

IMMOFINANZ with stronger earning power: results of operations more than tripled in half-year, FFO1 rises by 74%

- Rental income increases by 3.5% to EUR 119.0 million
- Occupancy rate at new record level of 94.7%
- Results of operations more than triple to EUR 114.8 million (Q1-2 2017: EUR 33.8 million)
- FFO 1 (excl. CA Immo) reaches EUR 48.4 million (+73.8%)
- Net profit equals EUR 86.2 million (Q1-2 2017: EUR 105.3 million)
- Robust balance sheet: net LTV of 41.0%, liquidity improves to EUR 563.7 million, financing costs decline to 1.87% (excl. derivatives)
- EPRA NAV per share, after EUR 0.70 dividend, equals EUR 28.23 (31.12.2017: EUR 28.6) / +1.1% adjusted for dividend payment
- Outlook confirmed for FFO 1 of over EUR 100.0 million in 2019 (excl. CA Immo)

KEY FIGURES (IN MEUR)	H1 2018	Δ IN %	H1 2017
Rental income	119.0	3.5%	114.9
Results of asset management	94.8	19.8%	79.1
Results of property sales	20.6	≥ 100.0%	2.0
Results of property development	24.2	n/a	-28.9
Results of operations	114.8	≥ 100.0%	33.8
Financial results	1.5	-98.6%	104.4
Earnings before tax	125.6	-10.4%	140.2
Net profit	86.2	-18.1%	105.3
FFO 1 before tax (excl. CA Immo)	48.4	73.8%	27.8
FFO 1 per share before tax (excl. CA Immo) in EUR	0.43	59.7%	0.27

IMMOFINANZ more than tripled the results of operations to EUR 114.8 million in the first half of 2018 (Q1-2 2017: EUR 33.8 million). Rental income rose by 3.5% to EUR 119.0 million. The results of asset management increased by 19.8% to EUR 94.8 million, supported by the increase in rental income and a sizeable reduction in property expenses. The results of property sales rose to EUR 20.6 million (Q1-2 2017: EUR 2.0 million), while the results of property development turned positive at EUR 24.2 million following a loss in the first half of the previous year.

Financial results for the period benefited, on the one hand, from a substantial reduction in financing costs – which fell by 35.3% to EUR -33.8 million as a result of the refinancing transactions carried out during the past year. On the other hand, financial results declined, as expected, to EUR 1.5 million (Q1-2 2017: EUR 104.4 million) due to the absence of the high positive valuation effects from the favourable development of the CA Immo and BUWOG share prices in 2017. Net profit for the first half-year amounted to EUR 86.2 million, compared with EUR 105.3 million in the first half of the previous year, and earnings per share (basic) equalled EUR 0.79 (Q1-2 2017: EUR 1.05).

“IMMOFINANZ can report on a successful first half of 2018. The measures we have implemented to date are taking effect – our operating business is growing stronger and the expected improvement in our key performance

indicators is now visible. With EUR 114.8 million in the first six months, we have now generated higher results of operations than in the entire 2017 financial year”, indicated Oliver Schumy, CEO of IMMOFINANZ. “The development of sustainable funds from operations underscores IMMOFINANZ’s strengthened earning power. FFO 1 from the standing investment business improved by roughly 74% to EUR 48.4 million. In addition, FFO 1 per share increased by roughly 60% to EUR 0.43. With these results, we are well on target to meet our goal and generate FFO 1 of more than 100 million Euros in 2019.” The calculation of FFO 1 does not include the dividend or the economic interest in CA Immo.

Earnings before tax (EBT) totalled EUR 125.6 million (Q1-2 2017: EUR 140.2 million). Income tax amounted to EUR -36.2 million (Q1-2 2017: EUR -27.0 million), whereby EUR -31.9 million represent deferred taxes for the income taxes that could become due in later financial years. Included here, among others, are EUR -18.2 million of deferred taxes from property valuation.

Net profit for the first half of 2018 equalled EUR 86.2 million (Q1-2 2017: EUR 105.3 million) and represents earnings per share (basic) of EUR 0.79 (Q1-2 2017: EUR 1.05).

Robust balance sheet indicators

IMMOFINANZ has a robust balance sheet structure with an equity ratio of 45.6% (31 December 2017: 46.3%) and net loan-to-value ratio of 41.0% (31 December 2017: 40.8%). This indicator lies at the lower end of the target range from 40 to 45%. Cash and cash equivalents rose to EUR 563.7 million (31 December 2017: EUR 477.9 million). Average financing costs declined further and, at the end of June, equalled 1.87% excluding derivatives (31 December 2017: 1.97%) and 2.19% including derivatives (31 December 2017: 2.31%).

EPRA NAV per share equalled EUR 28.23 on 30 June 2018 after the EUR 0.70 dividend payment (31 December 2017: EUR 28.60). That represents an increase of 1.1% after an adjustment for the dividend. At EUR 25.14 (31 December 2017: EUR 25.28), the book value per share also reflects the dividend payment (adjusted: plus 2.2%).

