

IMMOFINANZ increases net profit by roughly 62% to EUR 352.1 million in 2019 – FFO 1 rises to EUR 137.4 million

- Rental income +18.1% and results of asset management +19.1%
- Occupancy rate at record 96.8%
- FFO 1 (before tax, incl. S IMMO dividend) +30.2% to EUR 137.4 million, guidance exceeded
- Robust balance sheet: net LTV of 43.0%, liquid funds of EUR 345.1 million at year-end 2019
- New revolving credit facility of EUR 100.0 million creates added financial flexibility

KEY FIGURES (IN MEUR)	2019	Δ IN %	2018 ¹
Rental income	279.9	18.1%	236.9
Results of asset management	207.3	19.1%	174.0
Results of property sales	-5.1	n.a.	27.2
Results of property development	-12.4	≤ -100,0%	-4.3
Results of operations	149.9	-2.1%	153.1
EBIT	345.6	≥ 100,0%	159.1
Financial results	4.5	-89.9%	44.2
Net profit	352.1	61.9%	217.5
FFO 1 (before tax, incl. S IMMO/CA Immo)	137.4	30.2%	105.6
FFO 1/share (before tax, incl. S IMMO/CA Immo) in EUR	1.29	34.4%	0.96

¹The comparative data were adjusted.

IMMOFINANZ is looking back on a very successful 2019 financial year: The clear improvement of 18.1% in rental income and 30.2% in FFO 1 from the standing investment business underscore the profitable growth of the portfolio to approximately EUR 5.1 billion. Net profit rose by 61.9% to EUR 352.1 million and goes hand in hand with a solid financial position: Cash and cash equivalents total EUR 345.1 million. In order to strengthen this very good cash position, an unsecured revolving credit facility of EUR 100 million was concluded at the end of March 2020.

“The 2019 financial year marks a milestone in our company’s history. The occupancy rate in our properties continued to improve – from an already high level – and set a new record at 96.8%. This is a direct result of our clear brand policy with innovative office and retail solutions. Our net profit rose by more than 60 per cent and, at EUR 352.1 million, reached the highest level recorded in many years. Through profitable property acquisitions and the completion of construction projects, our portfolio grew by nearly EUR 1 billion to EUR 5.1 billion in 2019 – which confirms that IMOFINANZ has now reached a relevant size as a player in the European real estate sector“, explained **Dietmar Reindl**, COO of IMMOFINANZ. “All these factors confirm that IMMOFINANZ is well-prepared to deal with the current challenges presented by the corona crisis and the related slowdown in global growth.“

The results of asset management improved by 19.1% to EUR 207.3 million (2018: EUR 174.0 million). The results of property sales amounted to EUR -5.1 million, in comparison with the previous year which included a substantial

positive effect from the recycling of accumulated historical foreign exchange differences to the income statement (2018: EUR 27.2 million). The results of property development totalled EUR -12.4 million (2018: EUR -4.3 million) and were influenced, among others, by higher construction costs for development projects and expenses for real estate inventories. Results from the revaluation of investment property and goodwill increased significantly to EUR 195.7 million (2018: EUR 6.0 million). This improvement was supported, above all, by the sound market development in Germany and Austria as well as positive trends on the other IMMOFINANZ core markets in the CEE region. As a consequence, the operating profit (EBIT) more than doubled to EUR 345.6 million (2018: EUR 159.1 million).

Financing costs amounted to EUR -64.6 million and were 5.6% lower than the previous year (2018: EUR -68.4 million) in spite of the higher financing volume that resulted from property acquisitions. The share of profit/loss from equity-accounted investments amounted to EUR 78.4 million (2018: EUR 108.2 million). The S IMMO investment represented the main component in 2019 (EUR 76.9 million). Financial results were again positive and amounted to EUR 4.5 million (2018: EUR 44.2 million).

Net profit rose by 61.9% to EUR 352.1 million in 2019 (2018: EUR 217.5 million). Basic earnings per share equalled EUR 3.37 (2018: EUR 1.97) and diluted earnings per share EUR 3.03 (2018: EUR 1.80).

The development of sustainable funds from operations, an important profitability indicator for the real estate branch, underscores IMMOFINANZ's stronger earning power. FFO 1 from the standing investment business (before tax and including the dividend from S IMMO) rose by 30.2% to EUR 137.4 million (2018: EUR 105.6 million). With these results, IMMOFINANZ exceeded the increased guidance for FFO 1 announced in August 2019 – which was set at more than EUR 128.0 million. FFO 1 per share (before tax) increased by 34.4% to EUR 1.29 (2018: EUR 0.96).

Record occupancy level

The real estate portfolio included 213 properties with a combined carrying amount of approximately EUR 5.1 billion as of 31 December 2019. Most of these properties – 92.7% or EUR 4.7 billion – are standing investments. Acquisitions and completions led to an increase of more than EUR 1.0 billion or 27.7% in the standing investment portfolio during the past year. The occupancy rate reached a record level of 96.8% (31 December 2018: 95.8%). The gross return equalled 6.2% based on IFRS rental income and 6.5% based on invoiced rents.

