

WARIMPEX

*Report on the  
First Half of  
2018*



## WARIMPEX GROUP

*Key Figures*

in EUR '000	1-6/2018	Change	1-6/2017
Hotels revenues	6,296	-70%	20,786
Investment Properties revenues	7,506	24%	6,053
Development and Services revenues	597	-10%	665
<i>Total revenues</i>	<i>14,399</i>	<i>-48%</i>	<i>27,505</i>
Expenses directly attributable to revenues	-6,317	-59%	-15,406
<i>Gross income from revenues</i>	<i>8,082</i>	<i>-33%</i>	<i>12,099</i>
Gains or losses from the disposal of properties	–	–	23,624
EBITDA	2,892	-90%	29,452
Depreciation, amortisation, and remeasurement	-145	–	13,901
EBIT	2,747	-94%	43,353
Earnings from joint ventures	34	-94%	599
Profit or loss for the period	-4,263	-113%	33,547
Net cash flow from operating activities	634	-86%	4,452
Equity and liabilities	264,648	3%	255,935
Equity	74,601	-4%	78,004
Equity ratio	28%	-2 pp	30%
Average number of shares in the financial year	54,000,000	–	54,000,000
Earnings per share in EUR	-0.05	–	0.53
Number of hotels	6	–	6
Number of rooms (adjusted for proportionate share of ownership)	892	–	892
Number of office and commercial properties	7	2	5
Lettable office space (adjusted for proportionate share of ownership)	45,300 m <sup>2</sup>	11,000 m <sup>2</sup>	34,300 m <sup>2</sup>
<b>Segment information (including joint ventures on a proportionate basis):</b>			
Hotels revenues	20,946	-41%	35,637
Hotels net operating profit (NOP)	5,050	-52%	10,507
NOP per available room	4,949	11%	4,463
Investment Properties revenues	9,513	17%	8,161
Investment Properties EBITDA	7,471	12%	6,647
Development and Services revenues	909	-35%	1,389
Gains or losses from the disposal of properties	–	–	23,624
Development and Services EBITDA	-4,055	–	20,201
	<b>30/6/2018</b>	<b>Change</b>	<b>31/12/2017</b>
Gross asset value (GAV) in EUR millions	226.3	12%	202.5
Triple net asset value (NNNAV) in EUR millions	126.9	-2%	129.0
NNNAV per share in EUR	2.4	–	2.4
End-of-period share price in EUR	1.28	-10%	1.43

# Contents

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<b>02</b>	<b>Key Figures</b>
<b>04</b>	<b>Highlights</b>
<b>04</b>	<b>Investor Relations</b>
<b>05</b>	<b>Foreword</b>
<b>06 Semi-Annual Consolidated Management Report</b>	
<b>06</b>	Economic Environment
<b>06</b>	Markets
<b>08</b>	Assets, Financial Position, and Earnings Situation
<b>10</b>	Real Estate Assets
<b>11</b>	Material Risks and Uncertainties and Other Disclosures
<b>14</b>	Events after the Reporting Date
<b>14</b>	Outlook
<b>16 Condensed Consolidated Interim Financial Statements as at 30 June 2018</b>	
<b>17</b>	Condensed Consolidated Income Statement
<b>18</b>	Condensed Consolidated Statement of Comprehensive Income
<b>19</b>	Condensed Consolidated Statement of Financial Position
<b>20</b>	Condensed Consolidated Statement of Cash Flows
<b>21</b>	Condensed Consolidated Statement of Changes in Equity
<b>25</b>	Notes to the Condensed Consolidated Interim Financial Statements
<b>38 Declaration by the Management Board</b>	
<b>40</b>	<b>Financial Calendar</b>
<b>40</b>	<b>Publication Details</b>

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Ogrodowa Office  
Łódź, PL

# Highlights

## Operational highlights

### 5/2018

Warimpex sells development property on Üllői ut in Budapest

### 5/2018

Warimpex acquires B52 office building (5,200 square metres) in Budapest

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## THE BONDS OF WARIMPEX FINANZ- UND BETEILIGUNGS AG

AS AT 30 JUNE 2018

	ISIN	Outstanding amount
Bond 05/19	AT0000A1VWE0	EUR 5,500,000
Bond 12/18	PLWRMFB00032	EUR 1,600,000

The convertible bond 11/18 with a nominal value of PLN 19.5 million was redeemed in full in April 2018.

## FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

*Dear Shareholders,*

Due to the very positive results in the previous financial year, Warimpex once again distributed a dividend for the first time in several years. The dividend amounted to six cents per share and was paid out after it was approved by the Annual General Meeting in June 2018.

Following the successful hotel portfolio sale in 2017, the following key strategic measures are now at the top of our agenda: the completion of ongoing projects, the development of new projects, and the acquisition of cash flow-generating assets with potential for the future. We are focusing on the implementation of these measures in order to build up our property portfolio again and already have some successes to report in this area.

The Ogródowa office building in the Polish city of Łódź is nearly complete – the first units have already been handed over to the tenants. The building is scheduled to open in October of this year. Overall, leases have already been signed for over 40 per cent of the roughly 27,400 square metres of space. Our second project that is currently under construction, the Mogilska office building in Krakow, is expected to be completed in the first quarter of 2019. More than 60 per cent of the roughly 12,000 square metres of space has already been let out. Also in Krakow, planning is proceeding for the construction of an office building with around 21,000 square metres of space next to the Chopin Hotel. In Białystok, we own a property on which we plan to build four office buildings with up to 73,000 square metres of net floor space in numerous phases.

In terms of transactions, we acquired the fully occupied B52 office building in Budapest with over 5,200 square metres of space at the end of May, and the income from this property will further increase our operating cash flow. We also see additional potential in Budapest, as the local office market is currently in a phase of rising rents. In a separate transaction, we disposed of a development property that is also located in Budapest at favourable terms in May.

**Key financial figures for the first half of 2018 at a glance**

From an operational standpoint, the elimination of the eight hotel holdings that were sold and the resulting reduction of the number of rooms by 57 per cent naturally continued to impact revenues in the Hotels segment in the second quarter, and they fell from EUR 20.8 million to EUR 6.3 million in the first half of 2018. In this context, it is important to note that the revenues of the hotel holdings that were sold were still included in the revenue figures until May 2017. Revenues from the rental of office properties rose from EUR 6.1 million to EUR 7.5 million, primarily due to the completion of the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg in May 2017. Overall, consolidated revenues contracted from EUR 27.5 million to EUR 14.4 million.

The reduced property portfolio and the lack of gains from the disposal of properties in the current financial year also resulted in a decline in EBITDA from EUR 29.5 million to EUR 2.9 million. EBIT went from EUR 43.4 million to EUR 2.7 million. Although the financial result including joint ventures improved from minus EUR 9.2 million to minus EUR 7.2 million, it was negatively impacted by non-cash exchange rate losses in the amount of EUR 4.9 million. All in all, this led to a loss for the period of EUR 4.3 million in the first half of 2018 (2017: profit of EUR 33.5 million).

**Outlook**

In its July forecast, the International Monetary Fund projects economic growth of 1.7 per cent for Russia this year. It remains to be seen how the rouble will develop over the remainder of the year – the fact is that it is still subject to significant fluctuation.

