

INCITY GROUP RESULTS ON TARGET FOR 2017 – PROPERTY PORTFOLIO EXPANDED FURTHER

- ∴ Group net loss for the year 2017 as forecast, significant improvement of the results at single-entity financial statement level
- ∴ Net loss expected at consolidated financial statement level for 2018, positive results for single-entity financial statements
- ∴ Scheduled HGB depreciation of portfolio properties affects the results of the group, additional substantial value appreciation not reflected
- ∴ Lease agreement concluded in 2017 for the property “Jägerstrasse 54/55” in Berlin will generate rental income of more than EUR 1m p.a. starting in 2019

Frankfurt am Main, 25 April 2018. Today, InCity Immobilien AG published its annual report for fiscal year 2017. As forecast, the group’s net loss for the year amounted to EUR -2.3m after a loss of EUR -228k in the prior year. At single-entity financial statement level, the net loss amounted to only EUR -168k after EUR -833k in 2016. For the current fiscal year InCity forecasts a loss of EUR -1.9m to EUR -2.3m at consolidated financial statement level and is aiming for a profit of up to EUR 400k at single-entity financial statement level. “Despite the loss, the results are in line with our expectations,” says CFO Helge H. Hehl. “Positive factors such as value appreciation of portfolio properties are not reflected in the reported group results recognised according to the German Commercial Code (HGB), but scheduled HGB depreciation of properties decreased the 2017 result by EUR 1.3m.”

Fiscal year 2017 was characterised by the continued expansion of the property portfolio. InCity acquired three new portfolio properties in Berlin and Frankfurt am Main with a total rentable area of 4,700 square metres, but only one of these properties had an impact on the results of operations in the past fiscal year, and that for only one month, as the transfer of risks and rewards for the other two properties took place after the balance sheet date. In February of 2018, the company purchased two more residential and commercial buildings in Berlin. The current property portfolio of InCity AG consists of ten properties. The participations in project developments progressed consistently according to plan in the past fiscal year.

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At consolidated financial statement level, InCity AG reported a net loss of EUR -2.3m for 2017 compared to the loss of EUR -228k in the prior year. The group's EBITDA (earnings before tax, interest and depreciations) at approximately EUR 1.2m was lower compared to the prior year (EUR 2.6m), mainly due to a significantly reduced volume of project developments, but still positive. The vacancy in the property "Jägerstrasse 54/55" in Berlin-Mitte continues to have a negative impact. The building has already been let, but will not be moved into until the beginning of 2019 due to current remodelling. In fiscal year 2017 the results at single-entity financial statement level were negative (EUR -168k) but were again significantly improved compared to the prior year (EUR -833k). Despite higher special effects due to capital increase compared with the prior year, EBIT rose to EUR -99k (prior year: EUR -737k) with almost unchanged other operating expenses. Overall the results were in line with expectations.

For the current year 2018 the management of InCity AG projects a net loss of between EUR -1.9m and EUR -2.3m at consolidated financial statement level, similar to fiscal year 2017. InCity AG, as a single entity, expects a net income between EUR 0k and EUR 400k. There are several reasons for the further loss at consolidated financial statement level: The substantial appreciation of the existing property portfolio as a result of the positive market development is again not recognised under HGB, while the annual scheduled depreciation of the property portfolio will again have a negative effect on the group's result of approximately EUR 1.3m (in 2017). However, these depreciations generate additional hidden reserves. In addition, the group generates annual repayments on existing bank liabilities (approximately EUR 1.1m in 2017) which contribute to an increase of the net asset value (NAV) and therefore increase equity in the context of financing. In addition, the portfolio property at "Jägerstr. 54/55" in Berlin, as mentioned above, will not have an effect until 2019, when it is expected to have a significant positive impact on net income with rental income of more than EUR 1m.

"Despite the results for the current fiscal year reported in accordance with HGB, we have generated value for our company in the past year," says Michael Freund, CEO of InCity Immobilien AG. "The properties we have acquired are excellent asset investments. Expanding our property portfolio is still the main focus of our activities for the current fiscal year 2018."

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The annual report is available on the company's homepage (www.incity.ag) and printed versions can be sent upon request.

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About InCity Immobilien AG

InCity AG is extending its property portfolio by investing in properties in the Berlin region and in Frankfurt am Main. It mainly focuses on commercial properties with office and retail space, some of which also have residential units. The investment focus is on properties that offer long-term value stability due to their location and quality. InCity AG is currently planning to make investments of between EUR 5m and EUR 50m in portfolio properties. For more information on the company, see: www.incity.ag