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EANS-Adhoc: Sparkassen Immobilien AG / S IMMO starts 2011 financial year with strong quarter

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3-month report

18.05.2011

S IMMO starts 2011 financial year with strong quarter

EBIT improved by more than 60% to EUR 26.6 million Gross profit increased by more than 40% Rental income up to EUR 30 million Substantial increase in operating cash flow of EUR 12.2 million

Stock exchange listed Sparkassen Immobilien AG (Bloomberg: SPI:AV, Reuters: SIAG.VI) has had a successful start to 2011: Major financial indicators - rental income, gross profit and EBIT - all improved significantly compared with the same period last year.

Gross profit up more than 40% year on year Rental income for the first quarter of 2011 was more than satisfactory at EUR 30.3m (Q1 2010: EUR 21.9m), an increase of 38%. This remarkable increase was the result of the opening of the Group's development projects (shopping centres Sun Plaza and Serdika Center, the office building Galvaniho 4 and the mixed office and residential property Neutor 1010) and the acquisition of three buildings located in Vienna's Viertel Zwei, all during the last financial year.

The excellent performance of the Vienna and Budapest hotel markets had a positive effect on S IMMO Group's income from hotel operations, which grew to EUR 8.4m from EUR 7.1m in the same period last year. Earnings from hotel operations as of 31 March 2011 were up by around 50% to EUR 1.2m. For the Group as a whole, overall gross earnings for the first quarter of 2011 improved by 40.8% to EUR 27.7m (Q1 2010: EUR 19.7m).

Marked EBIT improvement of more than 60% The successful sale of four apartments in the mixed residential and office building Neutor 1010 in Vienna brought gains on property disposals amounting to EUR 0.6m. For the period under review, EBITDA also climbed from EUR 18.1m to EUR 24.1m, an impressive 32.7% increase.

As a result, EBIT was up 68.7% compared with the first quarter of 2010, to EUR 26.6m (Q1 2010: EUR 15.8m). As of 31 March 2011 financing costs amounted to EUR 17.6m, including a non-cash foreign exchange loss of EUR 4.1m resulting from the appreciation of the Romanian lei and the Hungarian forint. For the first quarter of 2011 the Group's consolidated net income came out at EUR 5.4m (Q1 2010: EUR 6.0m).

Substantial increase in operating cash flow to EUR 27.5 million Despite the increase in financing costs, funds from operations at EUR 10.0m were 9.8% higher than in the same period last year. Following the completion of development projects and the acquisitions in Viertel Zwei, net operating income increased from EUR 18.6m to EUR 24.1m. The increase in operating cash flow to EUR 27.5m in the first quarter of 2011 (Q1 2010: EUR 15.3m) was mainly attributable to the additional rental income from the newly opened properties and the new acquisitions in Viertel Zwei. The increase is a clear indication of the long-term improvement in the Group's profitability. The EPRA NAV, the net asset value of the share calculated in accordance with the guidelines of the European Public Real Estate Association, was up again in the first quarter of 2011, to EUR 8.45 per share (31 December 2010: EUR 8.34 per share).

Property portfolio of more than EUR 2 billion S IMMO Group's portfolio as at 31 March 2011 comprised 248 properties with a market value of EUR 2,012.5m and total lettable space of approximately 1.5 million m². The properties are mainly located in Vienna, Berlin, Hamburg, Prague, Bratislava, Budapest, Sofia, Bucharest and Zagreb. In terms of market value, the largest parts of the portfolio consisted of properties in Austria (31.5%) and Germany (28.4%), followed by SEE (21.1%) and CEE (19.0%). The portfolio is diversified and well balanced by property type and region. By property type, the portfolio was made up of office properties (32.8%), retail

properties (27.0%), residential properties (24.3%) and hotels (15.9%).

Satisfactory occupancy rate through active asset management Letting activities for existing properties have been intensified by internalising major parts of S IMMO's asset management and have shown first signs of success. Despite the sometimes difficult economic climate, a highly satisfactory occupancy rate of 91.6% was achieved.

In Budapest the Group was able to let 3,800 m² in its Maros utca Business Center to the counselling institution Educatio and signed up a foundation to a long-term lease of over 5,000 m² in its Berlin Lützow Center. Also in its shopping centres Sun Plaza in Bucharest and Serdika Center in Sofia, S IMMO was able to add renowned brands such as Calvin Klein and Pepe Jeans as well as the Adidas Performance Store - a particularly interesting marketing concept - to its list of tenants. Talks with international brands as potential new tenants are making good progress.

Development land in EU capitals S IMMO has a total of 12 hectares of development land in its investment markets, all in EU capitals, and is currently working on obtaining planning permissions and approvals. Zoning permission for its office project Grivitei in Bucharest has been obtained, and the Company is now focusing on concept and design as well as preparing the application for the construction permit. As soon as the relevant permissions and approvals are received and local market conditions permit, construction on the various projects can begin.

Still growth potential for S IMMO Share In the capital markets the Group is continuing to work intensively on highlighting the potential of the S IMMO Share and on closing the gap between share price and net asset value. The new coverage by CA Cheuvreux and Edge Capital means that S IMMO is now on the radar of six research houses. The analyses agree in pointing out that the discrepancy between share price and NAV represents significant potential for appreciation. Inclusion in the industry relevant indices and the simplification of the Group's capital structure will continue to be high on the agenda in the coming quarters.

Consolidated income statement for the three months ended 31 March 2011 EUR m / fair value basis

	01 - 03/2011	01 - 03/2010	
Revenues	48.3	35.6	
Rental income	30.3	21.9	
Revenues from service charges	9.5	6.6	
Revenues from hotel operations	8.4	7.1	
Other operating income	3.6	1.1	
Expenses directly attributable to properties	-16.9	-10.6	
Hotel operating expenses	-7.2	-6.4	
Revenues less direct expenses	27.7	19.7	
Income from property disposals	4.3	56.7	
Carrying values of property disposals	-3.7	-54.3	
Gains on property disposals	0.6	2.4	
Management expenses	-4.3	-3.9	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24.1	18.1	
Depreciation and amortisation	-2.4	-2.4	
Gains on property valuation	5.0	0	
Operating result (EBIT)	26.6	15.8	
Financing costs	-17.6	-8.9	
Participating certificates result	-3.5	-2.8	
Net income before tax (EBT)	5.5	4.1	
Taxes on income	-0.1	1.9	
Consolidated net income	5.4	6.0	
of which attributable to shareholders in parent company	2.8	6.0	
of which attributable to non-controlling interests	2.7	0.04	
Earnings per share (EUR)	0.04	0.09	

Property indicators		31 March 2011
Standing properties	units	248
Total usable space	m ²	1,465,500
Gross rental yield	%	6.6

|Occupancy rate |% |91.6 |

The Q1 2011 interim report for Sparkassen Immobilien AG (as at 31 March 2011) is now available to download on the company website www.simmoag.at under investor relations.

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