We still expect a significant reduction of interest costs in the current financial year due to the early redemption of bonds and the elimination of project loans. Our express goal for the coming months is to quickly complete our current developments and rapidly get our planned projects up and running. This will strengthen our earnings potential and give us plenty of reason to look to the future with optimism.

**Franz Jurkowitsch**

# Semi-Annual Consolidated Management Report

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

Warimpex announced the sale of part of its hotel portfolio to the Thai investor U City Public Company Limited (U City) on 23 February 2017.

The sale closed on 31 May 2017. The transaction covered eight hotel holdings, which account for around 50 per cent of the total real estate assets of Warimpex and represent a property value of roughly EUR 180 million (excluding the holdings of UBM in this portfolio).

The agreement on the final settlement of the purchase price was signed on 27 April 2018. The associated profit was already recognised in 2017.

## Economic environment

In its World Economic Outlook update in July 2018, the International Monetary Fund (IMF) updated its April economic projections as follows: The Eurozone economy is now expected to grow by 2.2 per cent in 2018 (April 2018 projection: 2.4 per cent), and by 1.9 per cent (2.0 per cent) in 2019. For Russia, the projection of 1.7 per cent for 2018 and 1.5 per cent for 2019 remained unchanged. Economic growth is expected to total 4.3 per cent (4.3 per cent) in emerging and developing Europe<sup>1</sup> in 2018. The IMF growth projection for 2019 is 3.6 per cent (3.7 per cent).

<sup>1</sup> Emerging and Developing Europe  
Composed of 13 countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Kosovo, Lithuania, FYR Macedonia, Montenegro, Poland, Romania, Serbia, and Turkey

## Markets

### POLAND

#### Existing portfolio: 1 office property, 1 hotel

Warimpex has been 50 per cent leaseholder of the five-star hotel InterContinental in Warsaw since December 2012. Warimpex and UBM developed the hotel together, and each most recently held 50 per cent of the hotel with its 414 rooms. Warimpex and UBM sold the hotel at the end of December 2012. A lease was concluded between the purchaser and a subsidiary of Warimpex and UBM, under which it will lease the hotel back at a fixed rate and continue to run the establishment under the brand InterContinental until 2034.

The occupancy rate at the InterContinental hotel fell to 76 per cent (1–6 2017: 81 per cent), and the average room rate in euros rose by 3 per cent.

#### Under development:

#### 3 office buildings, 1 development property

Advance leases were signed for over 40 per cent of the total 27,400 square metres in the Ogrodowa office building that is under construction in Łódź. The first units were handed over to the tenants after the reporting date. The grand opening is scheduled to be held in October.

Leases were signed for 60 per cent of the 12,000 square metres of space in the Mogilska office building in Krakow. The project is scheduled to be completed in the first quarter of 2019.

Warimpex is also the owner of a development property next to the Chopin Hotel, on which an office building with around 21,000 square metres of space is to be built. Planning for this project is under way.

Warimpex owns a development property in Białystok. Four office properties will be built in multiple phases.

### CZECH REPUBLIC

#### Existing portfolio: 1 hotel

In the Czech Republic, Warimpex operates the Vienna House Dvořák hotel in Karlovy Vary under a lease.

Occupancy at the Dvořák hotel fell from 58 to 57 per cent, and the average room rate in euros increased by roughly 10 per cent.

## HUNGARY

### Existing portfolio: 3 office properties

In Budapest, Warimpex owns the Erzsébet, B52, and Sajka office buildings, which together have a lettable space of around 20,800 square metres.

The B52 office building was acquired at the end of May 2018, has a lettable space of 5,200 square metres, and is fully occupied.

The Sajka office building with its approximately 600 square metres of lettable space is also fully let out.

Roughly 95 per cent of Erzsébet Office in Budapest was let out on the reporting date; 12,250 square metres (of 14,500 square metres) are let to the insurance company Groupama Garancia Insurance Private Co. Ltd., a Hungarian branch of the international Groupama Group.

In Budapest, Warimpex owned a property on Üllői ut that was sold in May 2018.

## FRANCE

### Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders (finance leasing) of the four-star Vienna House Dream Castle Hotel and the four-star Vienna House Magic Circus at Disneyland® Resort Paris, each of which have about 400 rooms. Occupancy at the hotels improved to 77 and 81 per cent (1–6 2017: 74 and 71 per cent), respectively. The average room rate increased by roughly 10 per cent at Vienna House Dream Castle and by around 6 per cent at Vienna House Magic Circus.

## AUSTRIA

### Existing portfolio: 1 hotel

In Vienna, Warimpex holds around 10 per cent of the project company behind the Palais Hansen Kempinski hotel in Vienna together with Wiener Städtische Versicherung/Vienna Insurance Group and UBM. The hotel is Warimpex's first project in Austria and was opened in March 2013.

## RUSSIA

### Existing portfolio:

#### 1 hotel, 2 office properties, 1 multi-use building

In St. Petersburg, Warimpex holds 55 per cent of AIRPORTCITY St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and two office towers (Jupiter 1 + 2) with 16,800 square metres of lettable space were opened at the end of December 2011. AIRPORTCITY St. Petersburg is being developed by ZAO AVIELEN A.G. together with CA Immo and UBM and is directly next to Pulkovo 2 international airport in St. Petersburg. AIRPORTCITY is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

Warimpex has indirectly held roughly 44 per cent of the Jupiter 1 and 2 office towers at AIRPORTCITY St. Petersburg since the end of 2016.

The Zeppelin office building with 15,600 square metres of lettable space was completed at AIRPORTCITY at the end of June 2015. The tower is completely let out.

The Crowne Plaza achieved occupancy of 72 per cent (1–6 2017: 75 per cent) while the average room rate in euros remained constant.

The fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg (with parking spaces for around 450 vehicles and roughly 6,000 square metres of office and archive space) – which has been fully owned by the Group since September 2017 – was handed over to the tenant at the end of May.

### Under development: Development properties

There are property reserves for around 150,000 square metres of office space at AIRPORTCITY St. Petersburg. After the reporting date, Warimpex took over full ownership of a property encompassing roughly 17,000 square metres of space from ZAO AVIELEN A.G.

# *Assets, Financial Position, and Earnings Situation*

## Earnings situation

### Development of revenues

Revenues in the Hotels segment declined by 70 per cent to EUR 6.3 million in the first quarter of 2018 due to the sale of a portfolio of 8 hotel operations in May 2017.

Revenues from the rental of office properties (Investment Properties revenues) climbed from EUR 6.1 million to EUR 7.5 million, largely due to the completion of the fully occupied Bykovskaya multi-use building at the end of May 2017.

Total revenues contracted by 48 per cent to EUR 14.4 million.

Expenses directly attributable to revenues fell from EUR 15.4 million to EUR 6.3 million, causing the gross income from revenues to decline by around 33 per cent to EUR 8.1 million.

### Gains or losses from the disposal of properties

In the first half of 2018, Warimpex sold a reserve property located in Budapest for EUR 5.4 million. The property had already been written up to the sale price, so no gains from the disposal of properties were recognised during the reporting period. A disposal result of EUR 23.6 million was achieved in the prior year, EUR 21.4 million of which can be attributed to the sale of the hotel portfolio.

