

IMMOFINANZ  
GROUP

# DGAG ACQUISITION AND BUWOG SPIN-OFF

13 February 2014

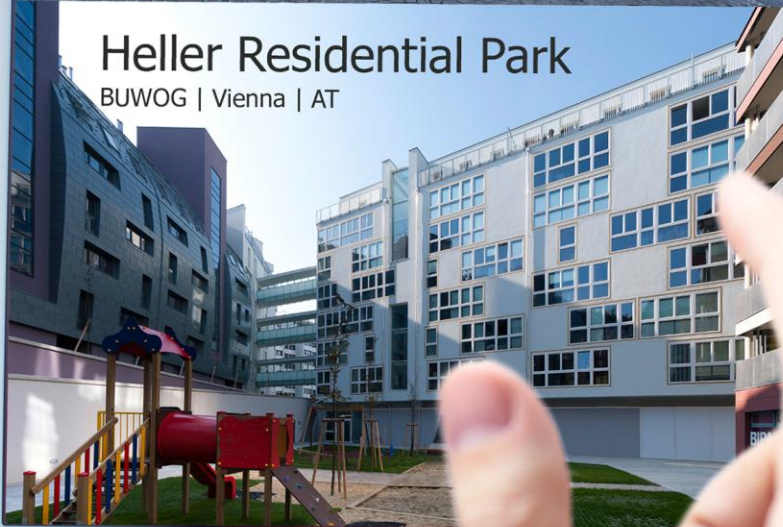
## St. Jürgen

BUWOG | Lübeck | DE



## Heller Residential Park

BUWOG | Vienna | AT



# OVERVIEW

- BUWOG entered into a definite purchase-and-sale agreement to acquire the DGAG portfolio of approx. 18,000 units located in Northwestern Germany (the „DGAG Acquisition“)
- The DGAG Acquisition represents a key milestone to grow BUWOG into a leading residential player in Austria and Germany which is clearly distinguished from its peers by an uniquely comprehensive, sustainable and integrated business model
- Consequently and according to plan, management and supervisory board of IMMOFINANZ now propose to separate BUWOG from IMMOFINANZ and to establish an independent capital market presence with listings in Frankfurt, Vienna and Warsaw
- The above shall be implemented by a partial spin-off of 51% of the BUWOG share capital to IMMOFINANZ shareholders who will be asked to decide on this transaction in an EGM on 14 March 2014
- Going forward, IMMOFINANZ will focus on commercial real estate (office, retail, logistics) in Austria, Germany, Russia, Poland, Czech Republic, Slovakia, Hungary and Romania. The 49% stake in BUWOG is planned to be held as a mid-term financial investment

# OVERVIEW OF THE DGAG PORTFOLIO

## Key terms of the transaction

Number of rental units	18,040
Seller	Joint venture of Deutsche Asset & Wealth Management and Prelios
Purchase price	€892m
Purchase price per square meter	€819
Annual net cold rent	€67.9m
Yield / rent multiple <sup>(1)</sup>	7.6% / 13.1
Vacancy rate	2.3%
Closing	Closing expected in Q2 2014, subject to customary closing conditions

## Portfolio breakdown

Major cities and related urban areas	Number of units			
	City limits	Suburban areas <sup>(2)</sup>	Combined	%
Lübeck	6,276	-	6,276	34.8
Kiel	2,675	366	3,041	16.9
Hamburg <sup>(3)</sup>	-	2,868	2,868	15.9
Braunschweig	1,171	139	1,310	7.3
Other	-	-	4,545	25.2
<b>Total</b>			<b>18,040</b>	<b>100.0</b>

} ~75%

Source: Company information as per 31 December 2013

(1) Based on purchase price

(2) Up to 15 km area surrounding the respective cities

(3) Including Ammersbek, Buchholz in der Nordheide, Ellerbek, Elmshorn, Geesthacht, Glinde, Halstenbek, Henstedt-Ulzburg, Kaltenkirchen, Norderstedt, Oststeinbek, Reinbek, Schwarzenbek, Wedel and Wentorf

# TRANSACTION AND PORTFOLIO FINANCING (BUWOG perspective)

## Uses

Purchase price	€892m
Transaction costs	€10m
NPV advantage of subsidized loan	€26m
Total	€928m

## Sources

Transfer of subsidized loans	€213m
Senior mortgage bank loans	€402m
Senior unsecured convertible bond	€260m
Existing BUWOG cash	€53m
Total	€928m

