

**Semi-annual Report  
as of 30 June 2014**



## Gutburg Immobilien S.A.

### About Gutburg Immobilien

Gutburg Immobilien incorporates a real estate portfolio of around 8,500 residential units covering a total area of 516,372 square meters (sqm) in Brandenburg (Havel), Cottbus, Görlitz, Halle (Saale), Leipzig, Markneukirchen, Plauen, Schwerin and Schmalkalden. Around half of the rentable area and the rental revenue is made up by the properties in Leipzig. Gutburg Immobilien S.A. has been incorporated on May 30, 2013 and has, as part of a recapitalization as of July 8, 2013, acquired 94.9% of Perseus Group which has owned the residential property portfolio since March 31, 2008.

### Key figures at a glance

#### Gutburg financial key figures

|  |     | 30 June 2014 | 8 July 2013 |
|--|-----|--------------|-------------|
| Revenue from rents <sup>1)</sup>             | EUR | 11,485,033   | 11,241,730  |
| Operating profit <sup>1)</sup>               | EUR | 7,442,376    | 6,252,563   |
| Half-year profit <sup>1)</sup>               | EUR | -1,233,914   | 915,545     |
| Adjusted profit for the period <sup>1)</sup> | EUR | 3,019,557    | 256,720     |
| Total Assets                                 | EUR | 274.1 Mio.   | 268.3 Mio.  |
| Adjusted equity                              | EUR | 75.8 Mio.    | 67.0 Mio.   |
| Adjusted equity ratio                        | %   | 27.7%        | 25.0%       |
| Investment property <sup>2)</sup>            | EUR | 268.6 Mio.   | 262.2 Mio.  |
| Secured borrowings                           | EUR | 150.2 Mio.   | 153.3 Mio.  |
| Leverage ratio                               | %   | 55.9%        | 58.5%       |

<sup>1)</sup> 2013: from Jan 1–July 8, 2013

<sup>2)</sup> based on independent valuation as of Dec 31

#### Gutburg key figures per share

|                                    |     | 30 June 2014 | 8 July 2013 |
|------------------------------------|-----|--------------|-------------|
| Number of shares outstanding       |     | 271,866      | 271,866     |
| Nominal value per share            | EUR | 20.00        | 20.00       |
| Book value per share <sup>3)</sup> | EUR | 266.37       | 233.94      |

<sup>3)</sup> based on the adjusted equity capital allocated to the shareholders of Gutburg Immobilien S.A.

#### Information on corporate bond issue 2013–2018

Issue amount: CHF 55.0 million; nominal value: CHF 5,000.-; term: July 8, 2013 –July 8, 2018; coupon: 4.75%. The corporate straight bonds are listed on the SIX Swiss Exchange under the securities number 21 181 638, ticker GUT13, ISIN CH0211816381.

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## **Gutburg Immobilien benefits from positive development trends of high population areas in Eastern Germany**

Dear share- and bondholders, esteemed business partners

Strong demand for residential property in vital East German areas has a positive impact on the business development of Gutburg Immobilien S.A. (consecutively "Gutburg Immobilien"). Increasing population in cities such as Leipzig, Halle and Cottbus drive the continued reduction of vacancy rates and result in rising rents in the central locations of Gutburg Immobilien. Increasingly, higher rental prices can be established thanks to the attractive positioning and the high desirability of our apartments. Mid-term, this will have a positive impact on the profitability of Gutburg Immobilien.

Revenue from rents recorded during the first half-year of 2014 grew by 2.2% to EUR 11.5 million, whereas the monthly net rental income at the end of June amounted to EUR 1.96 million. Compared to the prior year period this corresponds to a significant increase of 3.2%. On an annualized basis net rental income thus amounts to EUR 23.5 million. The total lettable living space as of June 30, 2014 adds up to 452,835 sqm, as against 449,073 sqm per end of June 2013. Thanks to new rentals the vacancy rate of the portfolio could be lowered by 73 bps to 12.3%. The average portfolio rent (net rental income per month and square metre) increased by 2.4% from EUR 4.23 to EUR 4.33 per sqm, a particularly positive development. Still, the average rate in new rentals could be increased even more markedly. Against this, investments and refurbishments in connection with new rentals decreased to EUR 1.0 million during the reporting period compared to EUR 1.4 million in the prior half-year.

Reported operating profit could be boosted over-proportionally by 19% to EUR 7.4 million for the half-year period thanks to efficient and active management, compared to EUR 6.3 million during the prior half-year. Adjusted profit for the period rose markedly to EUR 3.0 million due to extraordinary, non-recurring transaction costs incurred during the first half-year of 2013. However, profit reported for the period has been charged by net losses from fair value adjustment on derivative financial instruments due to still falling interest rates. These fair value adjustments will not impact profitability over the term-time thanks to matching terms of the existing mortgages.

Adjusted equity capital as of June 30, 2014 amounted to EUR 75.8 million compared to EUR 67.0 million at the end of the prior year period. Thus the equity ratio increased from 25.0% to 27.7%.