### EBITDA

Earnings before interest, taxes, depreciation and amortisation, and gains/losses on the remeasurement of investment properties (EBITDA) decreased from EUR 29.5 million to EUR 2.9 million, primarily due to the high disposal result in the prior year and a lower profit contribution from hotel revenues because of the sale of the portfolio in the prior year.

### Depreciation, amortisation, and remeasurement

Depreciation, amortisation, and remeasurement fell from EUR 13.9 million to minus EUR 0.1 million. The gains and losses on the remeasurement of office properties (Investment Properties) were even, compared to a gain on remeasurement of EUR 12.3 million in the prior-year period.

### EBIT

EBIT fell from EUR 43.3 million to EUR 2.7 million due to the lack of gains from the sale of properties and on remeasurement.

### Financial result

The financial result (including earnings from joint ventures and associates) improved from minus EUR 9.2 million to minus EUR 7.2 million.

Finance expenses declined significantly, going from EUR 7.0 million to EUR 3.8 million.

The financial result was negatively impacted by non-cash exchange rate losses of EUR 4.9 million (1–6 2017: exchange rate losses of EUR 5.6 million).

### Profit or loss for the period

The result for the period for the Warimpex Group dropped from EUR 33.5 million in the first half of the previous year to minus EUR 4.3 million.



## Segment analysis

The Warimpex Group has defined the business segments of: Hotels, Investment Properties, and Development and Services. The joint ventures that are recognised using the equity method in the consolidated financial statements are included in the segment report using the proportionate consolidation method. The Hotels segment is comparable with the hotels and/or hotel rooms held by the Group as consolidated entities in the reporting period (with the joint ventures recognised on a proportionate basis). The Investment Properties segment contains the rental revenue from office properties. The Development and Services segment covers development services, activities of the Group parent, and profit contributions from the sale of properties.

### Hotels segment\*

in EUR '000	1-6/2018	1-6/2017
Revenues for the Group	20,946	35,637
Average number of hotel rooms for the Group	1,020	2,354
Occupancy	74%	69%
RevPar in EUR	75,34	54,22
GOP for the Group	6,687	13,318
NOP for the Group	5,050	10,507
NOP/available room in EUR	4,949	4,463

\* Including all joint ventures on a proportionate basis

In the reporting period, the average number of rooms falling under Group ownership declined by 57 per cent due to the sale of the following hotels (31 May 2017):

- Vienna House Easy Chopin Krakow
- andel's Krakow (operating and leaseholding company)
  - andel's Łódź
- angelo Katowice (50 per cent stake)
- Amber Baltic Międzyzdroje
- Vienna House Diplomat Prague
- angelo Plzeň (50 per cent stake)
- angelo Bucharest

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership after GOP such as management fees, insurance, land tax, etc.).

### Investment Properties segment\*

in EUR '000	1-6/2018	1-6/2017
Revenues for the Group	9,513	8,161
Segment EBITDA	7,471	6,647

\* Including all joint ventures on a proportionate basis

The increase in the revenues and EBITDA of the Investment Properties segment was primarily due to the completion and handover of the Bykovskaya multi-use building in May 2017.

### Development and Services segment\*

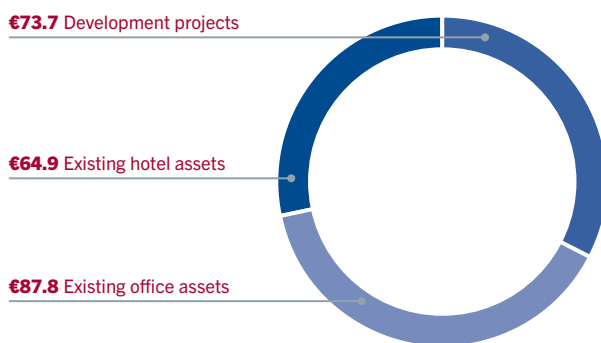
in EUR '000	1-6/2018	1-6/2017
Revenues for the Group	909	1,389
Gains or losses from the disposal of properties	–	23,624
Segment EBITDA	-4,055	20,201

\* Including all joint ventures on a proportionate basis

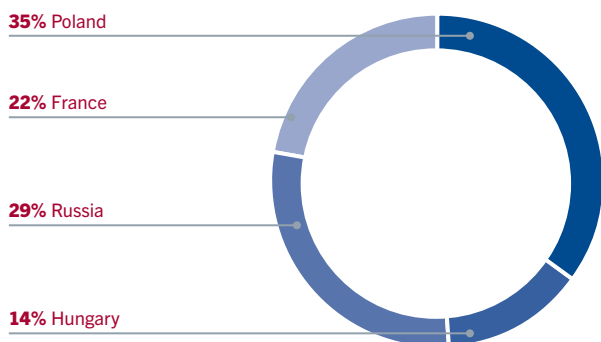
The results in this segment depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant year-on-year fluctuation. The result from the disposal of properties in the prior-year period stems primarily from the sale of the hotel portfolio (see above).

## Real Estate Assets

### PROPERTY ASSETS IN MILLIONS



### GAV BY COUNTRY



#### Calculation of gross asset value and net asset value in million EUR

Warimpex recognises its property, plant, and equipment such as hotel properties at cost less depreciation according to IAS 16, as is required for owner-operated hotels in IAS 40.12. Changes in the value of investment properties (primarily office buildings) are recognised on an ongoing basis through profit or loss according to the fair value model in IAS 40.56. To allow comparison with other real estate companies, Warimpex reports the triple net asset value (NNNAV) in its management report.

All material real estate and development projects are valued twice annually (on 30 June and 31 December) by independent real estate appraisers.

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors. The fair value is the price that would be paid for the transfer of an asset or a liability in a transaction at arm's length terms on the

reporting date. The real estate appraiser uses the discounted cash flow (DCF) approach to calculate the fair values of developed properties, and the comparative method for other properties. Development projects are generally measured using the residual value method, taking a developer's profit into account.

The gross asset value of Warimpex's proportionate properties came in at EUR 226.3 million on 30 June 2018 (31 December 2017: EUR 202.5 million), of which EUR 63.1 million (31 December 2017: EUR 59.8 million) can be attributed to joint ventures. The Group's triple net asset value (NNNAV) fell from EUR 129.0 million as at 31 December 2017 to EUR 126.9 million as at 30 June 2018.

The triple net asset value (NNNAV) is as follows:

in EUR millions	06/2018		12/2017	
Equity before non-controlling interests		104.0		110.9
Deferred tax assets	-2.3		-1.9	
Deferred tax liabilities	5.6	3.3	3.2	1.3
Carrying amount of existing hotel assets	-23.0		-24.4	
Fair value of existing hotel assets	23.5	0.5	25.1	0.7
Carrying amount of joint ventures	-17.8		-17.2	
Fair value of joint ventures	36.9	19.1	33.3	16.1
<b>Triple net asset value</b>		<b>126.9</b>		<b>129.0</b>
Number of shares on 31 December		54.0		54.0
<b>NNNAV per share in EUR</b>		<b>2.4</b>		<b>2.4</b>

# *Material Risks and Uncertainties to Which the Group is Exposed and Risk Management*

As an international group, Warimpex is exposed to various economic and financial risks as part of its daily operations.

## **a) General**

As part of its risk management system, Warimpex has set internal risk management targets for the Management Board and Company staff and adapts these targets to the prevailing market conditions. These risk management targets include special regulations and define responsibilities for risk assessment, control mechanisms, monitoring, information management, and communication within the Company and with external parties.