## Transaction is supported by low financing costs

- » Weighted average interest rate of bank loans (including subsidised loans) of approx. 3.0% <sup>(1)</sup>
- » €260m (to max. €310m) convertible bond with a 3.5% coupon issued by BUWOG to IMMOFINANZ, due 2019
- » IMMOFINANZ will be provided with an acquisition facility of €260m in order to subscribe the BUWOG convertible bond

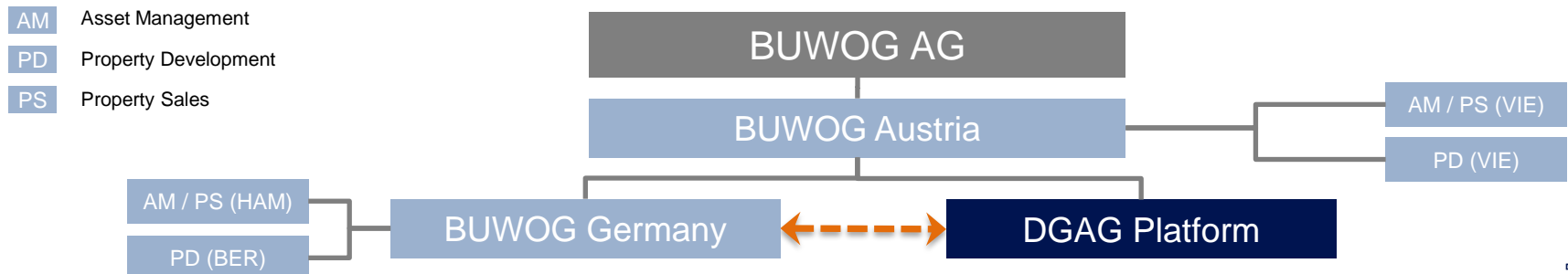
## Very favorable debt maturity profile

- » €402m of new senior loans to be sourced from German mortgage banks, with maturity in 2024

(1) Subject to market conditions at closing and finalization loan documentation

# SCALEABLE MANAGEMENT PLATFORM

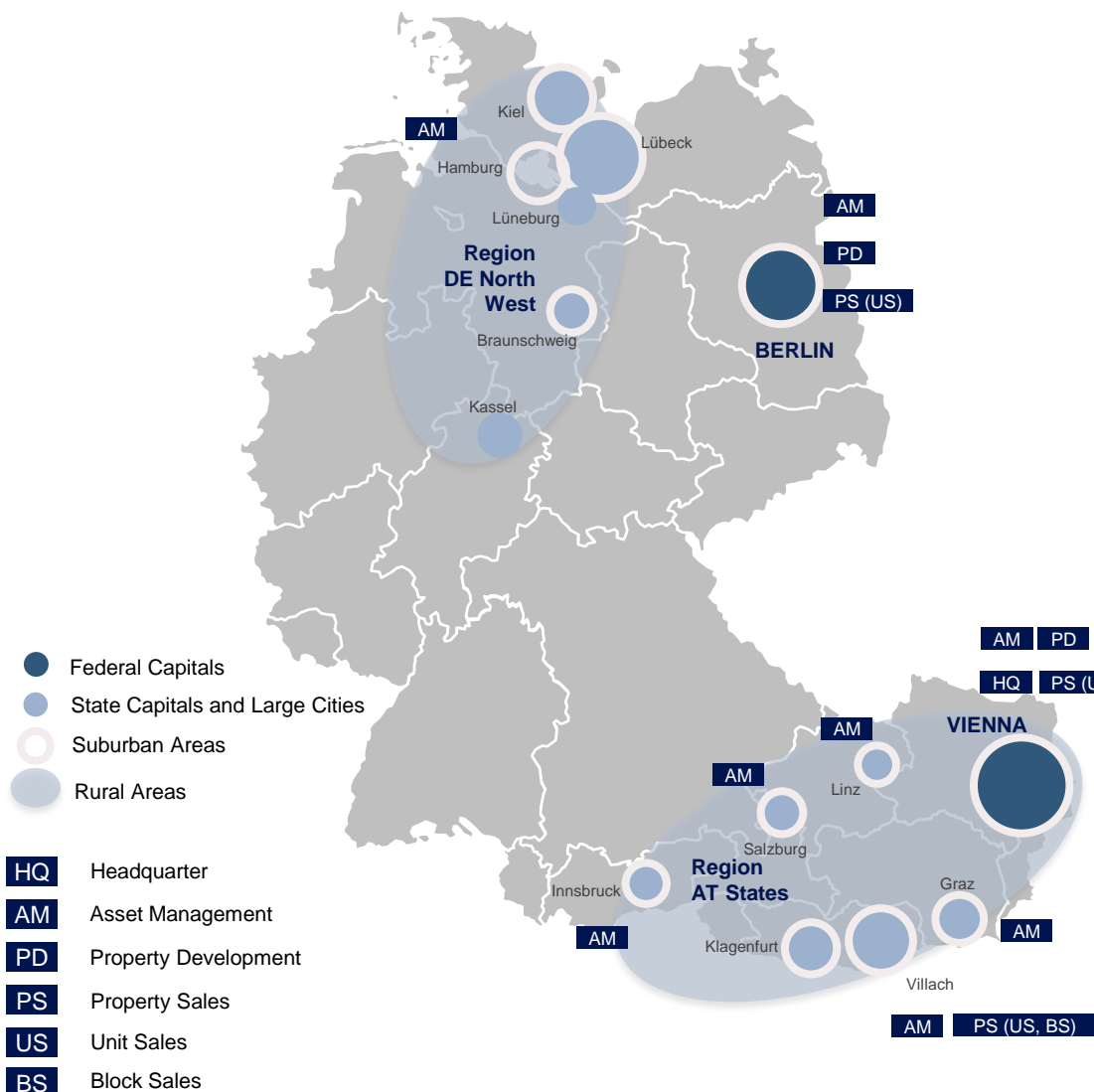
- BUWOG will take over the DGAG management platform from Prelios for:
  - Integrated management of the DGAG portfolio (18,000 units)
  - Property Management Services for additional approx. 33,000 residential units owned by third parties
- Approx. 300 employees to be transferred
  - “Betriebsübergang” under German law
- BUWOG to integrate its existing Berlin-based platform into DGAG platform to create a new combined, German BUWOG platform
  - Full range of in-house German residential real estate expertise and capabilities from “Day 1” to match the long-standing track record of BUWOG in Austria
  - Platform has “operating-leverage” potential because of the ability to accommodate further growth of BUWOG in Germany without increasing its cost base



