IMMOFINANZ

Press Release | Corporate News

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IMMOFINANZ: Stable operating results in Q1 2016A

KEY FIGURES (IN MEUR)*	Q1 2016A	Δ IN %	Q1 2015/16
Rental income	76.8	-6.5%	82.2
Results of asset management	54.5	3.9%	52.5
Results of property sales	0.7	-34.2%	1.0
Results of property development	-1.4	30.2%	-1.9
Results of operations	45.3	-3.6%	46.9
Revaluations	-8.6	n/a	241.1
Financial results	10.9	n/a	-106.8
Net profit	21.9	-81.0%	115.0
FFO1 (excl. results of property sales)	9.3	17.3%	7.9
FFO2 (incl. results of property sales)	10.0	11.4%	9.0

* The comparable data for 2015/16 were adjusted accordingly. The abbreviated 2016 financial year (2016A) covers eight months from May to December 2016.

The operating results recorded by IMMOFINANZ were stable in year-on-year comparison at EUR 45.3 million in the first quarter of the abbreviated 2016 financial year (Q1 2015/16: EUR 46.9 million). Rental income fell from EUR 82.2 million to EUR 76.8 million due to temporary rent reductions in Moscow and the planned sale of properties. A like-for-like analysis (i.e. after an adjustment for new acquisitions, completions and sales to achieve comparability with the fourth quarter 2015/16) shows the stable development of rental income in total during the first quarter of 2016A. The results of asset management improved by 3.9% to EUR 54.5 million based on a decline in property expenses. Net profit for the reporting period amounted to EUR 21.9 million (Q1 2015/16: EUR 115.0 million). This decline resulted, above all, from the more stable development of the Ruble during the reporting period, which led to substantially lower foreign exchange-based revaluations of investment property (EUR -6.8 million vs. EUR 184.8 million in the first quarter of 2015/16).

“Our focus for the operating business in the first quarter included further quality and efficiency improvements, the strengthening of ties with current tenants and the acquisition of new tenants as well as the optimisation of our offering and the roll-out of our new international office concept myhive. In the retail sector, we opened three further STOP SHOPs in Poland and Serbia since the beginning of May. These retail parks have roughly 13,500 sqm of rental space in total and are fully occupied”, commented Oliver Schumy, CEO of IMMOFINANZ.

Development of earnings in detail

Rental income fell from EUR 82.2 million to EUR 76.8 million due to temporary rent reductions in Moscow and the planned sale of properties. A like-for-like analysis (i.e. after an adjustment for new acquisitions, completions and sales to achieve comparability with the previous quarter) shows the stable development of rental income, in total, to EUR 67.8 million in the first quarter of 2016A (Q4 2015/16: EUR 68.3 million). The rental income from

Russia was EUR 0.7 million lower than the fourth quarter 2015/16 at EUR 18.3 million, but was contrasted by a slight increase in Romania.

The standing investment portfolio had an occupancy rate of 86.4% as of 31 July 2016 (30 April 2016: 86.3%). The occupancy rate was stable in the office properties at 81.6% (30 April 2016: 81.7%) and in the retail properties at 91.2% (30 April 2016: 91.1%). Excluding Russia, the occupancy rate in the retail properties equalled 94.6% (30 April 2016: 94.1%).

The results of asset management rose by 3.9% year-on-year to EUR 54.5 million based on a decrease in property expenses. The results of property sales totalled EUR 0.7 million for the reporting period (Q1 2015/16: EUR 1.0 million). The optimisation and adjustment of the portfolio was reflected in the sale of several residential properties and smaller office buildings in Austria. The results of property development cover the sale of real estate inventories as well as the valuation of development projects completed or currently in progress. In the first quarter of 2016A, the results of property development totalled EUR -1.4 million (Q1 2015/16: EUR -1.9 million).

The foreign exchange-based revaluations of investment property totalled EUR -6.8 million and reflected the substantially more stable development of the Ruble in the first quarter of 2016A (Q1 2015/16: EUR 184.8 million). These adjustments resulted from the valuation of the Russian properties in US Dollars and the subsequent translation of the Ruble property values in the local Russian companies. The foreign exchange-adjusted revaluations amounted to EUR -4.4 million, compared with EUR 53.4 million in the first quarter of 2015/16 when the investment contract with the city of Moscow for the *GOODZONE* shopping center was settled. Operating profit (EBIT) for the first quarter of 2016A equalled EUR 32.8 million (Q1 2015/16: EUR 286.4 million).

Financial results totalled EUR 10.9 million (Q1 2015/16: EUR -106.8 million), in part due to a reduction in net financing costs, and include positive foreign exchange effects of EUR 11.9 million (Q1 2015/16 EUR -93.0 million). The negative effects of EUR -19.0 million recorded under other financial results are attributable primarily to the valuation of derivatives. They are contrasted by positive effects of EUR 55.3 million from equity-accounted investments, which represent the proportional share of earnings from BUWOG and the gain on the sale of approx. 18.5 million BUWOG shares.

Income tax expense equalled EUR -20.7 million for the reporting period (Q1 2015/16: EUR -70.4 million). Net profit amounted to EUR 21.9 million (Q1 2015/16: 115.0 million), and diluted earnings per share equalled EUR 0.02 (Q1 2015/16: EUR 0.11). The NAV per share equalled EUR 3.41 (Q1 2015/16: EUR 3.39).

Gross cash flow (before tax) declined by 8.9% from EUR 51.7 million to EUR 47.1 million. FFO1 (excluding the results of property sales) improved by 17.3% year-on-year to EUR 9.3 million, while FFO2 (including the results of property sales) rose to EUR 10.0 million (Q1 2015/16: EUR 9.0 million).

Cash and cash equivalents increased by EUR 423.6 million over the level on 30 April 2016 to EUR 795.2 million. That represents EUR 0.82 per share (excluding treasury shares) and resulted from the sale of 18.5 million BUWOG shared during the reporting period.

Outlook

"After finalising the acquisition of roughly 26% plus four registered shares of CA Immobilien Anlagen AG and receiving the release of the transaction by the antitrust authorities in six countries within a very short time, we will now work with CA Immo on the details of the planned merger. The related process has started and working groups have been established. Our goal is to schedule the annual general meetings that will decide on the merger during the summer of 2017“, explained CEO Oliver Schumy. “The separation of our Russian portfolio is also in preparation. We intend to spin off or sell our five Moscow shopping centers prior to the merger, since they are characterised by distinct market dynamics and a different risk profile, and are also working to realise these plans as soon as possible.”

The company still plans to distribute a basic dividend of 6 cents per share for the abbreviated 2016 financial year.

The report by IMMOFINANZ AG on the first quarter of the 2016A financial year as of 31 July 2016 will be available on the company’s website under http://www.immofinanz.com/en/investor-relations/financial-reports starting on 21 September 2016.

On IMMOFINANZ

IMMOFINANZ is a commercial real estate company whose activities are focused on the retail and office segments of eight core markets in Europe: Austria, Germany, Czech Republic, Slovakia, Hungary, Romania, Poland and Moscow. The core business includes the management and development of properties. The company has a real estate portfolio of approx. EUR 5.4 billion that covers more than 360 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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