There is a clearly defined organisation within Warimpex and especially within the Management Board that governs responsibilities and authorisations in this connection to enable risks to be identified at an early stage and appropriate action to be taken. The Management Board's guidelines and the guidelines for the Supervisory Board define the responsibilities and obligations of the Company's boards and officers.

## **b) Operating risks**

In the Hotels segment, Warimpex is exposed to the general risks inherent to the tourism industry such as economic fluctuations, political risks, and increasing fear of terrorist attacks. There is the risk that competitors may enter the Group's target markets, thereby increasing the number of beds available.

In the Investment Properties and Development and Services segments, the Group is exposed to finance and currency risks, interest rate risks, market entry risks, and the risk of delays in the completion of construction work on real estate projects. In addition, there are risks of rent default which may impact both on the current cash flow and on property values.

The Group invests in real estate in a limited number of countries, and is therefore exposed to increased risk that local conditions such as an excess supply of properties can affect the development of business. Owing to its focus on property development and property holdings, the Group's performance is heavily dependent on the current situation in the real estate markets. Price declines in the real estate market could therefore affect the Group significantly and also influence real estate financing.

Real estate maintenance is a key aspect in the sustainable economic development of the Warimpex Group. Asset

management staff therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

## **c) Capital market risk**

Refinancing on the capital market is of high strategic importance for Warimpex.

To avoid risks of insufficient capital market compliance, Warimpex has enacted a compliance guideline that ensures adherence to the capital market regulations and that especially prevents the abuse or sharing of insider information. A permanent confidentiality area has been set up for all employees in Vienna, and temporary confidentiality areas are set up and waiting periods and trading prohibitions enacted on a project basis.

## **d) Legal risks**

As an internationally active company, Warimpex is exposed to a wide range of legal risks. These include risks related to the purchase and sale of properties and legal disputes with tenants or joint venture partners.

At the time that the financial statements were prepared, no material legal disputes were known.

## **e) Risk and risk management related to financial instruments**

Aside from derivative forms of financing, the most significant financial instruments used by the Group are current account and bank loans, bonds and convertible bonds, cash and cash equivalents, and short-term deposits. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group also enters into derivatives transactions that are intended to minimise the Group's exposure to interest rate and currency risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. All significant financial transactions are subject to approval by the Management Board and, when required, also approval by the Supervisory Board.

Further information on financial risk management, in particular quantitative disclosures, can be found in the notes to the consolidated financial statements as at 31 December 2017 in section 8.2.

### 1. Interest rate risk

The risk of fluctuations in market interest rates (usually the three-month EURIBOR for bank loans and the six-month EURIBOR for bonds) to which the Group is exposed results primarily from its variable-rate long-term financial liabilities.

Interest rate hikes can impact the Group's result by causing higher interest expenses for existing variable-rate financing. In the case of variable-rate financing, a change in the interest rate has an immediate effect on the Company's financial result.

Warimpex limits the risk of rising interest rates that would lead to higher interest expenses and a worsening of the financial result in part through the arrangement of fixed-rate financing and in part through the use of derivative financial instruments (especially interest rate swaps).

### 2. Currency risk

Currency risk results primarily from financial liabilities denominated in currencies other than the functional currency. For Group companies that have the euro as their functional currency, this is primarily financial liabilities in a local or other foreign currency (such as PLN), or for foreign Group companies with the local currency as their functional currency, financial liabilities in a foreign currency (EUR).

There are no natural hedges, and the Group does not systematically use derivative financial instruments to hedge its exposure to foreign currency risk. When needed, cross currency swaps or currency forwards concluded for a maximum of one year in relation to specific future payments in foreign currencies are employed to hedge the currency risk.

In addition to the currency risk from financial liabilities, a foreign exchange risk exists especially for those Group companies that operate hotels and that have the euro as their functional currency with regards to personnel expenses and expenses for materials and services received that must be paid in the local currency, while revenues are generally based on the euro and debt must also largely be serviced in euros.

### 3. Default risk

The amounts stated as assets on the face of the consolidated statement of financial position represent the maximum credit risk and default risk, since there are no general settlement

agreements. The default risk associated with trade receivables can be considered moderate because receivables are generally paid either in advance or immediately on site, especially in the Hotels segment. Longer payment terms are generally only accepted for receivables from travel agencies.

The Group is in a position to influence the default risk on loans to joint ventures or associates through its involvement in the management of the respective companies, but there are still default risks arising from operational risks.

The default risk associated with cash and short-term deposits can be considered negligible since the Group only works with financial institutions which can demonstrate sound credit-worthiness. The default risk for other receivables is relatively low, as attention is paid to working with contract partners that have good credit ratings. The Group recognises impairments where necessary.

Please also see section 8.2.3. in the notes to the consolidated financial statements as at 31 December 2017.

### 4. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans for project financing. Refinancing on the capital market is also of high strategic importance for Warimpex.

Significant fluctuations on the capital markets can hamper the raising of equity and debt capital. To limit refinancing risk, Warimpex maintains a balanced combination of equity and debt capital and of different terms for bank and capital market financing.

Liquidity risks are also minimised through a medium-term 18-month plan, an annual budget planned in monthly blocks, and revolving monthly liquidity planning. Daily liquidity management ensures that all operational obligations are met and that cash is invested optimally. Free liquidity resulting from the sale of properties is primarily used to repay operating credit lines and to finance acquisitions and the development of new projects.

Please also see section 8.2.4. in the notes to the consolidated financial statements as at 31 December 2017.

To prevent cost overruns and an associated increased outflow of liquidity, Warimpex completes continuous budget and progress monitoring for development projects and maintenance work.

**(f) Reporting on key characteristics of the internal control system and the risk management system as relevant for the accounting process**

The Management Board bears overall responsibility for the Group's risk management system, while operational responsibility lies with the managers of the respective business units.

This makes the internal reports that are submitted to Group headquarters particularly important in ensuring that risks are recognised at an early stage so that suitable countermeasures can be taken. To this end, the operating units submit weekly and monthly reports to the Management Board with all necessary information.

The Group has enacted uniform standards for all subsidiaries governing the implementation and documentation of the entire internal control system, and therefore also the accounting process in particular. This is intended to prevent the risks that can lead to incomplete or erroneous financial reporting.

The internal reports that are prepared by the subsidiaries are subjected to plausibility reviews at the Group headquarters and are compared with the planning calculations to ensure that suitable countermeasures can be taken in the event of deviations. To this end, the companies are required to submit annual budgets and medium-term plans, which must be approved by the Management Board.

The correctness of the accounts at the subsidiaries is monitored by the hotel managers (such as Vienna International, InterContinental Hotel Group) as well as by the Group holding company. The annual financial statements of all operating property companies are also reviewed by external financial auditors.

The risk management system is primarily monitored by the Management Board, and compliance with the prescribed risk management targets and methods in the preparation of quarterly and annual financial statements is ensured by the following units and individuals:

- Management Board, especially the Chief Financial Officer
- Group accounting department
- Audit Committee (only for annual financial statements)

The current development of business and foreseeable opportunities and risks are discussed at regular meetings between the Management Board and local managers.