# POST ACQUISITION: COMPREHENSIVE, SUSTAINABLE AND INTEGRATED BUSINESS MODEL WITH STRONG PORTFOLIO DEMOGRAPHICS

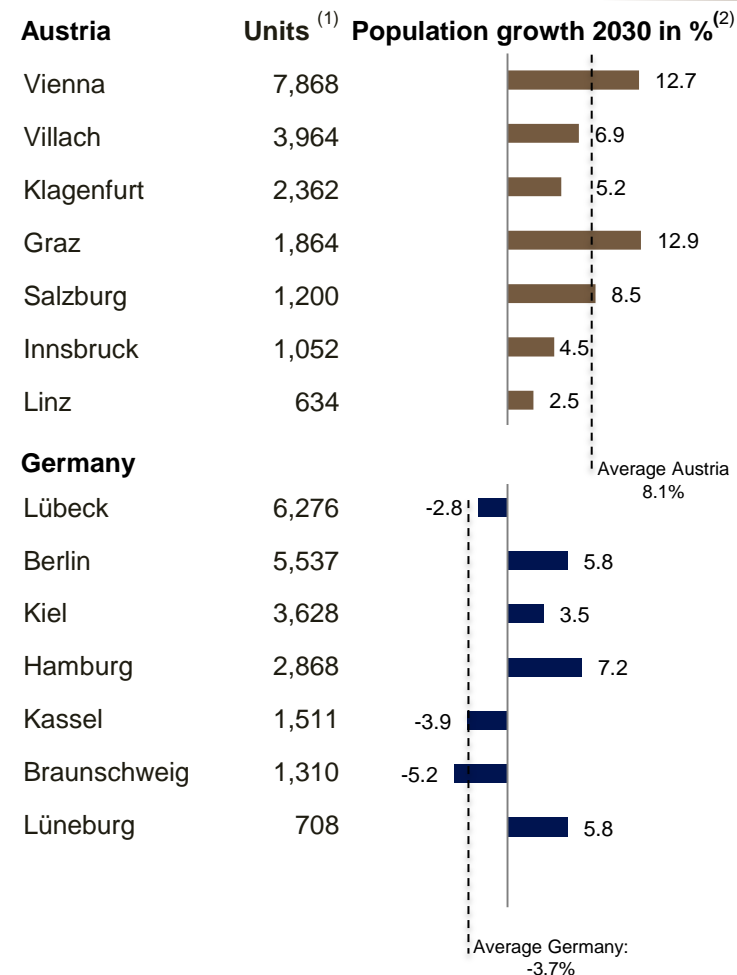
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Diameter of circles represents number of units in the respective location

## Demographic Momentum



(1) Including units within the city and surrounding area up to 15km.

