

## IMMOFINANZ with strong operating performance in 2022 despite a challenging environment

- Like-for-like rental income rises by 8%
- FFO 1 improves by 22% to EUR 146 million
- Portfolio grows by 62% to EUR 8.4 billion due to the full consolidation of S IMMO and the acquisition of retail properties
- Net profit positive at EUR 142 million in spite of negative results from property valuation
- Proceeds from successful property sales will be used to repay debt and reinvested in real estate
- Based on IMMOFINANZ's strategy and in view of the continuing market uncertainty, the annual general meeting will be asked to waive the dividend for the 2022 financial year

KEY FIGURES (IN MEUR)	2022	Δ IN %	2021
Rental income	300.2	5.4	284.7
Results of asset management	226.1	7.2	211.0
Results of property sales	4.6	-82.0	25.7
Results of property development	-20.7	n. a.	18.9
Results of operations	154.3	-26.5	210.1
EBIT	258.3	-12.7	296.0
Financial results	-72.6	n.a.	90.4
Net profit	142.0	-58.9	345.8
FFO 1 (before tax)	146.1	21.7	120.1

Since the increase in the investment in S IMMO to 50% plus one share took place at year-end 2022, the assets and liabilities of S IMMO represent an integral part of the consolidation as of 31 December 2022 and the income statement positions were not included.

**IMMOFINANZ Group delivered very good operating performance in 2022 in spite of the challenging environment. Sustainable FFO 1 from the standing investment business rose by 21.7%. Rental income increased by 5.4% to EUR 300.2 million and the results of asset management by 7.2% to EUR 226.1 million. The Group also has a very solid capital base with an equity ratio of 47.9% and conservative debt with a net LTV of 40.7%.**

This strong operating performance was, however, contrasted by the negative effect on valuation results caused by current market trends. Results from the valuation of standing investments therefore amounted to EUR -110.5 million. This was contrasted by a positive net effect of EUR 55.6 million from the initial full consolidation of S IMMO following an increase in the investment to 50% plus one share. In total, IMMOFINANZ generated net profit of EUR 142.0 million, or earnings per share of EUR 1.04, in the 2022 financial year.

*"The quality of our properties and steady rental income again proved to be stable pillars in a volatile environment. All in all, we performed very well and demonstrated the strength of our business model. Like-for-like rental income improved by more than 8% and sustainable FFO 1 by roughly 22%. We took further important steps to grow our business during the past year and substantially strengthened our position as an international provider of resilient retail properties and innovative office solutions. Our portfolio volume increased by more than 60% to nearly EUR 8.4*

*billion as a result of acquisitions and completions, especially in the retail sector, as well as an increase in our S IMMO investment to 50% plus one share at year-end and the resulting full consolidation“, explained **Radka Doehring, Executive Chairwoman of IMMOFINANZ**. “We made very good progress on our programme to sell properties with a total value of approximately one billion euros and closed profitable sales of nearly 166 million euros during the past year. Further transactions are also in preparation.”*

Like-for-like rental income (adjusted for acquisitions, sales and completions) rose by a sound 12.9% in the fourth quarter of 2022 (versus Q4 2021) and by 8.1% in year-on-year comparison. Sustainable FFO 1 from the standing investment business improved substantially by 21.7% to EUR 146.1 million, above all due to an increase in rental income and a decline in financing costs. That represents FFO 1 per share of EUR 1.07.

### **Strong portfolio growth**

The IMMOFINANZ portfolio grew by 61.8% to EUR 8.4 billion and to 627 properties in 2022. This growth was supported, above all, by the full consolidation of S IMMO and by the acquisition and completion of retail properties. Of this total, EUR 7.9 billion represent standing investments with 3.5 million sqm of rentable space. The overall occupancy rate for the portfolio (incl. S IMMO) equalled 92.9%. The gross return on the IMMOFINANZ standing investment portfolio (excl. S IMMO) equalled 6.5% based on IFRS rental income and 6.7% based on invoiced rents.

