



## **GIEAG's 2016 figures are on track and the outlook is positive**

- **Major project developments launched and investment property holdings significantly enlarged**
- **Equity more than tripled as of 31 December 2016**
- **Positive earnings growth expected in 2017**

Munich, 19 July 2017. GIEAG Immobilien AG (GIEAG) recorded key successes in its operating business in 2016. New major projects were launched and existing projects were driven further. Investment property holdings were also substantially enlarged and as a result the cash flow from rental income increased.

The timetable for the project developments meant that revenues and earnings in 2016 were lower than in 2015, as GIEAG had expected. The prior year's figures were characterised by the sale of the OASIS II office property in Stuttgart for a mid-level double-digit sum in euros. In addition, significant expenses were also already incurred in the period under review due to the launch of new major projects and the associated staff increases. GIEAG is expecting these to contribute substantial income and contributions to profits when they are concluded during the course of the next few years. The new major project developments include "MayOffice" and "MayLiving" in the Pragsattel district in Stuttgart, with an investment volume of more than EUR 60 million, and also the office property project in Gerlingen with a total volume in the significant double-digit euro range.

Revenues in 2016 (HGB accounting) totaled EUR 12.8 million compared to EUR 65.4 million in 2015. Income from the sale of properties amounted to almost EUR 5 million after EUR 54 million in 2015. As a result of the increase in holdings of investment properties, rental income increased to EUR 7.7 million, up from EUR 7.5 million in the previous year. However, the full impact in the investment property holdings will only be felt in 2017, as the acquired office property in Karlsruhe was only fully consolidated at the end of 2016, and the residential properties purchased in Heidenheim an der Brenz and Munich were not fully consolidated for the whole of 2016. Annualised rental income based on the portfolio as of 31 December 2016 amount to EUR 11.1 million.

Consolidated earnings in 2016 amounted to EUR -2.4 million due to start-up costs for project developments. Net income in 2015 totalled EUR 10.6 million, in particular due to the sale of properties. However, the financial indicators for 2016 cannot be directly compared with the previous year, as GIEAG applied the *Bilanzrichtlinienumsetzungsgesetz* (BilRUG - German

Accounting Guidelines Implementation Act) for the first time during the period under review as part of a first-time audit of the consolidated financial statements.

The revaluation of properties according to BilRUG allowed increases in property values to be mapped in the books, and hidden reserves were uncovered. Tangible assets and thus also total assets increased substantially as of 31 December 2016 compared to the previous year, in particular due to property purchases. Equity at the end of 2016 lifted to EUR 40.0 million after EUR 12.3 million at the end of 2015. This corresponds to an equity ratio of 21.5% after 16.8% one year previously. Cash and cash equivalents increased to around EUR 10.0 million after EUR 7.5 million in 2015.

As a result of the extensive project pipeline, the increased holdings of investment properties and the positive business development since the start of 2017, GIEAG is optimistic regarding the current fiscal year. GIEAG expects that earnings will improve in 2017 and that these will return to being slightly positive.

GIEAG's annual report is available online at: [www.gieag.de](http://www.gieag.de).

### **About GIEAG Immobilien AG (GIEAG)**

The project development company GIEAG Immobilien AG or GIEAG for short ([www.gieag.de](http://www.gieag.de)), founded in 1999, supports its customers from the idea through the financing and realisation to the sale of the finished property. Its focus is on the development of valuable office buildings, logistics centres and residential properties. In addition, the group of companies acts as an investor in residential properties with a particularly high development potential, located primarily in southern Germany.

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