(2) Population growth reflects expected intra-urban growth of total population from 2009 to 2030.

Sources: "Deutschland im demografischen Wandel", Bertelsmann Stiftung ÖROK-Prognose 2009 <sup>6</sup>

# BUWOG and DGAG “side-by-side”



(“Old”)



(“New”)

Number of rental units	35,500	~18,000	~53,500
Lettable area (million sqm)	2.6	1.1	3.7
GAV (million) <sup>(1)</sup>	€2,602	€892	€3,494
Net in-place rent at period end (million/year) <sup>(1)</sup>	€126	€68	€194
Net in-place rent at period end (sqm/months)	€4.22	€5.32	€4.55
Vacancy rate	5.3%	2.3%	4.4%
Loan-to-value (LTV in %)			approx. 51%
EPRA NAV (billion)			approx. €1.6

Sources: BUWOG (“old”): Data as per 31 October 2013 including smaller acquisitions signed and not closed in H1 2013/14;

DGAG: Company information as per 31 December 2013

(1) DGAG data based on allocation of purchase price for newly acquired units



# BUWOG PORTFOLIO CLUSTERING POST DGAG ACQUISITION

	Number of units	Lettable area at period end (in thousand sqm)	Total in-place rent (million) <sup>(1)</sup>	Total in-place rent (sqm/month) <sup>(1)</sup>	GAV (million) <sup>(2)</sup>	GAV per sqm <sup>(2)</sup>	Gross rental yield <sup>(3)</sup>	Vacancy rate <sup>(4)</sup>
<b>Federal capitals</b>	12,330	968.7	€56.2	€5.11	€1,315	€1,358	4.3%	5.3%
<b>Vienna</b>	7,320	636.2	€34.2	€4.82	€1,017	€1,599	3.4%	6.9%
<b>Berlin</b>	5,010	332.5	€22.0	€5.64	€298	€897	7.4%	2.3%
<b>State capitals and major cities <sup>(a)</sup></b>	19,992	1,300.3	€68.7	€4.52	€1,060	€815	6.5%	2.7%
<b>Suburban areas <sup>(b)</sup></b>	8,469	598.8	€30.6	€4.45	€526	€878	5.8%	4.3%
<b>Rural areas</b>	12,757	852.8	€38.2	€3.98	€592	€694	6.5%	6.3%
<b>Total Austria</b>	27,073	2,072.3	€92.3	€3.94	€2,170	€1,047	4.3%	5.8%
<b>Total Germany</b>	26,475	1,648.4	€101.3	€5.27	€1,323	€802	7.7%	2.8%
<b>Total</b>	<b>53,548</b>	<b>3,720.8</b>	<b>€193.6</b>	<b>€4.54</b>	<b>€3,493</b>	<b>€939</b>	<b>5.5%</b>	<b>4.5%</b>

Source: Company information

Data as of 31 October 2013 including DGAG acquisition

(a) with 50,000 inhabitants or more and where the Group has a significant portfolio share of 600 units or more

(b) up to approximately 15 km area surrounding the federal capitals, major cities and Hamburg

(1) Monthly net in-place rent at period end (excluding utilities) based on the rents as of the relevant period end; recalculated to an annual basis

(2) GAV based on property appraisals as of 31 October 2013 of the respective fiscal year for existing portfolio and on allocation of purchase price for newly acquired units