### **Robust balance sheet structure**

The IMMOFINANZ Group had a robust balance sheet structure with an equity ratio of 47.9% as of 31 December 2022 (31 December 2021: 48.1%) and a solid net loan-to-value ratio (net LTV) of 40.7% (31 December 2021: 36.7%). Cash and cash equivalents amounted to EUR 684.7 million. Roughly 87% of financial liabilities are hedged against interest rate increases.

### **EPRA per share indicators strengthened**

The EPRA NTA per share rose by 5.3% from EUR 29.19 at the end of December 2021 to EUR 30.74 as of 31 December 2022. The IFRS book value per share improved to EUR 27.47 despite an increase in the number of shares (31 December 2021: EUR 27.44).

### **Outlook and annual general meeting**

IMMOFINANZ’s portfolio strategy remains focused on resilient and cost-efficient retail properties and innovative office solutions. Plans include the expansion of this offering in the core countries over the medium term. The sale pipeline, which is an integral part of the company's active portfolio management, includes the successful transactions completed in 2022 as well as an additional roughly EUR 830 million. Further closings are expected in the coming months despite the volatile market environment. The proceeds will be used to repay debt or for reinvestment in real estate.

In line with this strategy, the Executive Board and the Supervisory Board of IMMOFINANZ will ask the annual general meeting to waive the dividend for the 2022 financial year and use the funds to strengthen the balance sheet. The **annual general meeting of IMMOFINANZ** is scheduled to take place on **3<sup>rd</sup> May 2023** as a virtual meeting in accordance with the Covid-19 Company Law Directive.

Further synergies and opportunities for improvement will be identified together with S IMMO and with the support of CPIPG in 2023 to increase transparency and profitability for all stakeholders.

As central banks’ interest rate hikes have not yet peaked and geopolitical uncertainty continues, the resulting effects – among others on the development of financing costs and the market prices of real estate – cannot be reliably estimated. IMMOFINANZ – with its flexible and resilient real estate products – believes it is well positioned for the future, also in an environment that is characterised by greater uncertainty.

## Results in detail

**Rental income** rose by 5.4% to EUR 300.2 million in 2022. However, the comparative prior-year value was positively influenced by a non-recurring compensation payment of EUR 6.7 million from a major tenant. After an adjustment for this non-recurring effect, rental income rose by an even higher 8.0%. This increase more than offset property sales and was supported by the sound development of like-for-like rental income, the purchase of retail properties and the completion of development projects. Like-for-like rental income (adjusted for acquisitions, sales and completions) rose by a solid 12.9% year-on-year in the fourth quarter of 2022 (versus Q4 2021) and by 8.1% in year-on-year comparison.

Property expenses declined by 2.1% to EUR -60.1 million, and the write-off of rents receivable included in this position was reduced to EUR -2.4 million (2021: EUR -11.9 million). These write-offs represent IMMOFINANZ's support for its tenants during the pandemic-related lockdown periods in 2020 and 2021. Maintenance costs increased to EUR -21.8 million in 2022 (2021: EUR -17.3 million). The **results of asset management** rose by 7.2% to EUR 226.1 million (2021: EUR 211.0 million).

The **results of property sales** amounted to EUR 4.6 million (2021: EUR 25.7 million) and were negatively influenced, above all, by the full write-off of a EUR -12.9 million purchase price receivable from Russia during the second quarter 2022. Property sales totalled EUR 165.6 million and mainly involved office buildings in Prague and Vienna as well as non-core land in Turkey. After an adjustment for the Russian write-off, the sales margin equalled 10.6%. The **results of property development** amounted to EUR -20.7 million (2021: EUR 18.9 million) and reflected the market development and rising construction costs.