Robust balance sheet indicators

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 46.0% (31 December 2018: 48.0%). Cash and cash equivalents totalled EUR 345.1 million (31 December 2018: EUR 632.0 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 equalled 43.0% (12/2018: 37.3%) and was below the target value of roughly 45.0%. Average financing costs declined further to 1.91% per year including derivatives (31 December 2018: 2.14%). The hedging quota increased to 90.7% (31 December 2018: 73.8%), and the unencumbered asset pool (investment property and S IMMO shares) totalled EUR 1.9 billion or 33.8% (31 December 2018: EUR 749.0 million or 15.6%).

Diluted EPRA NAV per share rose to EUR 31.05 as of 31 December 2019 (31 December 2018: basic EUR 28.80). The calculation of EPRA NAV as of 31 December 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 1.45 per share. Excluding the dilution, EPRA NAV per share would equal EUR 32.5 and represent a year-on-year increase of 12.8%. The book value per share rose by 11.6% to EUR 29.34 (31 December 2018: EUR 26.29).

Outlook

The goal is to distribute 75% of the FFO 1 generated in 2019 by the company to shareholders. The annual general meeting was postponed to 1 October 2020 due to the Covid-19 crisis. The Executive and Supervisory Boards plan to issue a recommendation for the use of profit for the 2019 financial year together with the announcement of results for the first half of the 2020 financial year. The effects of the Covid-19 crisis on the company's business activities will be monitored continuously up to that time.

“The continuously changing developments make it impossible to estimate the full impact of the pandemic at the present time. However, we are taking all steps possible to minimise the potential negative effects on the group. We have already implemented cost reductions and postponed non-critical investments to later years. And we are in close contact with our tenants to find fair solutions“, indicated **Stefan Schönauer**, CFO of IMMOFINANZ. “Covid-19 has created real headwinds for the global economy and our markets, but due to our operating performance and our solid liquidity position and financing structure, we are well-positioned for this phase.“

IMMOFINANZ has held 19.5 million shares of S IMMO since September 2018. Following a capital increase by S IMMO in January 2020, this represents an interest of 26.5%. IMMOFINANZ is continuing to hold all options open in connection with this investment, including the resumption of discussions with S IMMO on the combination of the two companies.

Results in detail

Rental income rose by 18.1%, or EUR 43.0 million, to EUR 279.9 million in 2019. After an adjustment for reclassifications of EUR 16.4 million within the results of asset management following the initial application of IFRS 16, the increase equalled EUR 26.6 million, or 11.2%, to EUR 263.5 million. The margin equalled 79.0% after an adjustment for the IFRS 16 effects and personnel expenses from the asset management business (adjusted results of asset management/adjusted rental income; in 2018: 75.6%).

Property expenses totalled EUR -57.4 million and were 10.2% lower than the previous year (2018: EUR -64.0 million). The vacancy costs included in operating expenses fell by 4.4% to EUR -8.2 million. In total, the **results of asset management** improved by 19.1% to EUR 207.3 million (2018: EUR 174.0 million).

The **results of property sales** amounted to EUR -5.1 million, whereby the previous year included a substantial positive effect from the recycling of accumulated historical foreign exchange differences to the income statement (2018: EUR 27.2 million). The implementation of the portfolio strategy continued in 2019 with property sales totalling EUR 175.1 million (asset and share deals).

The **results of property development** totalled EUR -12.4 million (2018: EUR -4.3 million) and were influenced, among others, by higher construction costs for development projects and expenses for real estate inventories.

Other operating expenses amounted to EUR -46.1 million and were 7.6% lower than the previous year (2018: EUR -49.9 million). The results of operations totalled EUR 149.9 million for the 2019 financial year (2018: EUR 153.1 million).

Results from the revaluation of investment property and goodwill increased significantly to EUR 195.7 million (2018: EUR 6.0 million). This improvement was supported, above all, by the sound market development in Germany and Austria as well as positive trends on the other IMMOFINANZ core markets in the CEE region.

Financing costs amounted to EUR -64.6 million and were 5.6% lower than the previous year (2018: EUR -68.4 million) in spite of the higher financing volume (plus 16.6%) that resulted from property acquisitions. Average financing costs, including hedging, fell to 1.91% per year (31 December 2018: 2.14%). Other financial results equalled EUR -9.0 million and were higher than the previous year (2018: EUR -2.5 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 78.4 million (2018: EUR 108.2 million). The S IMMO investment represented the main component in 2019 (EUR 76.9 million), whereby EUR 90.1 million were attributable to the previous investment in CA Immo in 2018. **Financial results** were again positive and amounted to EUR 4.5 million (2018: EUR 44.2 million).

Net profit from continuing operations improved by a substantial 59.9% to EUR 347.5 million (2018: EUR 217.3 million). The results of discontinued operations were positively influenced, above all, by tax reimbursements from Russia in the first quarter and equalled EUR 4.6 million (2018: EUR 0.3 million). As reported in connection with the sale of the Russian portfolio to the FORT Group at the end of 2017, IMMOFINANZ participated in a positive outcome of proceedings for the reimbursement of withholding and property taxes.

Net profit rose by 61.9% to EUR 352.1 million in 2019 (2018: EUR 217.5 million). Basic earnings per share equalled EUR 3.37 (2018: EUR 1.97) and diluted earnings per share EUR 3.03 (2018: EUR 1.80).

The report by IMMOFINANZ AG on the 2019 financial year as of 31 December 2019 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 22 April 2020.

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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