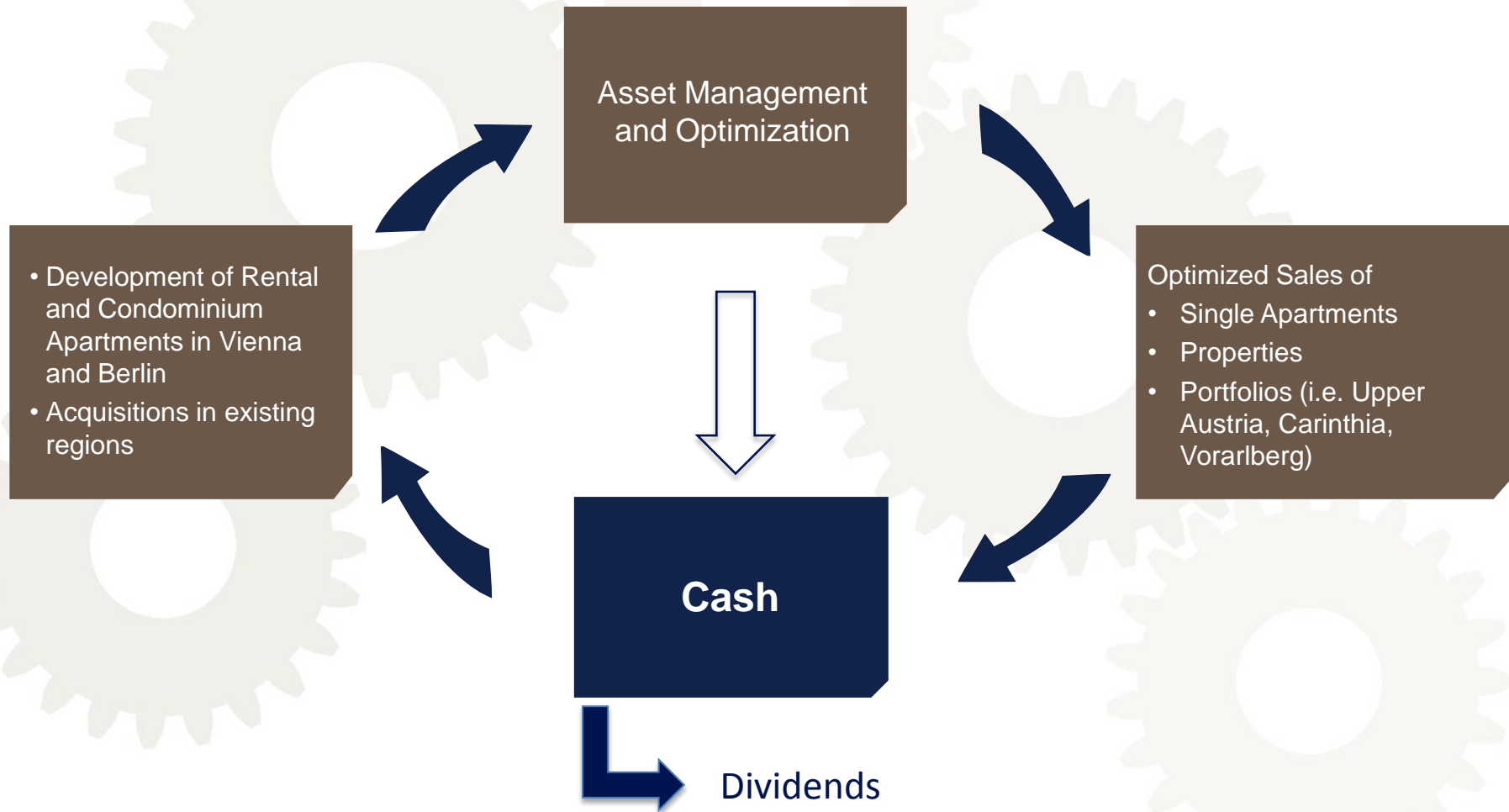
(3) Total monthly in-place rent at period end divided by GAV (based on appraisals as of 31 October 2013 of the respective fiscal year or the date of acquisition)

(4) Number of total sqm vacant at period end divided by total sqm at period end

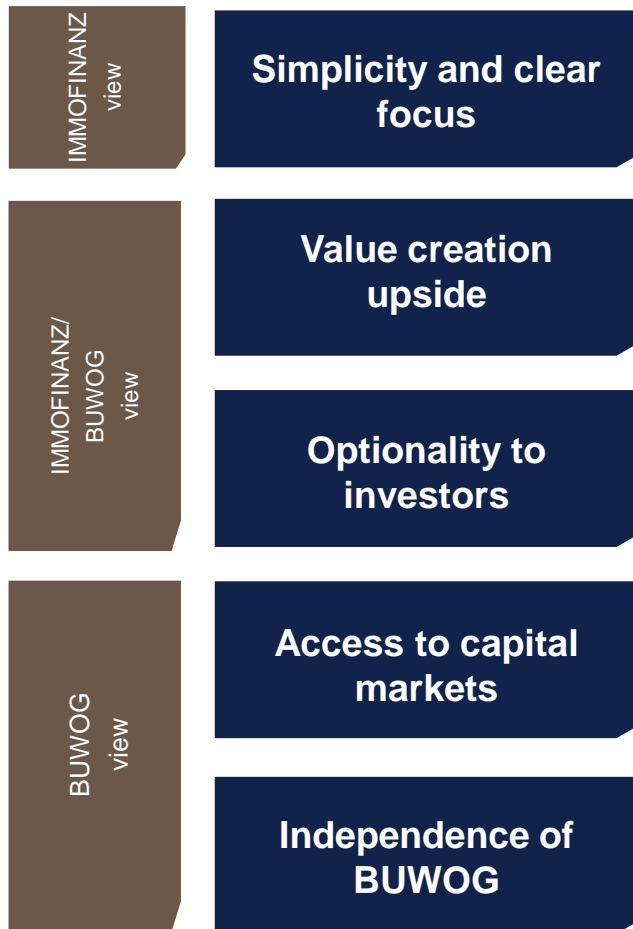


# THE REAL ESTATE MACHINE

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# RATIONALE AND BENEFITS OF SPIN-OFF



