

## IMMOFINANZ increases net profit by roughly 50% to EUR 202.6 million in the first three quarters of 2019

- Rental income rises to EUR 203.4 million (+15.8% or +9.0% adjusted for IFRS 16 reclassifications)
- Occupancy rate stable at around 95% - property portfolio grows to EUR 5.1 billion
- Sustainable FFO 1 (before tax, excl. S IMMO dividend) increases by 47.4% to EUR 92.8 million
- Outlook for FFO 1 (before tax) in 2019 and planned dividend confirmed

| KEY FIGURES (IN MEUR)                                 | Q1-3 2019 | Δ IN % | Q1-3 2018 |
|---|-----------|--------|-----------|
| Rental income   | 203.4     | 15.8%  | 175.7     |
| Results of asset management                           | 153.8     | 14.3%  | 134.5     |
| Results of property sales                             | 3.7       | -86.9% | 28.1      |
| Results of property development                       | 9.1       | -61.6% | 23.7      |
| Results of operations                                 | 139.7     | -6.6%  | 149.7     |
| EBIT  | 237.1     | 58.0%  | 150.1     |
| Financial results                                     | -24.5     | n.a.   | 32.3      |
| Net profit  | 202.6     | 50.1%  | 135.0     |
| FFO 1 (before tax, excl. S IMMO/CAI)                  | 92.8      | 47.4%  | 63.0      |
| FFO 1 per share (before tax, excl. S IMMO/CAI) in EUR | 0.86      | 50.9%  | 0.57      |

The strong earnings development recorded by IMMOFINANZ in the previous year continued during the first three quarters of 2019. Rental income rose by 15.8% to EUR 203.4 million (including the reclassifications from the initial application of IFRS 16). After an adjustment for these reclassifications, the increase in rental income equalled 9.0%. The results of asset management increased 14.3% to EUR 153.8 million, the operating profit (EBIT) rose by 58.0% to EUR 237.1 million and sustainable FFO 1 (before tax) from the standing investment business improved by 47.4% to EUR 92.8 million. Net profit was 50.1% higher at EUR 202.6 million and represents basic earnings per share of EUR 1.9.

“These results demonstrate the continuation of the strong development which began in the previous year. A high occupancy rate of 95% and healthy rental return of 6.3% give our company a solid economic foundation“, indicated Oliver Schumy, CEO of IMMOFINANZ. “Following the reorientation of our portfolio in recent years to improve its efficiency, IMMOFINANZ has successfully returned to a growth course. Our latest acquisitions in the office and retail sectors combined with major completions have strengthened our sustainable earning power and grown our property portfolio to roughly EUR 5.1 billion“.

The results of asset management improved by 14.3% to EUR 153.8 million (Q1–3 2018: EUR 134.5 million). The results of property sales amounted to EUR 3.7 million, in comparison with the first three quarters of the previous year which included a substantial positive effect from the recycling of accumulated historical foreign exchange differences to the income statement (Q1–3 2018: EUR 28.1 million). The results of property development totalled EUR 9.1 million (Q1–3 2018: EUR 23.7 million). Results from the revaluation of investment property and goodwill increased substantially to EUR 97.4 million (Q1–3 2018: EUR 0.4 million), above all due to the positive market development in Germany and Austria. Operating profit (EBIT) therefore rose significantly year-on-year to EUR 237.1 million (Q1-3 2018: EUR 150.1 million).

Financing costs totalled EUR -51.5 million for the first three quarters of 2019 and remained at the prior year level (Q1–3 2018: EUR -51.3 million) in spite of property acquisitions (in particular, the *Warsaw Spire* in Q3 2019) and a related increase in the volume of financing. The share of profit/loss from equity-accounted investments amounted to EUR 47.1 million (Q1–3 2018: EUR 72.6 million), with the proportional share of earnings from the S IMMO investment representing the main component. Financial results for the first three quarters of 2019 totalled EUR -24.5 million (Q1–3 2018: EUR 32.3 million).

Net profit rose by 50.1% to EUR 202.6 million (Q1–3 2018: EUR 135.0 million). Basic earnings per share equalled EUR 1.90 (Q1–3 2018: EUR 1.23) and diluted earnings per share EUR 1.69 (Q1–3 2018: EUR 1.14).

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 47,4% to EUR 92.8 million during the reporting period (Q1–3 2018: EUR 63.0 million). FFO 1 per share (before tax) increased by 50.9% to EUR 0.86 (Q1–3 2018: EUR 0.57), whereby this indicator excludes dividends as well as the economic interest in S IMMO (respectively from CA Immo in the previous period). Including the respective dividend payments, FFO 1 (before tax) equals EUR 106.4 million and EUR 0.99 per share (Q1-3 2018: EUR 83.5 million and EUR 0.75 per share).