**Gutburg Immobilien with strong positioning in growing markets**

During the first half-year 2014 rental rates at the most important portfolio locations of Gutburg Immobilien could be augmented within a still positive market development, in some cases considerably. This will impact results positively for the entire year 2014 and thus lead to a significantly increased annualized net rental income. Demand for our attractive rental properties - which fare well compared to the market especially in Leipzig, Halle and Cottbus - continues unabatedly. Despite ongoing augmentation, the average rental rates procured by us are still very favorable and are below market levels in the important locations. Against this, we will meet the challenges at the less central locations. Overall, we expect to record a stable annual performance in a continuing positive market environment.

We thank you for your trust.

Daniel S. Aegerter  
Chairman of the Board

Simon Koenig  
Chief Executive Officer

## Report on the first half-year 2014

| Adjusted Equity Capital<br>in EUR ( '000) | 30 June 2014  | 08 July 2013  |
|---|---------------|---------------|
| Total equity                              | 49,213        | 58,961        |
| Subordinated instruments                  | 1,147         | 15            |
| Deferred income tax liabilities           | 21,833        | 9,084         |
| Derivative financial instruments          | 3,634         | -1,040        |
| <b>Adjusted equity capital</b>            | <b>75,827</b> | <b>67,019</b> |
| Total assets                              | 274,127       | 268,325       |
| <b>Adjusted equity ratio</b>              | <b>27.7%</b>  | <b>25.0%</b>  |

| Adjusted Profit<br>in EUR ( '000)  | 30 June 2014 | 08 July 2013 |
|--|--------------|--------------|
| Half-year profit   | -1,234       | 916          |
| Net gain from fair value adjustments on investment property              | -995         | -1,384       |
| Refurbishments and investments   | 995          | 1,384        |
| Net gain from fair value adjustments on derivative financial instruments | 4,431        | -1,449       |
| Deferred tax   | -178         | 790          |
| <b>Adjusted profit</b>   | <b>3,020</b> | <b>257</b>   |

## Report on the first half-year 2014

| Balance Sheet<br>in EUR ( '000)                      | 30 June 2014   | 08 July 2013   |
|--|----------------|----------------|
| <b>Non-current assets</b>                            | <b>268,595</b> | <b>263,215</b> |
| Trade receivables                                    | 298            | 160            |
| Other receivables                                    | 1,202          | 1,379          |
| Cash and cash equivalents                            | 4,032          | 3,572          |
| <b>Total current assets</b>                          | <b>5,533</b>   | <b>5,110</b>   |
| <b>Total assets</b>                                  | <b>274,127</b> | <b>268,325</b> |
| Equity attributable to equity holders of the company | 49,144         | 58,933         |
| Non-controlling interest                             | 69             | 28             |
| <b>Total equity</b>                                  | <b>49,213</b>  | <b>58,961</b>  |
| Subordinated instruments                             | 1,147          | 15             |
| Secured borrowings                                   | 150,199        | 153,299        |
| Unsecured borrowings                                 | 44,422         | 43,204         |
| Deferred income tax liabilities                      | 21,833         | 9,084          |
| Derivative financial instruments                     | 3,634          |                |
| <b>Total non-current liabilities</b>                 | <b>221,235</b> | <b>205,602</b> |
| Trade payables                                       | 1,353          | 3,469          |
| Interest expense payable                             | 2,143          | 37             |
| Current income tax liabilities                       | 183            | 256            |
| <b>Total current liabilities</b>                     | <b>3,680</b>   | <b>3,762</b>   |
| <b>Total liabilities</b>                             | <b>224,915</b> | <b>209,364</b> |
| <b>Total equity and liabilities</b>                  | <b>274,127</b> | <b>268,325</b> |

## Report on the first half-year 2014

| Income Statement<br>in EUR ( '000)                                      | 30 June 2014  | 08 July 2013  |
|---|---------------|---------------|
| Net rental income   | 11,645        | 11,368        |
| Bad debt  | -160          | -127          |
| <b>Revenue from rents</b>   | <b>11,485</b> | <b>11,242</b> |
| Income from direct property expenses recoverable from tenants           | 5,698         | 5,433         |
| <b>Gross rental income</b>  | <b>17,183</b> | <b>16,675</b> |
| Direct property expenses recoverable from tenants                       | -6,478        | -6,121        |
| Direct property expenses borne by the Group                             | -2,624        | -2,441        |
| <b>Net operating income</b>   | <b>8,081</b>  | <b>8,114</b>  |
| Administrative expenses   | -561          | -1,782        |
| Personnel expenses  | -82           | -82           |
| Other income  | 4             | 3             |
| <b>Operating profit</b>   | <b>7,442</b>  | <b>6,253</b>  |
| Refurbishment and investments   | -995          | -1,384        |
| Net gain from fair value adjustments on investment property             | 995           | 1,384         |
| <b>Profit before interest and taxes (EBIT)</b>                          | <b>7,442</b>  | <b>6,253</b>  |
| Finance costs   | -4,402        | -5,914        |
| Net gain from fair value adjustment on derivative Financial Instruments | -4,431        | 1,449         |
| <b>Financing costs - net</b>  | <b>-8,833</b> | <b>-4,465</b> |
| <b>Profit before income tax (EBT)</b>                                   | <b>-1,390</b> | <b>1,788</b>  |
| Current income tax expense  | -21           | -82           |
| Deferred income tax expense   | 178           | -790          |
| <b>Income tax expense</b>   | <b>157</b>    | <b>-872</b>   |
| <b>Half-year profit</b>   | <b>-1,234</b> | <b>916</b>    |



**Gutburg Immobilien S.A.**

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