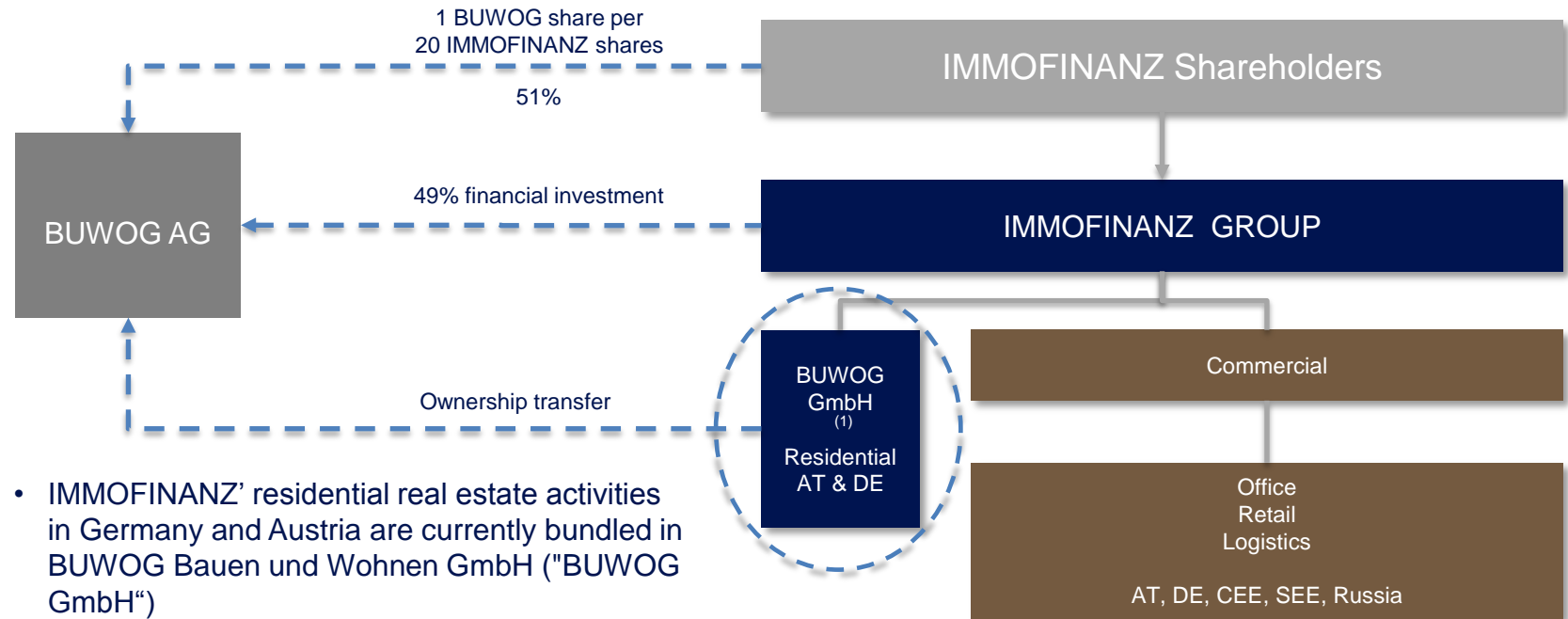
IMMOFINANZ will concentrate on office, retail and logistic properties in CEE (Austria, Germany, Russia, Poland, Czech Republic, Slovakia, Hungary and Romania)

By splitting the complex portfolio into a commercial part (IMMOFINANZ) and a residential one (BUWOG) we expect a higher market capitalization than the existing one, because investors may invest in two different asset classes resp. business models

BUWOG will establish standalone capital market access, enable future growth and increased strategic flexibility

BUWOG is now able to fully focus on and execute its own business strategy, including future growth options

# OVERVIEW OF THE PROPOSED TRANSACTION STRUCTURE



- IMMOFINANZ' residential real estate activities in Germany and Austria are currently bundled in BUWOG Bauen und Wohnen GmbH ("BUWOG GmbH")
- The intermediate holding companies which directly own BUWOG GmbH will be transferred to BUWOG AG
- IMMOFINANZ shareholders shall receive 1 share in BUWOG AG for every 20 IMMOFINANZ shares
- IMMOFINANZ will retain a 49% stake in BUWOG AG in the mid-term

