Very strong first half of 2017 for Warimpex

- **Profit for the period improves significantly from EUR 12.3 million in the first half of the prior year to EUR 33.5 million**
- **Successful closing of the sale of eight hotels strengthens financial base and increases equity ratio to 30 per cent**
- **Hotel revenues down by 14 per cent due to sales, revenues from the rental of office properties increase by 52 per cent**
- **Handover of the multi-use building at AIRPORTCITY St. Petersburg to the tenant**
- **Progress continues for development projects in Krakow, Łódź, and Budapest**

Vienna/Warsaw, 30 August 2017 – Warimpex Finanz- und Beteiligungs AG can look back on a very strong first half of 2017, a period that was marked by progress in development projects and the partial sale of the hotel portfolio and that saw the company generate a profit for the period of EUR 33.5 million.

The sale of eight hotel holdings that accounted for around 50 per cent of Warimpex's total property assets and that represented a property value of roughly EUR 180 million was successfully closed on 31 May. The transaction made a EUR 21.4 million contribution to the profit for the period. The transaction is a milestone in the history of Warimpex and will considerably strengthen the company's financial base. In addition, Warimpex repaid bonds and loans in the first half of the year and in July 2017 – in line with its goal. The early repayment of expensive bonds significantly reduced the interest costs within the group. The equity ratio improved substantially from 9 per cent to 30 per cent.

A detailed look at the results for the first half of 2017

Although revenues in the Hotels segment declined by 14 per cent to EUR 20.8 million, this was due to the sale of the angelo hotel in Prague in the prior financial year and to the sale of the eight hotel holdings. As the deal closed on 31 May 2017, their performance was no longer included in the month of June, which is traditionally very strong in the hotel industry. Revenues from the rental of office properties rose from EUR 4.0 million to EUR 6.1 million, primarily as a result of index adjustments and the handover of the multi-use building at AIRPORTCITY St. Petersburg to the tenant. Consolidated revenues declined by 5 per cent to EUR 27.5 million in total.

EBITDA increased from EUR 6.3 million to EUR 29.5 million due to sales proceeds, and EBIT also advanced considerably from EUR 10.2 million to EUR 43.4 million. The measurement of the assets also improved by a substantial 12 per cent in the NNNAV compared with the end of 2016. The financial result including joint ventures went from EUR 3.9 million to minus EUR 9.2 million as a result of non-cash foreign currency losses stemming from exchange rate movements in rouble. In total, this resulted in a profit for the first half of 2017 of EUR 33.5 million (H1 2016: EUR 12.3 million).

As a result of the portfolio sale, revenues from hotel operations will be lower from the third quarter onward. By contrast, revenues from the rental of office properties and from the Development and Services segment will rise due to completions and new development projects.

Progress in the current development projects

With regards to development projects, Warimpex is pleased to report that it has completed one project and is moving forward with four others. At AIRPORTCITY St. Petersburg, the fully let-out Bykovskaya multi-use building with roughly 6,000 square metres of office and archive space and parking spaces for around 450 vehicles was handed over to the tenant at the end of May. Warimpex also holds property reserves for around 150,000 square metres of office space at AIRPORTCITY.

The construction of Ogrodowa Office is progressing in Łódź. The ground floor has already been built, and the building is expected to be completed in the first quarter of 2018. Advance leases have been signed for roughly 8,000 square metres of the 26,000 square metres of total space. A letter of intent was signed for the letting of about 60 per cent of the 12,000 square metres of space in the Mogilska office building in Krakow and the terms of the lease are now being negotiated. The demolition of the existing building is all but finished, meaning that the construction of the new building can begin soon. The building is scheduled to be completed in the end of 2018. An office building with around 20,000 square metres of space is also to be built in Krakow, next to the Chopin Hotel. Planning for this is in progress.

In Budapest, Warimpex owns a property on which a hotel with adjacent apartments is to be built. Planning is under way, the construction permit was issued in March 2017.

Outlook and strategy

The sale showed that good projects bear fruit at the right time and that the transaction markets for hotel investments in CEE have become more attractive again. The company now hopes to carry this positive momentum into the future. Warimpex's business will continue to focus on hotel and office development projects in CEE and Russia, as the markets have recently matured and are improving. Poland will remain a core Warimpex market in the future as well. The company is also currently evaluating options for new development activities.

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Key financial figures for the first half of 2017 at a glance (as at 30 June 2017):

in EUR ’000	**1–6/2017**	**Change**	**1–6/2016**
Hotels revenues	20,786	-14%	24,188
Investment Properties revenues	6,053	52%	3,983
Development and Services revenues	665	-16%	789
Total revenues	*27,505*	*-5%*	*28,959*
Expenses directly attributable to revenues	-15,406	-9%	-16,906
Gross income from revenues	*12,099*	-	*12,054*
Gains or losses from the disposal of properties	23,624	-	147
EBITDA	29,452	368%	6,289
Depreciation, amortisation, and remeasurement	13,901	255%	3,918
EBIT	43,353	325%	10,207
Earnings from joint ventures	599	889%	61
Profit or loss for the period	33,547	173%	12,300
Net cash flow from operating activities	4,452	-30%	6,382
Equity ratio	30%	21 pp	9%
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	35,637	-5%	37,832
Net operating profit (NOP)	10,507	-3%	10,824
NOP per available room	4,463	15%	3,884
Investment Properties revenues	8,161	88%	4,351
Investment Properties EBITDA	6,647	102%	3,287
Development and Services revenues	1,389	29%	1,075
Gains or losses from the disposal of properties	23,624	-	147
Development and Services EBITDA	20,201	-	-2,368
	30.06.2017	**Change**	**31.12.2016**
Gross asset value (GAV) in EUR millions	171.3	-50%	343.3
Triple net asset value (NNNAV) in EUR millions	117.1	12%	104.7
NNNAV per share in EUR	2.2	16%	1.9