Quarterly financial statements are prepared by the Group accounting department in orientation towards IAS 34, Interim Financial Reporting, reviewed by the Chief Financial Officer, and then approved for publication by the Management Board. The annual financial statements and consolidated annual financial statements are studied by the Supervisory Board and by the Audit Committee before they are published.

## *Events after the Reporting Date*

Please see section 9.2. of the notes to the consolidated interim financial statements for information about key events after the reporting date.

## *Outlook*

The following development projects are currently under construction or development:

- Ogrodowa office building with roughly 27,400 square metres of space, Łódź (partially complete)
- Mogilska office building with roughly 12,000 square metres of space, Krakow (under construction)
- Chopin office building with roughly 21,000 square metres of space, Krakow (currently being planned)

Our objective for the coming months is to move ahead with our current development projects. We expect a significant reduction of interest costs in 2018 and subsequent years due to the early redemption of bonds and the elimination of project loans.

We still see our future in the development of hotels and office buildings in CEE, focusing on the established markets in Poland, the Czech Republic, Hungary, Romania, Russia, Germany, and France.

**Vienna, 30 August 2018**



**Franz Jurkowitsch**  
Chairman  
of the Management Board



**Daniel Folian**  
Deputy Chairman  
of the Management Board



**Alexander Jurkowitsch**  
Member of the  
Management Board



**Florian Petrowsky**  
Member of the  
Management Board



**Dvořák Hotel\*\*\*\***  
Karlovy Vary, CZ

# *Condensed Consolidated Interim Financial Statements*

AS AT 30 JUNE 2018

- 17 **Condensed Consolidated Income Statement**
- 18 **Condensed Consolidated Statement  
of Comprehensive Income**
- 19 **Condensed Consolidated Statement of Financial Position**
- 20 **Condensed Consolidated Statement of Cash Flows**
- 21 **Condensed Consolidated Statement of Changes in Equity**
- 22 **Notes to the Condensed Consolidated  
Interim Financial Statements**

**Crowne Plaza \*\*\*\***  
**AIRPORTCITY**  
St. Petersburg, RU



# Condensed Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018 – UNAUDITED

in EUR '000	Note	1–6/2018	4–6/2018	1–6/2017	4–6/2017
Hotels revenues		6,296	3,915	20,786	11,335
Investment Properties revenues		7,506	3,702	6,053	3,534
Development and Services revenues		597	91	665	233
<b>Revenues</b>	6.1.	<b>14,399</b>	<b>7,709</b>	<b>27,505</b>	<b>15,102</b>
Expenses from the operation of hotels		(4,291)	(2,233)	(13,688)	(6,699)
Expenses from the operation of investment properties		(1,542)	(768)	(1,080)	(595)
Expenses directly attributable to development and services		(483)	(79)	(639)	(324)
<b>Expenses directly attributable to revenues</b>	6.2.	<b>(6,317)</b>	<b>(3,081)</b>	<b>(15,406)</b>	<b>(7,619)</b>
<b>Gross income from revenues</b>		<b>8,082</b>	<b>4,628</b>	<b>12,099</b>	<b>7,483</b>
Income from the sale of properties		5,400	5,400	60,382	60,258
Disposal of carrying amounts and expenses related to sales		(5,400)	(5,400)	(36,758)	(36,758)
<b>Gains or losses from the disposal of properties</b>	5	<b>–</b>	<b>–</b>	<b>23,624</b>	<b>23,499</b>
<b>Other operating income</b>		<b>97</b>	<b>97</b>	<b>992</b>	<b>610</b>
<b>Administrative expenses</b>	6.3.	<b>(4,090)</b>	<b>(2,304)</b>	<b>(5,424)</b>	<b>(3,561)</b>
<b>Other expenses</b>	6.4.	<b>(1,198)</b>	<b>(832)</b>	<b>(1,838)</b>	<b>(847)</b>
<b>Earnings before interest, taxes, depreciation, amortisation, and remeasurement (EBITDA)</b>		<b>2,892</b>	<b>1,589</b>	<b>29,452</b>	<b>27,185</b>
Scheduled depreciation and amortisation on property, plant, and equipment and intangible assets		(472)	(244)	(432)	(205)
Impairments		(20)	(20)	–	–
Reversals of impairment on property, plant, and equipment		368	197	904	698
Gains/losses on remeasurement of assets/disposal groups held for sale		(69)	–	1,174	(18)
Gains/losses on remeasurement of investment property		47	50	12,255	12,272
<b>Depreciation, amortisation, and remeasurement</b>	6.5.	<b>(145)</b>	<b>(16)</b>	<b>13,901</b>	<b>12,748</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>2,747</b>	<b>1,573</b>	<b>43,353</b>	<b>39,932</b>
Finance income	6.6.	1,391	656	2,712	804
Finance expenses	6.7.	(3,768)	(1,776)	(6,961)	(3,460)
Changes in foreign exchange rates	6.8.	(4,883)	(2,787)	(5,566)	(9,925)
Earnings from joint ventures and associates (equity method) after taxes	7.3.	34	804	599	1,008
<b>Financial result</b>		<b>(7,226)</b>	<b>(3,104)</b>	<b>(9,216)</b>	<b>(11,573)</b>
<b>Earnings before taxes</b>		<b>(4,479)</b>	<b>(1,530)</b>	<b>34,138</b>	<b>28,359</b>
Income taxes		(35)	(74)	67	851
Deferred income taxes		252	316	(658)	(398)
<b>Taxes</b>		<b>217</b>	<b>242</b>	<b>(591)</b>	<b>452</b>
<b>Profit or loss for the period</b>		<b>(4,263)</b>	<b>(1,288)</b>	<b>33,547</b>	<b>28,811</b>
thereof profit or loss of non-controlling interests		(1,801)	(844)	4,831	2,427
<b>thereof profit or loss of shareholders of the parent</b>		<b>(2,461)</b>	<b>(444)</b>	<b>28,716</b>	<b>26,384</b>
<b>Earnings per share:</b>					
Undiluted earnings per share in EUR		-0.05	-0.01	0.53	0.49
Diluted earnings per share in EUR		-0.05	-0.01	0.53	0.49

# Condensed Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018 – UNAUDITED

in EUR '000	Note	1–6/2018	4–6/2018	1–6/2017	4–6/2017
<b>Profit or loss for the period</b>		<b>(4,263)</b>	<b>(1,288)</b>	<b>33,547</b>	<b>28,811</b>
Foreign exchange differences		(1,411)	(948)	(497)	(1,049)
<i>thereof reclassified to the income statement</i>		(12)	(21)	–	–
Valuation of cash flow hedges		–	–	1,234	(138)
<i>thereof reclassified to the income statement</i>		–	–	1,190	1,190
Other comprehensive income from joint ventures (equity method)		(25)	(25)	20	–
Gains/losses from available-for-sale financial assets		–	–	1,219	1,880
(Deferred) taxes in other comprehensive income	6.9.	24	11	(577)	(646)
<b>Other comprehensive income (reclassified to profit or loss in subsequent periods)</b>		<b>(1,412)</b>	<b>(961)</b>	<b>1,399</b>	<b>46</b>
Gains/losses from financial assets measured at fair value through other comprehensive income		42	31	–	–
(Deferred) taxes in other comprehensive income	6.9.	(11)	(11)	–	–
<b>Other comprehensive income (not reclassified to profit or loss in subsequent periods)</b>		<b>32</b>	<b>21</b>	<b>–</b>	<b>–</b>
<b>Other comprehensive income</b>		<b>(1,381)</b>	<b>(940)</b>	<b>1,399</b>	<b>46</b>
<b>Total comprehensive income for the period</b>		<b>(5,643)</b>	<b>(2,228)</b>	<b>34,946</b>	<b>28,858</b>
thereof profit or loss of non-controlling interests		(1,917)	(920)	4,485	1,857
<b>thereof profit or loss of shareholders of the parent</b>		<b>(3,726)</b>	<b>(1,308)</b>	<b>30,461</b>	<b>27,001</b>

# Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE – UNAUDITED

in EUR '000	Note	30/6/18	1/1/18	31/12/17	30/6/17
<b>ASSETS</b>					
Property, plant, and equipment	7.1.	28,260	29,561	29,561	31,859
Investment property	7.2.	180,368	154,763	154,763	128,223
Other intangible assets		9	10	10	15
Net investments in joint ventures and associates (equity method)	7.3.	17,806	17,224	17,224	15,067
Available-for-sale financial assets	7.4.	–	–	6,146	–
Financial assets measured at fair value through other comprehensive income	7.4.	6,188	6,146	–	–
Other financial assets	7.5.	12,519	13,646	13,646	15,665
Deferred tax assets		2,250	1,922	1,922	737
<b>Non-current assets</b>		<b>247,399</b>	<b>223,272</b>	<b>223,272</b>	<b>191,566</b>
Inventories		219	271	271	247
Contract assets	7.6.	–	5,646	–	–
Trade and other receivables	7.7.	6,555	7,816	13,463	10,012
Available-for-sale financial assets	7.4.	–	–	–	8,113
Cash and cash equivalents	7.8.	10,475	22,849	22,849	45,997
Non-current assets (disposal groups), held for sale	5.1.	–	5,400	5,400	–
<b>Current assets</b>		<b>17,248</b>	<b>41,982</b>	<b>41,982</b>	<b>64,369</b>
<b>TOTAL ASSETS</b>		<b>264,648</b>	<b>265,254</b>	<b>265,254</b>	<b>255,935</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital		54,000	54,000	54,000	54,000
Retained earnings	7.9.	53,769	59,435	59,194	47,369
Treasury shares		(301)	(301)	(301)	(301)
Other reserves		(3,504)	(2,208)	(1,967)	(419)
<b>Equity attributable to shareholders of the parent</b>		<b>103,964</b>	<b>110,926</b>	<b>110,926</b>	<b>100,649</b>
Non-controlling interests		(29,363)	(27,445)	(27,445)	(22,645)
<b>Equity</b>		<b>74,601</b>	<b>83,481</b>	<b>83,481</b>	<b>78,004</b>
Convertible bonds	7.10.	–	–	–	4,276
Other bonds	7.10.	–	5,357	5,357	5,264
Other financial liabilities	7.10.	133,472	121,560	121,560	103,244
Derivative financial instruments		–	929	929	1,025
Other liabilities		15,596	14,931	14,931	6,936
Provisions		2,357	2,357	2,357	2,595
Deferred tax liabilities		5,634	5,572	5,572	3,024
Deferred income		2,925	3,215	3,215	3,363
<b>Non-current liabilities</b>		<b>159,983</b>	<b>153,922</b>	<b>153,922</b>	<b>129,727</b>
Convertible bonds	7.10.	–	4,543	4,543	116
Bonds	7.10.	7,056	1,603	1,603	29,267
Other financial liabilities	7.10.	7,203	6,784	6,784	7,869
Trade and other payables	7.11.	14,339	12,475	12,475	9,935
Provisions		1,224	1,884	1,884	238
Income tax liabilities		7	365	365	562
Deferred income		233	197	197	218
<b>Current liabilities</b>		<b>30,063</b>	<b>27,851</b>	<b>27,851</b>	<b>48,204</b>
<b>Liabilities</b>		<b>190,046</b>	<b>181,773</b>	<b>181,773</b>	<b>177,931</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>264,648</b>	<b>265,254</b>	<b>265,254</b>	<b>255,935</b>

# Condensed Consolidated Statement of Cash Flows

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018 – UNAUDITED

in EUR '000	1–6/2018	4–6/2018	1–6/2017	4–6/2017
Cash receipts				
from hotel operations and rent received	14,379	7,655	27,416	14,761
from real estate development projects and other	72	13	290	120
from interest income	117	60	410	207
<b>Cash receipts from operating activities</b>	<b>14,567</b>	<b>7,728</b>	<b>28,117</b>	<b>15,089</b>
Cash payments				
for real estate development projects	(395)	(337)	(656)	(98)
for materials and services received	(3,449)	(1,733)	(7,660)	(4,250)
for related personnel expenses	(5,656)	(3,281)	(10,577)	(6,749)
for other administrative expenses	(4,047)	(1,907)	(3,820)	(1,542)
for income taxes	(387)	(175)	(952)	(235)
<b>Cash payments for operating activities</b>	<b>(13,933)</b>	<b>(7,434)</b>	<b>(23,665)</b>	<b>(12,874)</b>
<b>Net cash flows from operating activities</b>	<b>634</b>	<b>294</b>	<b>4,452</b>	<b>2,215</b>
Cash receipts from				
the sale of disposal groups and property	5.1. 6,737	6,737	77,782	77,782
less outflow of cash and cash equivalents from disposal groups sold	–	–	(4,027)	(4,027)
purchase price payments from sales in previous periods	7.7. 4,707	4,706	125	–
other financial assets	781	52	15	15
<b>Cash receipts from investing activities</b>	<b>12,225</b>	<b>11,494</b>	<b>73,895</b>	<b>73,770</b>
Cash payments for				
investments in property, plant, and equipment	(393)	(171)	(1,176)	(788)
investments in investment property	(25,375)	(21,043)	(7,321)	(5,012)
the purchase of data processing programs	(1)	(1)	–	–
other financial assets	–	–	(50)	(50)
joint ventures and associates	(619)	101	(646)	(266)
<b>Cash payments for investing activities</b>	<b>(26,388)</b>	<b>(21,114)</b>	<b>(9,193)</b>	<b>(6,116)</b>
<b>Net cash flows from investing activities</b>	<b>(14,163)</b>	<b>(9,620)</b>	<b>64,702</b>	<b>67,654</b>
Cash receipts from the issue of bonds and convertible bonds	–	–	5,239	5,239
Cash payments for the redemption of bonds and convertible bonds	(4,523)	(2,152)	(19,037)	(19,037)
Payments received from loans and borrowing	20,882	15,141	3,100	(1)
Payments made for the repayment of loans and borrowing	(5,863)	(1,220)	(12,410)	(11,182)
Paid interest (for loans and borrowing)	(4,952)	(1,778)	(2,837)	(1,270)
Paid interest (for bonds and convertible bonds)	(390)	(209)	(1,725)	(1,158)
Paid financing costs	(330)	(112)	(173)	(137)
Payments for dividends	(3,236)	(3,236)	–	–
<b>Net cash flows from/used in financing activities</b>	<b>1,587</b>	<b>6,433</b>	<b>(27,844)</b>	<b>(27,546)</b>
<b>Net change in cash and cash equivalents</b>	<b>(11,942)</b>	<b>(2,893)</b>	<b>41,310</b>	<b>42,323</b>
Foreign exchange rate changes in cash and cash equivalents	(44)	(43)	53	47
Foreign exchange rate changes from other comprehensive income	(388)	(212)	(89)	(207)
Cash and cash equivalents at the beginning of the period	22,849	13,623	4,723	3,834
<b>Cash and cash equivalents as at 30 June</b>	<b>10,475</b>	<b>10,475</b>	<b>45,997</b>	<b>45,997</b>
<b>Cash and cash equivalents at the end of the period consist of:</b>				
Cash and cash equivalents of the Group	10,475	10,475	45,997	45,997
	<b>10,475</b>	<b>10,475</b>	<b>45,997</b>	<b>45,997</b>