(1) IMMOFINANZ Group to retain selected residential developments and investment properties in Austria and Germany, as well as CEE and SEE

# IMMOFINANZ GROUP RELATIONSHIP WITH BUWOG GOING FORWARD

## Platform

- BUWOG has been maintaining an independent operating platform and legal structure in the past
- No negative synergies resulting from the separation; only few service level agreements (at arm's length) to remain in place temporarily

## Equity Stake and Governance

- IMMOFINANZ will retain a 49%-stake in BUWOG as mid-term financial investment
- A de-domination agreement between IMMOFINANZ and BUWOG will ensure no strategic nor operational influence of IMMOFINANZ in BUWOG
- IMMOFINANZ is expected to consolidate BUWOG on an “at equity” basis

## BUWOG convertible bond

- In order to enable BUWOG's funding of the purchase price of the DGAG Acquisition, IMMOFINANZ will subscribe to a BUWOG convertible bond of €260m (to max. €310m) nominal value
- Convertible bond to be issued at market standard terms

# MILESTONE TIMELINE

## Extraordinary General Meeting (EGM)

**Date:** 14 March 2014

**Time:** 11am

**Venue:** Vienna

## Agenda

- » Resolution upon the spin-off of a participation of IMMOFINANZ AG to BUWOG AG and granting shares of BUWOG AG to the shareholders of IMMOFINANZ AG



# IMMOFINANZ GROUP

## QUESTIONS AND ANSWERS

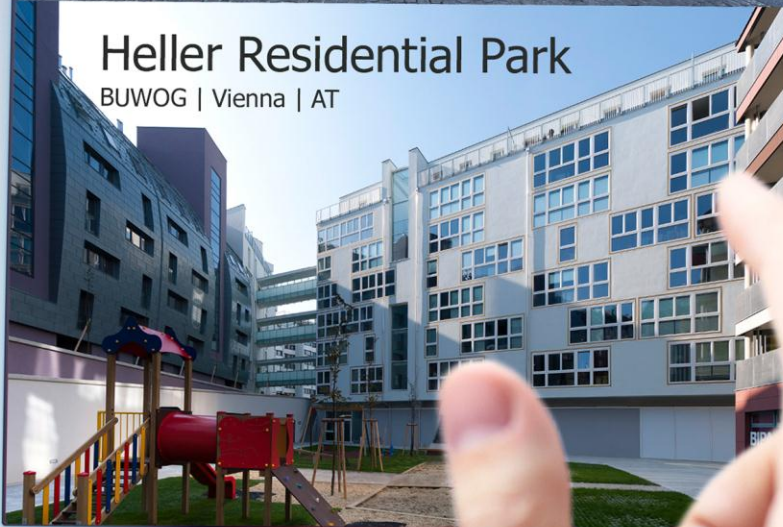
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### Heller Residential Park

