

IMMOFINANZ: Results of operations and net profit at top level in Q1 2021

- Strong performance with net profit of EUR 123.1 million
- FFO 1 of EUR 34.5 million underscores professional management during the pandemic
- Occupancy rate remains high at 94.5%
- Available liquid funds of EUR 1.0 billion (incl. credit line)

| KEY FIGURES (IN MEUR) | Q1 2021 | Δ IN % | Q1 2020 |
|---|---------|--------|---------|
| Rental income | 74.8 | 0.5% | 74.4 |
| Results of asset management | 54.9 | -7.7% | 59.5 |
| Results of property sales | -0.4 | 77.1% | -1.8 |
| Results of property development | 1.1 | n/a | -0.7 |
| Results of operations | 46.4 | 6.7% | 43.5 |
| EBIT | 47.4 | n/a | -1.5 |
| Financial results | 79.7 | n/a | -30.3 |
| Net profit/loss | 123.1 | n/a | -37.6 |
| FFO 1 (before tax incl. accrued interest for bonds) | 34.5 | -13.8% | 40.0 |

IMMOFINANZ recorded a significant improvement in the results of operations and net profit during the first quarter of 2021, which was still heavily influenced by the Covid-19 crisis. The Group has a robust balance sheet with an equity ratio of 46.3% and available liquid funds of EUR 1.0 billion. Since the beginning of the year, the EPRA NTA has risen by 3.7% to EUR 28.9 per share.

Rental income rose by 0.5% to EUR 74.8 million in the first quarter. Property expenses were substantially higher during this three-month period due to a crisis-related increase in the write-offs of rents receivable from asset management. This, in turn, led to a 7.7% year-on-year decline in the results of asset management to EUR 54.9 million. Positive results from property sales and property development as well as cost savings supported an improvement of 6.7% in the results of operations to EUR 46.4 million. Financial results turned clearly positive at EUR 79.7 million and include a revaluation of EUR 85.3 million to the S IMMO investment following an increase in the S IMMO share price. Consequently, net profit of EUR 123.1 million is significantly higher than the first quarter of the previous year.

“The first quarter was still heavily influenced by the pandemic, but we generated strong performance with a substantial improvement in the results of operations and net profit. Almost all our retail properties are now fully opened, and we are also seeing promising trends in visitor frequency and retail turnover“, indicated **Ronny Pecik, CEO of IMMOFINANZ**. “The progress of the EU-wide vaccination campaigns makes us optimistic concerning developments during the rest of this year, and we are continuing to work on value-creating expansion with our

crisis-resistant real estate brands – as we recently showed with the acquisition of an office property at a top location in Bucharest and further acquisitions for our STOP SHOP retail park format.“

FFO 1 from the standing investment business (before tax and including accrued interest for bonds) amounted to EUR 34.5 million (Q1 2020: EUR 40.0 million). This decline is attributable, above all, to the year-on-year, crisis-related increase in receivables write-offs from asset management, which represent an important contribution to supporting our tenants during the pandemic. FFO 1 per share equalled EUR 0.28, compared with EUR 0.40 in the first quarter of 2020, whereby the disproportionate decline resulted from an increase in the number of shares¹.

Occupancy rate at high level

The real estate portfolio increased to 216 properties with a combined carrying amount of approximately EUR 5.1 billion at the end of March 2021. Of this total, approximately 64% are attributable to the office business and 35% to the retail business. The occupancy rate is at a high 94.5% (31 December 2020: 96.0%) and equalled 91.3% in the office properties and 97.4% in the retail properties. The gross return equalled 5.8% based on IFRS rental income and 6.1% based on invoiced rents.

EUR 1 billion of available liquid funds

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 46.3% (31. December 2020: 45.1%) and cash and cash equivalents of EUR 900.0 million. Furthermore, a revolving credit line of EUR 100.0 million is also available. The net loan to value remains at a conservative 39.5% (31 December 2020: 37.8%). The average remaining term of the financial liabilities is 4.0 years and the average financing costs equalled 1.98% per year including derivatives (31 December 2020: 1.99%). The hedging quota is a high 87.3%, and the unencumbered asset pool (investment property and S IMMO shares at the EPRA NAV) totals EUR 2.0 billion or 35.9% (31 December 2020: EUR 2.0 billion or 34.9%).

Improved EPRA indicators and book value per share

The **EPRA NTA per share** rose by 3.7% to EUR 28.9 (31 December 2020: EUR 27.8). This increase is primarily attributable to the positive development of earnings during the first quarter of 2021. The **book value per share** increased by 4.1% to EUR 26.2 (31 December 2020: EUR 25.2).

Outlook

The first quarter of 2021 was still dominated by the pandemic and approx. 48% of the rented retail space remained temporarily closed at the end of March, but the situation improved significantly during the second quarter due to the progress of the EU-wide vaccination campaigns. At the end of May, only about 1% of the retail space was affected by shutdowns. This steady recovery is also visible in visitor frequency and turnover in the retail properties: As seen over the first four months of 2021, visitor frequency in the STOP SHOPS was 10.0% lower year-on-year (including the Covid-19-related shutdown days) but turnover rose by 15.9%. In the VIVO! shopping centers, visitor frequency increased by 1.0% year-on-year from January to April 2021 (including the Covid-19-related shutdown days) and retail turnover was 8.3% higher. Further recovery can also be expected, assuming the recently announced opening steps are not reversed.

