

IMMOFINANZ: Information on the influence of Covid-19 on retail activities

- **Temporary declines in rental income from the retail business should be largely offset on a cash flow basis by the cost savings programme currently in progress**
- **Intensive cooperation with retail tenants to master the challenges together**
- **VIVO! and STOP SHOP demonstrate their relative competitive strength in a difficult market environment with a high share of goods for everyday needs and generally low facility costs**

The government authorities in all countries where IMMOFINANZ owns and operates retail properties have recently imposed restrictions and implemented various measures to contain Covid-19. These measures affect various aspects of everyday life, among others through the temporary shutdown of retail facilities. Exceptions have generally been made for stores, which sell basic supplies like supermarkets and pharmacies, drugstores, post offices, banks, pet food shops etc. Moreover, access to public areas has been limited or similar recommendations have been issued. IMMOFINANZ supports these measures in the interest of public health and safety.

IMMOFINANZ's standing investment portfolio totalled approximately EUR 4.7 billion as of 31 December 2019: roughly EUR 3.0 billion, or 64%, of office properties and EUR 1.7 billion, or 35%, of retail properties.

The above-mentioned government restrictions will have an effect on IMMOFINANZ's retail locations in the involved countries. Visitor frequency in the IMMOFINANZ retail locations from the beginning of January to mid-March 2020 reflected the comparable 2019 level due to a very strong start into the year. However, declines have recently been noted as a result of the government actions – whereby the extent differs from country to country, depending on the specific restrictions.

Cost-efficient retail concepts

Longer revenue losses as the result of mandatory shop closures will have a negative impact on the economic position of retailers, also for the entire financial year. This can lead to a difficult cost situation for individual tenants. However, the tenants in IMMOFINANZ's cost-efficient retail concepts – VIVO! for shopping centers and STOP SHOP for retail parks – benefit from generally low rental and operating costs.

IMMOFINANZ maintains an active dialogue with its tenants to jointly master challenges and takes its responsibility towards the retailers, their employees and their customers very seriously.

Cost savings measures already introduced

It is too early to estimate the impact of the current situation or temporary individual support measures over which the IMMOFINANZ Group will possibly decide in the future. In order to largely offset potential, temporary declines in rental income from the retail business on a cash flow basis, a cost savings programme has already been implemented. It includes, among others, the postponement of non-essential investments as well as the reduction of overheads. In addition, all economic support measures announced by the various national governments will be evaluated.

The IMMOFINANZ Group is following developments very closely and continuously analysing the necessary measures – whereby the health and safety of our partners and their customers have top priority.

IMMOFINANZ has a conservative capital and financing structure and is well positioned to react quickly and flexibly to future challenges. The net LTV as of 31 December 2019 is estimated at approximately 43.1%, which is slightly below the level at the end of September 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 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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