### **Occupancy rate stable at around 95%**

The real estate portfolio included 216 properties with a combined carrying amount of approximately EUR 5.1 billion as of 30 September 2019. Most of these properties – 92% or EUR 4.7 billion – are standing investments. The occupancy rate equalled 95.1% as of 30 September 2019 (30 September 2018: 94.5%; 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 44.9% (31 December 2018: 48.0%). Cash and cash equivalents totalled EUR 256.9 million (31 December 2018: EUR 631.8 million). The decline since the beginning of the year is attributable, among others, to the share buyback programme 2018/19 which was concluded in August 2019 and to the acquisition of several standing investments which include the Warsaw Spire and Palmovka Open Park office buildings. The net loan-to-value ratio equals 44.2% (12/2018: 37.3%) after the investment of surplus liquidity and reflects the target corridor of roughly 45.0%. Average financing costs declined further during the first three quarters of 2019 and, including derivatives, equalled 1.95% per year at the end of September (31 December 2018: 2.14%). The hedging quota increased since the beginning of the year to 87.5% (31 December 2018: 73.8%).

Diluted EPRA NAV per share rose to EUR 29.59 as of 30 September 2019 (31 December 2018: basic EUR 28.80). The calculation of EPRA NAV as of 30 September 2019 – in contrast to 31 December 2018 – 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 1.27 per share. The book value per share rose by 5.7% to EUR 27.79 (31 December 2018: EUR 26.29).

## Outlook

The outlook for the 2019 financial year is confirmed. FFO 1 before tax for the 2019 financial year is expected to exceed EUR 115 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 15.8%, or EUR 27.7 million, to EUR 203.4 million. After an adjustment for reclassifications of EUR 12.0 million within the results of asset management from the initial application of IFRS 16, the rental income increased by EUR 15.7 million, or 9.0%, to EUR 191.4 million. The asset management margin (excl. IFRS 16 reclassifications and personnel expenses from asset management activities) equalled 80.7%.

**Property expenses** were 7.3% lower year-on-year at EUR -38.3 million (Q1–3 2018: EUR -41.3 million). The vacancy costs included in operating expenses fell by 6.4% to EUR -6.2 million. In total, the results of asset management improved by 14.3% to EUR 153.8 million in the first three quarters of 2019 (Q1–3 2018: EUR 134.5 million).

The **results of property sales** amounted to EUR 3.7 million, in comparison with the first three quarters of the previous year which included a substantial positive effect from the recycling of accumulated historical foreign exchange differences to the income statement (Q1–3 2018: EUR 28.1 million). The **results of property development** totalled EUR 9.1 million (Q1–3 2018: EUR 23.7 million).

**Other operating expenses** fell by 21.4% year-on-year to EUR -32.2 million (Q1–3 2018: EUR -41.0 million). After an adjustment for the payment of a one-time special bonus of EUR 4.0 million to the Executive Board in the previous year for the successful restructuring of the Group, the cost savings equalled EUR 4.8 million or 11.6%. The results of operations totalled EUR 139.7 million for the first three quarters of 2019 (Q1–3 2018: EUR 149.7 million).

**Results from the revaluation** of investment property and goodwill increased significantly to EUR 97.4 million (Q1–3 2018: EUR 0.4 million), above all due to the positive market development in Germany and Austria.

**Financing costs** totalled EUR -51.5 million for the first three quarters of 2019 and remained at the prior year level (Q1–3 2018: EUR -51.3 million) in spite of property acquisitions (in particular, the *Warsaw Spire* in Q3 2019) and a related increase in the volume of financing. Average financing costs, including hedging, fell to 1.95% per year (30 September 2018: 2.17%). Other financial results equalled EUR -21.1 million and were lower than the previous year (Q1–3 2018: EUR 4.3 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 47.1 million (Q1–3 2018: EUR 72.6 million), with the proportional share of earnings from the S IMMO investment representing the main component. The comparable prior year period included EUR 90.2 million for the proportional share of earnings and book gain on the sale of the CA Immo shares. **Financial results** for the first three quarters of 2019 totalled EUR -24.5 million (Q1–3 2018: EUR 32.3 million).

**Net profit from continuing operations** improved substantially to EUR 199.2 million (Q1–3 2018: EUR 135.8 million). The **results of discontinued operations** were positively influenced, above all, by tax reimbursements from Russia in the first quarter and equalled EUR 3.5 million (Q1–3 2018: EUR -0.8 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** rose by 50.1% to EUR 202.6 million (Q1–3 2018: EUR 135.0 million). Basic earnings per share equalled EUR 1.90 (Q1–3 2018: EUR 1.23) and diluted earnings per share EUR 1.69 (Q1–3 2018: EUR 1.14).

The interim financial statements by IMMOFINANZ AG on the first three quarters of 2019 as of 30 September 2019 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 28 November 2019.

## **On IMMOFINANZ**

*IMMOFINANZ is a commercial real estate group whose activities are focused on the office and retail 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 5.1 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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