# Condensed Consolidated Statement of Changes in Equity

AS AT 30 JUNE – UNAUDITED

in EUR '000	Equity attributable to shareholders of the parent					Non-controlling interests	Total equity	
	Notes	Share capital	Retained earnings	Treasury shares	Other reserves			Total
<b>As at 1 January 2017</b>		<b>54,000</b>	<b>13,218</b>	<b>(301)</b>	<b>3,271</b>	<b>70,188</b>	<b>(27,130)</b>	<b>43,058</b>
Changes in the scope of consolidation		–	5,434	–	(5,434)	–	–	–
Total comprehensive income for the period		–	28,716	–	1,744	<b>30,461</b>	4,485	<b>34,946</b>
<i>thereof profit for the period</i>		–	28,716	–	–	<b>28,716</b>	4,831	<b>33,547</b>
<i>thereof other comprehensive income</i>		–	–	–	1,744	<b>1,744</b>	(345)	<b>1,399</b>
<b>As at 30 June 2017</b>		<b>54,000</b>	<b>47,369</b>	<b>(301)</b>	<b>(419)</b>	<b>100,649</b>	<b>(22,645)</b>	<b>78,004</b>
<b>As at 31 December 2017</b>		<b>54,000</b>	<b>59,194</b>	<b>(301)</b>	<b>(1,967)</b>	<b>110,926</b>	<b>(27,445)</b>	<b>83,481</b>
Reclassification	2.2.	–	241	–	(241)	–	–	–
<b>As at 1 January 2018</b>		<b>54,000</b>	<b>59,435</b>	<b>(301)</b>	<b>(2,208)</b>	<b>110,926</b>	<b>(27,445)</b>	<b>83,481</b>
Dividend	7.9.	–	(3,236)	–	–	<b>(3,236)</b>	–	<b>(3,236)</b>
Total comprehensive income for the period		–	(2,430)	–	(1,296)	<b>(3,726)</b>	(1,917)	<b>(5,643)</b>
<i>thereof profit for the period</i>		–	(2,461)	–	–	<b>(2,461)</b>	(1,801)	<b>(4,263)</b>
<i>thereof other comprehensive income</i>		–	32	–	(1,296)	<b>(1,265)</b>	(116)	<b>(1,381)</b>
<b>As at 30 June 2018</b>		<b>54,000</b>	<b>53,769</b>	<b>(301)</b>	<b>(3,504)</b>	<b>103,964</b>	<b>(29,363)</b>	<b>74,601</b>

# Condensed Consolidated Segment Information

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018 – UNAUDITED

in EUR '000	Hotels		Investment Properties	
	2018	2017	2018	2017
<b>SEGMENT OVERVIEW PROFIT OR LOSS FOR THE PERIOD</b>				
External revenues	20,971	35,851	9,513	8,161
Intragroup services	–	–	–	(11)
Expenses directly attributable to revenues	(15,922)	(25,344)	(1,884)	(1,417)
<b>Gross income from revenues</b>	<b>5,050</b>	<b>10,507</b>	<b>7,629</b>	<b>6,733</b>
Gains or losses from the disposal of properties	–	–	–	–
Other operating income	1	177	–	–
Expenses for development projects	–	–	–	–
Personnel expenses	(369)	(816)	(19)	–
Other/miscellaneous expenses	(2,482)	(3,245)	(123)	(86)
Intragroup services	–	(283)	(16)	–
<b>Segment EBITDA</b>	<b>2,199</b>	<b>6,341</b>	<b>7,471</b>	<b>6,647</b>
Scheduled depreciation and amortisation	(1,582)	(1,509)	–	(12)
Impairments	–	–	–	–
Impairment reversals	368	818	–	–
Impairment/impairment reversals according to IFRS 5	–	1,173	–	–
Remeasurement gains	–	–	1,500	5,612
Remeasurement losses	–	–	(2,249)	(44)
<b>Segment EBIT</b>	<b>985</b>	<b>6,823</b>	<b>6,722</b>	<b>12,203</b>
Finance income	23	27	55	42
Finance expenses	(886)	(2,419)	(2,965)	(2,714)
Changes in foreign exchange rates	(1,648)	(1,727)	(4,154)	(4,341)
Earnings from joint ventures	–	–	–	–
Income taxes	(156)	111	(102)	(88)
Deferred income taxes	246	(688)	(153)	785
<b>Segment overview – profit or loss for the period</b>	<b>(1,437)</b>	<b>2,127</b>	<b>(596)</b>	<b>5,888</b>

	Development and Services		Segment total 1 January–30 June		Reconciliation		Group total 1 January–30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
	909	1,389	<b>31,393</b>	45,401	<b>(16,994)</b>	(17,896)	<b>14,399</b>	27,505
	16	294	<b>16</b>	283	<b>(16)</b>	(283)	–	–
	(788)	(983)	<b>(18,593)</b>	(27,744)	<b>12,277</b>	12,338	<b>(6,317)</b>	(15,406)
	<b>137</b>	<b>699</b>	<b>12,815</b>	<b>17,940</b>	<b>(4,734)</b>	<b>(5,841)</b>	<b>8,082</b>	<b>12,099</b>
	–	23,624	–	23,624	–	–	–	23,624
	–	816	<b>1</b>	994	<b>(1)</b>	(2)	–	992
	(84)	(235)	<b>(84)</b>	(235)	–	–	<b>(84)</b>	(235)
	(2,014)	(2,774)	<b>(2,402)</b>	(3,590)	<b>23</b>	40	<b>(2,379)</b>	(3,549)
	(2,094)	(1,930)	<b>(4,699)</b>	(5,261)	<b>1,971</b>	1,783	<b>(2,728)</b>	(3,478)
	–	–	<b>(16)</b>	(283)	<b>16</b>	283	–	–
	<b>(4,055)</b>	<b>20,201</b>	<b>5,616</b>	<b>33,189</b>	<b>(2,724)</b>	<b>(3,737)</b>	<b>2,892</b>	<b>29,452</b>
	(71)	(34)	<b>(1,653)</b>	(1,555)	<b>1,182</b>	1,123	<b>(472)</b>	(432)
	(20)	–	<b>(20)</b>	–	–	–	<b>(20)</b>	–
	–	85	<b>368</b>	904	–	–	<b>368</b>	904
	(69)	–	<b>(69)</b>	1,173	–	1	<b>(69)</b>	1,174
	1,870	9,874	<b>3,370</b>	15,486	<b>(215)</b>	(1,523)	<b>3,155</b>	13,963
	(859)	(1,664)	<b>(3,108)</b>	(1,708)	–	–	<b>(3,108)</b>	(1,708)
	<b>(3,203)</b>	<b>28,463</b>	<b>4,505</b>	<b>47,490</b>	<b>(1,758)</b>	<b>(4,136)</b>	<b>2,747</b>	<b>43,353</b>
	1,318	407	<b>1,396</b>	477	<b>(5)</b>	2,235	<b>1,391</b>	2,712
	(820)	(3,197)	<b>(4,671)</b>	(8,331)	<b>903</b>	1,370	<b>(3,768)</b>	(6,961)
	62	(384)	<b>(5,740)</b>	(6,452)	<b>857</b>	887	<b>(4,883)</b>	(5,566)
	12	91	<b>12</b>	91	<b>22</b>	508	<b>34</b>	599
	59	25	<b>(199)</b>	49	<b>164</b>	18	<b>(35)</b>	67
	342	127	<b>434</b>	224	<b>(182)</b>	(882)	<b>252</b>	(658)
	<b>(2,229)</b>	<b>25,532</b>	<b>(4,263)</b>	<b>33,547</b>	–	–	<b>(4,263)</b>	<b>33,547</b>