In view of these developments, IMMOFINANZ is confirming its current growth plans. Activities in the office business will include further expansion with the myhive brand in the capital cities of the core countries, for example through the recent acquisition of an office property at a prime location in Bucharest. The goals for the STOP SHOP retail parks include an increase to roughly 140 locations over the coming years, whereby the country focus is on the Adriatic region, CEE and selected cities in Western Europe.

¹ Number of shares used for the calculation: 123,293,795 for Q1 2021 (based on the full inclusion of the dilution from the mandatory convertible bond at 6,998,228 shares) and 100,876,743 for Q1 2020

Takeover offer for S IMMO - minimum acceptance threshold of 50% plus 1 share

On 19 May 2021, IMMOFINANZ published the offer document for the voluntary public takeover offer to acquire a controlling interest (Section 25a of the Austrian Takeover Act) to the shareholders of S IMMO. Shareholders of S IMMO may accept the offer until 16 July 2021, 17:00 (Vienna local time). The offer price is **EUR 22.25 per S IMMO share** and represents a **premium of 40.3%** to the 6-month VWAP of the S IMMO share of EUR 15.86 prior to the announcement of the intention to launch an offer (14 March 2021). The minimum acceptance threshold of 50% plus 1 share of all S IMMO shares subject to the offer will apply in any case. Therefore, the acceptance of at least 25,716,294 S IMMO shares (corresponding to approximately 34.94% of share capital) is required for a successful offer because the offer document does not provide for conversion into a mandatory offer and a mandatory offer is therefore not permitted. One condition precedent of the offer is the amendment to the Articles of Association to cancel Section 13 (3) of the Articles of Association (maximum voting right). This condition precedent is structured in order to enable a shareholders' decision to cancel the maximum voting right specifically with respect to the completion of the offer. If the offer is not completed, the maximum voting right will remain in place.

Results Q1 2021 in detail

Rental income rose by 0.5%, or EUR 0.4 million, to EUR 74.8 million in the first quarter 2021. Business activities in the previous year were only influenced by the Covid-19 pandemic beginning in mid-March, but the entire first quarter of 2021 was affected by containment measures and related temporary shutdowns. The 37.7% increase in property expenses to EUR -17.1 million (Q1 2020: EUR -12.4 million) is, consequently, a result of the higher write-offs of rents receivable in the results of asset management. These write-offs totalled EUR -6.2 million in the first quarter of 2021, compared with EUR -1.4 million in the first quarter of 2020 and represent important measures to support our tenants during the pandemic.

The Covid-19 crisis was responsible for a year-on-year decline of 7.7% in the **results of asset management** to EUR 54.9 million (Q1 2020: EUR 59.5 million). In contrast, the **results of property sales** improved to EUR -0.4 million (Q1 2020: EUR -1.8 million). Property sales totalling EUR 24.8 million were concluded during the first quarter, in particular with the sale of two office properties in Budapest. The **results of property development** turned positive at EUR 1.1 million (Q1 2020: EUR -0.7 million).

Other operating expenses improved by 26.8% to EUR -10.1 million due to the absence of a non-recurring effect from the previous year (Q1 2020: EUR -13.8 million). The **results of operations** therefore rose by 6.7% to EUR 46.4 million (Q1 2020: EUR 43.5 million).

Results from the revaluation of standing investments equalled EUR 1.0 million, compared with write-downs of EUR -45.0 million to reflect the adverse effects of the Covid-19 pandemic in the first quarter of 2020. **Operating profit (EBIT)** therefore improved significantly to EUR 47.4 million (Q1 2020: EUR -1.5 million).

Financing costs were stable at EUR -20.0 million (Q1 2020: EUR -19.5 million) despite a year-on-year increase of roughly 13.2% in the financing volume. Average financing costs, including hedging, equalled 1.98% per year (31 December 2020: 1.99%). The other financial results of EUR 8.9 million (Q1 2020: EUR -5.3 million) resulted primarily from the valuation of interest rate derivatives (Q1 2021: EUR 9.5 million) following an increase in long-term interest rates.

The share of results from equity-accounted investments increased to EUR 90.9 million (Q1 2020: EUR -4.2 million). Of this total, EUR 88.0 million are attributable to S IMMO (revaluation of EUR 85.3 million to the investment due to the increase in the share price and a proportional earnings contribution of EUR 2.8 million). **Financial results** totalled EUR 79.7 million (Q1 2020: EUR -30.3 million).

Profit before tax improved significantly to EUR 127.0 million (Q1 2020: EUR -31.8 million). After the deduction of EUR -4.0 million (Q1 2020: EUR -5.9 million) in income taxes, **net profit** amounted to EUR 123.1 million (Q1 2020: EUR -37.6 million). That represents earnings per share* of EUR 1.00 (Q1 2020: EUR -0.37).

The interim report by IMMOFINANZ AG for the first quarter of the financial year 2021 as of 31 March 2021 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 1 June 2021.

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 roughly 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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