Other operating expenses increased – as the result of non-recurring effects – to EUR -66.1 million (2021: EUR -47.7 million). These non-recurring effects consisted chiefly of consulting costs connected with the takeover offers for IMMOFINANZ by the CPI Property Group and S IMMO, expenses related to the resignation of two Executive Board members, and the cost of digitalisation measures. The results of operations equalled EUR 154.3 million for the 2022 financial year (2021: EUR 210.1 million).

Results from the revaluation of standing investments reflected the general market trends and totalled EUR -110.5 million (2021: EUR 86.2 million). Revaluation losses recognised during the reporting year equalled 2.1% of IMMOFINANZ's standing investments at year-end 2022. A contrary factor was the positive earnings effect from the initial full consolidation of the S IMMO investment at EUR 214.6 million (also see the influence of S IMMO on earnings under financial results). As a consequence, the overall **revaluation results from standing investments and goodwill** totalled EUR 104.0 million, compared with EUR 85.9 million in the previous year. Operating profit (EBIT) amounted to EUR 258.3 million (2021: EUR 296.0 million).

Financing costs declined by 4.1% to EUR -77.8 million (2021: EUR -81.1 million). A reduction in the interest expense on bonds (above all, due to the change of control and the related redemptions and conversions) was offset in part by an increase in the standard market conditions for real estate financing. The substantial improvement in other financial results to EUR 149.1 million (2021: EUR 29.3 million) resulted from the positive valuation of interest rate derivatives (EUR 156.7 million) following an increase in long-term interest rates and underscores the effectiveness of IMMOFINANZ's hedging policy. A contrasting negative effect involved costs of EUR -5.6 million for the repurchase of corporate bonds at 101% of their nominal value as a consequence of the change of control.

The share of profit/loss from equity-accounted investments amounted to EUR -151.9 million (2021: EUR 139.8 million) and resulted mainly from the final measurement of the equity investment in S IMMO at fair value. The total net effect from the inclusion of S IMMO was positive at EUR 55.6 million (EUR 214.6 million from the valuation of goodwill and purchase price adjustments as well as EUR -159.0 million for the proportional share of S IMMO earnings under the equity accounting method). **Financial results** amounted to EUR -72.6 million (2021: EUR 90.4 million).

**Profit before tax** totalled EUR 185.7 million (2021: EUR 386.3 million), and income taxes rose slightly to EUR -43.7 million (2021: EUR -40.5 million). **Net profit** totalled EUR 142.0 million (2021: EUR 345.8 million) and represents **earnings per share\*** of EUR 1.04 (2021: EUR 2.59).

The financial report by IMMOFINANZ AG for the financial year 2022 as of 30 December 2022 will be available on the company's website under <https://immofinanz.com/en/investor-relations/financial-reports> starting on 31 March 2023.

## **On IMMOFINANZ**

*The IMMOFINANZ Group is a commercial real estate corporation whose activities are focused on the office and retail segments of eight core markets in Europe: Austria, Germany, Poland, Czech Republic, Slovakia, Hungary, Romania and the Adriatic region. The core business covers the management and development of properties, whereby IMMOFINANZ relies on its established brands – STOP SHOP (retail), VIVO! (retail) and myhive (office) – as well as complementary products and portfolios like S IMMO. IMMOFINANZ increased its investment in S IMMO to 50% plus one share at the end of 2022 and now includes this company through full consolidation. The real estate portfolio of the IMMOFINANZ Group has a value of approximately EUR 8.4 billion and covers roughly 630 properties. IMMOFINANZ is listed on the stock exchanges in Vienna (leading ATX index) and Warsaw. Further information under <https://www.immofinanz.com>*

## **For additional information contact:**

Bettina Schragl

Head of Corporate Communications and Investor Relations

T +43 (0)1 88 090 2290

M +43 (0)699 1685 7290

[communications@immofinanz.com](mailto:communications@immofinanz.com)

[investor@immofinanz.com](mailto:investor@immofinanz.com)

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\* Number of shares included for 2022: 136,866,509; number of shares included for 2021: 137,069,884