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Warimpex in Q1 2018:
Slightly negative result due to partial portfolio sale

- **Reduced property holdings due to partial portfolio sale, associated declines in business operations, and exchange rate losses lead to result for the period of minus EUR 3.0 million**
- **Growth and rebuilding property portfolio are clear objectives for 2018 and subsequent years – first steps already taken**
- **New cash flows starting at mid-year due to acquisition in Budapest and completion in Łódź**
- **Construction progressing according to plan in Łódź and Krakow, development potential in Białystok**

Vienna, 30 May 2018 – The successful sale of eight hotel holdings last year also meant the elimination of sources of revenue for Warimpex Finanz- und Beteiligungs AG. As a result, the operating result declined slightly in the first quarter of 2018, which, along with exchange rate losses, led to a result of minus EUR 3.0 million. The company is now shifting its focus back to growing and building up the property portfolio.

Warimpex is pursuing these goals in line with its strategic orientation by completing its ongoing development projects and launching new projects as well as by purchasing cash flow generating assets that offer potential for the future. At the same time, by completing selective property sales at favourable terms the company can secure proceeds that will enable it to rapidly execute reinvestments.

Warimpex’s strategic purchases and sales are particularly well illustrated by its activities in Budapest, where the company concluded an agreement to purchase the B52 Office property after the reporting date. This class A office building offers over 5,200 square metres of space and is fully occupied, which will provide ongoing income once the transaction closes – presumably before the end of the second quarter. According to Franz Jurkowitsch, there is also additional potential in Budapest, as the local office market is currently in a phase of rising rents. In a separate transaction, Warimpex disposed of a development property that is also located in Budapest in May 2018, which brought in proceeds of EUR 5.4 million.

Summary of the results for the first quarter of 2018

The impact of the elimination of the eight hotel holdings on operating business was fully evident for the first time in the first quarter of 2018. Revenues in the Hotels segment fell from EUR 9.5 million to EUR 2.4 million as a result of the sale. The revenues of the hotel holdings that were sold were still included in the revenues reported in the first quarter of 2017. Revenues from the rental of office properties rose from EUR 2.5 million to EUR 3.8 million, largely due to the completion of the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg. Overall, consolidated revenues contracted from EUR 12.4 million to EUR 6.7 million.

The reduced portfolio volume also resulted in a decline in EBITDA from EUR 2.3 million to EUR 1.3 million. EBIT went from EUR 3.4 million to EUR 1.2 million, and the financial result dropped from EUR 2.4 million to minus EUR 4.1 million due to exchange rate losses. This led to a result of minus EUR 3.0 million for the traditionally weak first quarter (2017: EUR 4.7 million).

Developments in Łódź, Krakow, and Białystok

In terms of development projects, construction is progressing according to plan for the Ogrodowa office building in Łódź and the Mogilska office building in Krakow. Leases have already been signed for a portion of the space at both office buildings. The Ogrodowa office building will start generating cash flows upon its completion at the end of the second quarter. Also in Krakow, Warimpex is planning the construction of an office building with around 21,000 square metres of space on a development property next to the Chopin Hotel. In Białystok, Warimpex owns a building plot that was expanded through the purchase of adjacent lots last year. Four office properties will be built on this site in multiple phases.

Outlook

Warimpex expects a significant reduction of interest costs in the current financial year due to the early redemption of bonds and the elimination of project loans. Along with the project pipeline and the favourable environment for real estate investments, this provides plenty of reason for optimism regarding the rest of the year.

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Key financial figures for the first quarter of 2018 at a glance:

EUR '000	**1–3/2018**	**Change**	**1–3/2017**
Hotels revenues	2,381	-75%	9,451
Investment Properties revenues	3,803	51%	2,520
Development and Services revenues	506	17%	432
Total revenues	6,690	-46%	12,403
Expenses directly attributable to revenues	-3,236	-58%	-7,787
Gross income from revenues	3,453	-25%	4,616
Gains or losses from the disposal of properties	-	-	125
EBITDA	1,302	-43%	2,267
Depreciation, amortisation, and remeasurement	-129	-	1,154
EBIT	1,173	-66%	3,421
Earnings from joint ventures	-770	88%	-409
Profit or loss for the period	-2,975	-	4,736
Net cash flow from operating activities	184	-92%	2,237
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	8,585	-46%	15,940
Hotels net operating profit (NOP)	1,108	-67%	3,388
NOP per available room	1,083	-16%	1,294
Investment Properties revenues	4,840	35%	3,574
Investment Properties EBITDA	3,813	36%	2,807
Development and Services revenues	657	- 34%	994
Gains or losses from the disposal of properties	-	-	125
Development and Services EBITDA	-1,619	-	-724
	31/12/2017[1]	**Change**	**31/12/2016**[1]
Gross asset value (GAV) in EUR millions	202.5	-41%	343.3
NNNAV per share in EUR	2.4	26%	1.9

[1]As no external valuation of the portfolio was completed as at 31 March 2018 or 31 March 2017, the latest available values are shown.