018: EUR 31.3 million), whereby the proportional share of earnings from the S IMMO investment represents the main component. Financial results for the first half of 2019 totalled EUR -4.6 million (Q1–2 2018: EUR 1.5 million).

Net profit more than doubled to EUR 185.3 million (Q1–2 2018: EUR 86.2 million). Basic earnings per share equalled EUR 1.72 (Q1–2 2018: EUR 0.79) and diluted earnings per share EUR 1.53 (Q1–2 2018: EUR 0.73).

The development of sustainable funds from operations (FFO 1) underscores IMMOFINANZ's stronger earning power. FFO 1 (before tax) from the standing investment business rose by 22.0% to EUR 59.0 million during the reporting period (Q1–2 2018: EUR 48.4 million). FFO 1 per share increased by 25.5% to EUR 0.54 (Q1–2 2018: EUR 0.43), whereby this indicator excludes dividends as well as the economic interest in S IMMO. Including the respective dividend payments, FFO 1 (before tax) equals EUR 72.7 million and EUR 0.67 per share.

### Occupancy rate at roughly 95%

The real estate portfolio included 214 properties with a combined carrying amount of approximately EUR 4.5 billion as of 30 June 2019. Most of these properties – roughly 90% or EUR 4.1 billion – are standing investments. The occupancy rate equalled 94.8% as of 30 June 2019 (30 June 2018: 94.7%; 31 December 2018: 95.8%), and the gross return was stable at 6.3%.

### Robust balance sheet indicators

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 47.1% (31 December 2018: 48.0%). Cash and cash equivalents totalled EUR 560.4 million (31 December 2018: EUR 631.8 million). The net loan-to-value ratio equalled 38.0% (31 December 2018: 37.3%). Average financing costs declined further during the first half of 2019 and, including derivatives, equalled 1.99% per year at the end of June (31 December 2018: 2.14%). The hedging quota increased since the beginning of the year to 88.5% (31 December 2018: 73.8%).

Diluted EPRA NAV per share rose to EUR 29.24 as of 30 June 2019 (31 December 2018: basic EUR 28.80). The calculation of EPRA NAV as of 30 June 2019 – in contrast to 31 December 2018 and 31 March 2019 – includes the diluting effects which would result from the conversion of the IMMOFINANZ convertible bond 2024 because this bond was "in the money" at the end of the reporting period. The dilution equalled EUR 0.70 per share. The book value per share rose by 4.5% to EUR 27.48 as of 30 June 2019 (31 December 2018: EUR 26.29).

### Outlook

FFO 1 before tax for the 2019 financial year is expected to exceed EUR 115 million (previous guidance: > EUR 100 million). Including the dividend received from S IMMO, the guidance amounts to roughly EUR 128 million before tax. The planned dividend distribution for 2019 equals 75% of FFO 1 before tax (incl. the dividend from S IMMO).

### Results in detail

**Rental income** rose by 10.8%, or EUR 12.9 million, to EUR 131.8 million in the first half of 2019. After the adjustment of effects totalling EUR 7.8 million from the initial application of IFRS 16, the increase equalled

EUR 5.1 million, or 4.2%, to EUR 123.9 million. The margin equalled 81.6% after an adjustment for the IFRS 16 effects and personnel expenses from the asset management business.

Property expenses reflected the previous year at EUR -23.7 million (Q1–2 2018: EUR -23.6 million). The vacancy costs included in operating expenses fell by 15.4% to EUR -4.1 million. In total, the **results of asset management** improved by 6.6% to EUR 101.0 million (Q1–2 2018: EUR 94.8 million).

The **results of property sales** amounted to EUR 1.7 million, whereby the comparable prior year period included a substantial positive effect from the recycling of accumulated historical foreign exchange differences to the income statement (Q1–2 2018: EUR 20.6 million). The **results of property development** totalled EUR 14.3 million (Q1–2 2018: EUR 24.2 million).

Other operating expenses amounted to EUR -22.3 million and were 19.8% lower than the previous year (Q1–2 2018: EUR -27.8 million). After an adjustment for the payment of a one-time special bonus of EUR 4.0 million to the Executive Board in the first half of 2018 for the successful restructuring of the Group, the cost savings equalled EUR 1.5 million or 6.3%. The **results of operations** totalled EUR 98.7 million for the first half of 2019 (Q1–2 2018: EUR 114.8 million).

**Results from the revaluation** of investment property and goodwill increased substantially to EUR 104.7 million (Q1–2 2018: EUR 9.3 million), above all due to the positive market development in Germany and Austria. **Operating profit (EBIT)** rose significantly year-on-year to EUR 203.4 million (Q1-2 2018: EUR 124.1 million).

**Financing costs** declined by 6.4% to EUR -31.6 million, among others owing to a reduction in the Group's expenses for financing (30 June 2019: 1.99% per year including derivatives). Other financial results equalled EUR -16.2 million and were lower than the previous year (Q1–2 2018: EUR -0.3 million), primarily due to the valuation of interest rate derivatives in the current low-interest environment. The **share of profit/loss from equity-accounted investments** amounted to EUR 43.4 million (Q1–2 2018: EUR 31.3 million), whereby the proportional share of earnings from the S IMMO investment represents the main component. **Financial results** for the first half of 2019 totalled EUR -4.6 million (Q1–2 2018: EUR 1.5 million).

Net profit from continuing operations improved substantially to EUR 181.8 million (Q1–2 2018: EUR 89.5 million). The results of discontinued operations were positively influenced, above all, by tax reimbursements from Russia in Q1 and equalled EUR 3.5 million (Q1–2 2018: EUR -3.2 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.

**Net profit** more than doubled to EUR 185.3 million (Q1–2 2018: EUR 86.2 million). Basic earnings per share equalled EUR 1.72 (Q1–2 2018: EUR 0.79) and diluted earnings per share EUR 1.53 (Q1–2 2018: EUR 0.73).

The interim report by IMMOFINANZ AG on the first half year 2019 as of 30 June 2019 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 29 August 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 4.5 billion and covers more than 210 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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