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# APPENDIX





# BUWOG PORTFOLIO BY CLUSTERS POST DGAG ACQUISITION

	Number of units	Lettable area at period end (in sqm)	Total in-place rent at period end (thousands) <sup>(1)</sup>	Total in-place rent at period end (sqm/months) <sup>(1)</sup>	GAV (thousand) <sup>(2)</sup>	GAV per sqm <sup>(2)</sup>	Gross rental yield <sup>(3)</sup>	Vacancy rate <sup>(4)</sup>
Federal capitals	12,330	968,714	€56,165	€5.11	€1,315,385	€1,358	4.3%	5.3%
Vienna	7,320	636,232	€34,188	€4.82	€1,017,259	€1,599	3.4%	6.9%
Berlin	5,010	332,482	€21,976	€5.64	€298,126	€897	7.4%	2.3%
State capitals and major cities <sup>(a)</sup>	19,992	1,300,346	€68,658	€4.52	€1,060,186	€815	6.5%	2.7%
Lübeck	6,276	363,900	€22,764	€5.33	€291,670	€802	7.8%	2.3%
Kiel	3,262	195,447	€12,498	€5.46	€171,479	€877	7.3%	2.3%
Villach	2,826	202,416	€7,869	€3.32	€123,634	€611	6.4%	2.5%
Kassel	1,511	107,291	€5,061	€4.03	€58,446	€545	8.7%	2.6%
Graz	1,367	102,630	€4,443	€3.75	€105,760	€1,030	4.2%	3.7%
Braunschweig	1,171	70,965	€4,310	€5.11	€51,577	€727	8.4%	1.0%
Innsbruck	796	58,748	€2,415	€3.48	€70,820	€1,205	3.4%	1.7%
Salzburg	728	48,419	€2,213	€3.84	€66,580	€1,375	3.3%	0.8%
Klagenfurt	713	53,315	€2,100	€3.46	€34,440	€646	6.1%	5.1%
Lüneburg	708	51,067	€2,971	€5.18	€34,400	€674	8.6%	6.4%
Linz	634	46,147	€2,013	€3.82	€51,380	€1,113	3.9%	4.7%
Suburban areas <sup>(b)</sup>	8,469	598,847	€30,605	€4.45	€526,071	€878	5.8%	4.3%
Hamburg	2,868	176,540	€10,991	€5.23	€165,961	€940	6.6%	0.8%
Klagenfurt	1,649	120,744	€4,848	€3.60	€93,782	€777	5.2%	7.0%
Villach	1,138	88,741	€3,495	€3.62	€61,938	€698	5.6%	9.3%
Wien	548	45,258	€2,056	€3.97	€52,630	€1,163	3.9%	4.6%
Berlin	527	33,856	€1,798	€4.82	€15,786	€466	11.4%	8.2%
Graz	497	37,220	€1,898	€4.34	€33,173	€891	5.7%	2.1%
Salzburg	472	36,936	€2,175	€4.94	€50,870	€1,377	4.3%	0.7%
Kiel	366	28,777	€1,901	€5.64	€21,569	€749	8.8%	2.4%
Innsbruck	265	22,536	€988	€3.71	€25,370	€1,126	3.9%	1.6%
Braunschweig	139	8,239	€454	€4.95	€4,992	€606	9.1%	7.2%
Rural areas	12,757	852,847	€38,176	€3.98	€591,641	€694	6.5%	6.3%
Rural area Austria	8,120	572,966	€21,629	€3.38	€382,893	€668	5.6%	7.0%
Rural area Germany	4,637	279,881	€16,547	€5.18	€208,748	€746	7.9%	4.9%
Total Austria	27,073	2,072,308	€92,331	€3.94	€2,170,529	€1,047	4.3%	5.8%
Total Germany	26,475	1,648,447	€101,273	€5.27	€1,322,754	€802	7.7%	2.8%
<b>Total</b>	<b>53,548</b>	<b>3,720,755</b>	<b>€193,603</b>	<b>€4.54</b>	<b>€3,493,282</b>	<b>€939</b>	<b>5.5%</b>	<b>4.5%</b>

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# KEY TERMS OF €260m (TO MAX. €310m) BUWOG CONVERTIBLE BOND

<b>Expected issuance date</b>	April 2014
<b>Price</b>	100.00%
<b>Coupon</b>	3.5% p.a.
<b>Maturity</b>	April 2019
<b>Conversion</b>	9 months after listing until maturity at 40% conversion premium
<b>Soft call <sup>(1)</sup> of BUWOG AG</b>	3 years after listing of BUWOG shares
<b>Hard call <sup>(2)</sup> of BUWOG AG</b>	During first 9 months after listing of BUWOG shares
<b>Dividend protection</b>	Full dividend protection

(1) („Conversion Call“)  
(2) („Anti-Dilution-Call“)

# CONTACT DETAILS AND FINANCIAL CALENDAR

## Investor Relations

T: +43 (0)1 88 090  
E: [investor@immofinanz.com](mailto:investor@immofinanz.com)  
W: [www.immofinanz.com](http://www.immofinanz.com)

## Financial Calendar

Q3 2013/14 results	19 March 2014 <sup>1</sup>
Q3 2013/14 report	20 March 2014

## Stock Symbols

Vienna Stock Exchange: IIA  
Warsaw Stock Exchange: IIA  
ISIN: AT0000809058  
Reuters: IMFI.VI  
Bloomberg: IIA AV

## ADR Programme

Ticker symbol: IMNZY    CUSIP: 45253U201    ISIN: US45253U2015    ADR-Ratio: 1 ADR : 4 Ordinary Shares  
Depository bank: Deutsche Bank Trust Company Americas

ADR broker helpline:	E-Mail: <a href="mailto:adr@db.com">adr@db.com</a>
New York: +1 212 250 9100	ADR Website: <a href="http://www.adr.db.com">www.adr.db.com</a>
London: +44 207 547 6500	Depository bank's local custodian: Deutsche Bank, Frankfurt

<sup>1</sup>) Publication is scheduled after close of trading at the Vienna Stock Exchange

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