Occupancy rate at new record level

The real estate portfolio covered 229 properties with a carrying amount of EUR 4.3 billion as of 30 June 2018. Most of these properties – roughly 86% or EUR 3.7 billion – are standing investments. Their occupancy rate rose to a new record level of 94.7% during the past half-year (31 December 2017: 94.2%, 30 June 2017: 92.8%). Based on IFRS rental income, that represents a gross return of 6.3% (31 December 2017: 6.4%). Like-for-like rental income (i.e. excluding acquisitions, completions and sales) rose by 2.2% to EUR 98.2 million in the first half-year.

Outlook

The closing for the sale of the roughly 26% investment in CA Immo to Starwood for EUR 757.9 million is expected at the end of the third quarter of 2018. With this sale, IMMOFINANZ will have realised a total profit of roughly EUR 184.0 million as calculated over the roughly two-year period of the investment. That represents a return on investment of roughly 30 per cent.

IMMOFINANZ is currently working to obtain the approval of the anti-trust authorities in several countries for the acquisition of the 29.1% investment in S IMMO AG. This transaction is also expected to close by the end of the third quarter of 2018.

The outlook – which calls for FFO 1 (excluding the economic interest in CA Immo) of more than EUR 100 million in the 2019 financial year - is confirmed. Plans for the current 2018 financial year also include an increase in the dividend to EUR 0.8 (2017: EUR 0.7) per share.

Results in detail

Rental income rose by 3.5% to EUR 119.0 million, compared with EUR 114.9 million in the first half of the previous year. Revenues increased by 3.6% to EUR 165.8 million (Q1-2 2017: EUR 160.1 million). Property expenses were 31.8% lower year-on-year at EUR -28.4 million (Q1-2 2017: EUR -41.7 million). This decline resulted primarily from a reduction in the costs for fit-outs (EUR -0.8 million versus EUR -6.5 million), vacancies (EUR -4.9 million versus EUR -6.1 million) and maintenance (EUR -7.9 million versus EUR -8.8 million).

The growth in rental income combined with the reduction in property expenses led to an increase of 19.8% in the **results of asset management** to EUR 94.8 million (Q1-2 2017: EUR 79.1 million). The **results of property sales** improved substantially from EUR 2.0 million in the first half of the previous year to EUR 20.6 million. The **results of property development** turned positive at EUR 24.2 million following a loss in the previous year (Q1-2 2017: EUR -28.9 million) and resulted, in particular, from positive revaluation effects on the FLOAT and trivago Campus development projects in Düsseldorf.

The **results of operations** more than tripled to EUR 114.8 million in the first half of 2018 (Q1-2 2017: EUR 33.8 million). Other operating expenses rose to EUR -27.8 million (Q1-2 2017: EUR -23.8 million) – as reported in Q1 2018 – among others due to the payment of a one-time special bonus of EUR -4.0 million to the Executive Board for the successful restructuring of the Group. Other non-recurring effects of approximately EUR -1.4 million involved costs related to the simplification of the corporate structure. After an adjustment for these non-recurring factors, other operating expenses were 5.7% lower year-on-year at EUR -22.4 million. Personnel expenses adjusted for the special bonuses were 8.3% below the comparable prior year value at EUR -15.7 million (Q1-2 2017: EUR -17.2 million).

The **revaluation of investment property** totalled EUR 9.4 million (Q1-2 2017: EUR 2.7 million). **Financing costs** fell, as expected, by a substantial 35.3% to EUR -33.8 million (Q1-2 2017: EUR -52.2 million) due to the extensive refinancing measures carried out in 2017. The **share of profit/loss from equity-accounted investments** amounted to EUR 31.3 million (including EUR 24.0 million attributable to the CA Immo investment), whereby the previous year was positively influenced by valuation effects from the very positive development of the CA Immo and BUWOG share prices (Q1-2 2017: EUR 164.2 million). **Financial results** totalled EUR 1.5 million for the reporting period (Q1-2 2017: EUR 104.4 million).

Earnings before tax (EBT) totalled EUR 125.6 million (Q1-2 2017: EUR 140.2 million). Income tax amounted to EUR -36.2 million (Q1-2 2017: EUR -27.0 million), whereby EUR -31.9 million represent deferred taxes for the income taxes that could become due in later financial years. Included here, among others, are EUR -18.2 million of deferred taxes from property valuation.

Net profit from continuing operations equalled EUR 89.5 million in the first half of 2018 (Q1-2 2017: EUR 113.1 million). The **results of discontinued operations** totalled EUR -3.2 million (Q1-2 2017: EUR -7.9 million). Included here – as reported in Q1 2018 – are subsequent costs related to tax proceedings involving the logistics properties which were sold in 2016, but are attributable to IMMOFINANZ as the owner at that time.

Net profit for the first half of 2018 equalled EUR 86.2 million (Q1-2 2017: EUR 105.3 million) and represents earnings per share (basic) of EUR 0.79 (Q1-2 2017: EUR 1.05).

The report by IMMOFINANZ AG on the first half of the 2018 financial year as of 30 June 2018 will be available on the company's website under <http://www.immofinanz.com/en/investor-relations/financial-reports> starting on 30 August 2018.

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, Czech Republic, Slovakia, Hungary, Romania and Poland. 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 4.3 billion and covers more than 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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