in EUR '000	Segment total 1 January–30 June		Reconciliation 1 January–30 June		Group subtotal 1 January–30 June	
	2018	2017	2018	2017	2018	2017
<b>HOTELS SEGMENT – OVERVIEW EBIT</b>						
Revenues from hotels	20,946	35,637	(14,675)	(14,999)	<b>6,271</b>	20,637
Expenses for materials and services rendered	(8,290)	(12,284)	6,265	5,836	<b>(2,025)</b>	(6,449)
Personnel expenses	(5,969)	(10,035)	4,316	4,466	<b>(1,653)</b>	(5,569)
<b>Gross operating profit (GOP)</b>	<b>6,687</b>	<b>13,318</b>	<b>(4,094)</b>	<b>(4,698)</b>	<b>2,593</b>	<b>8,620</b>
Income after GOP	25	214	–	(66)	<b>25</b>	149
Management fee	(920)	(1,790)	622	752	<b>(298)</b>	(1,038)
Exchange rate differences	158	23	(80)	(65)	<b>78</b>	(42)
Property costs	(901)	(1,258)	507	668	<b>(394)</b>	(591)
<b>Net operating profit (NOP)</b>	<b>5,050</b>	<b>10,507</b>	<b>(3,045)</b>	<b>(3,409)</b>	<b>2,005</b>	<b>7,098</b>
Other costs after NOP	(701)	(1,086)	289	156	<b>(412)</b>	(930)
Leases/rent	(2,149)	(2,797)	1,670	1,605	<b>(479)</b>	(1,193)
Scheduled depreciation and amortisation on fixed assets	(1,582)	(1,509)	1,178	1,109	<b>(404)</b>	(400)
Impairment of fixed assets	–	1,173	–	1	–	1,174
Impairment reversals on fixed assets	368	818	–	–	<b>368</b>	818
<b>Contribution to the operating profit for the Hotels segment</b>	<b>985</b>	<b>7,106</b>	<b>93</b>	<b>(538)</b>	<b>1,078</b>	<b>6,568</b>
Less intragroup services	–	(283)	–	283	–	–
<b>Segment EBIT</b>	<b>985</b>	<b>6,823</b>	<b>93</b>	<b>(255)</b>	<b>1,078</b>	<b>6,568</b>
<b>Key operating figures in the Hotels segment</b>						
Employees – Hotels	504	1,006	(210)	(257)	<b>294</b>	749
Rooms (absolute)	1,024	2,356	(604)	(749)	<b>420</b>	1,607
Rooms available	1,020	2,354	(604)	(748)	<b>417</b>	1,606
Rooms sold	757	1,633	(475)	(582)	<b>282</b>	1,051
Occupancy	74%	69%	-7%	-4%	<b>68%</b>	65%
RevPAR (in EUR)	75.34	54.22	(22.46)	(12.80)	<b>52.88</b>	41.42
<b>Composition of NOP (geographical):</b>						
• Czech Republic	410	1,733	–	(224)	<b>410</b>	1,509
• Poland	2,123	6,201	(2,123)	(2,724)	–	3,477
• Romania	–	370	–	–	–	370
• Russia	1,594	1,742	–	–	<b>1,594</b>	1,742
• France	922	461	(922)	(461)	–	–



# Notes to the Condensed Consolidated Interim Financial Statements

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018 – UNAUDITED

## [01] Information about the company

Warimpex Finanz- und Beteiligungs AG (“the Company” or “Warimpex”) is registered with the Commercial Court of Vienna under the number FN 78485w. The Company’s registered address is Floridsdorfer Hauptstrasse 1, A-1210 Vienna, Austria.

The condensed consolidated interim financial statements of Warimpex Finanz- und Beteiligungs AG as at 30 June 2018 were released for publication by the Management Board of Warimpex Finanz- und Beteiligungs AG on 29 August 2018.

## [02] Basis for preparation of the interim financial statements and accounting policies

### 2.1. General

The consolidated interim financial statements for the period ended 30 June 2018 were prepared in accordance with IAS 34. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the consolidated financial statements as at 31 December 2017.

The interim financial statements as at 30 June 2018 were not audited and were not reviewed by an independent financial auditor.

The accounting policies and measurement methods applied in preparing the interim consolidated financial statements as at 30 June 2018 have changed compared with the consolidated financial statements as at 31 December 2017 due to the mandatory initial application of IFRS 9 and IFRS 15 from 1 January 2018.

By their very nature, interim consolidated financial statements are based on estimates to a greater extent than annual

consolidated financial statements. In addition to the principal estimation uncertainties identified in the consolidated annual financial statements, the interim financial statements are affected by estimation uncertainties resulting from the timing of asset impairments or reversals.

### 2.2. Information about new standards

IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) were applied for the first time in these interim financial statements. For more information, please see the explanations regarding the new standards in section 3.2.2.1. of the notes to the consolidated financial statements as at 31 December 2017.

Due to the initial application of IFRS 9, the available-for-sale financial assets in the amount of EUR 6,146 thousand were reclassified to the financial assets measured at fair value through other comprehensive income on 1 January 2018 (see section 7.4.). The available-for-sale reserve in the amount of EUR 241 thousand was also reclassified from other reserves to retained earnings on 1 January 2018. The changes resulting from the application of IFRS 9 in the first half of 2018 are presented in the table below.

The initial application of IFRS 15 led to the recognition of contract assets on 1 January 2018. An amount of EUR 5,646 thousand was reclassified from the trade receivables (see section 7.6.). Section 6.1. provides a breakdown of the revenues in accordance with IFRS 15.114f in conjunction with IAS 34.16A(l). Other material changes due to the application of IFRS 15 were not identified.

In each case, the Group opted to use the modified retrospective approach for the transition to the new standards; the opening balance as at 1 January 2018 is shown separately along with the closing balance as at 31 December 2017.

### Effects on the opening balance as at 1 January 2018:

	Standard	1/1/18	31/12/17
Available-for-sale financial assets			6,146
Financial assets measured at fair value through other comprehensive income		6,146	
	IFRS 9	<b>6,146</b>	<b>6,146</b>
Trade and other receivables		7,816	13,463
Contract assets		5,646	
	IFRS 15	<b>13,463</b>	<b>13,463</b>
Retained earnings		59,435	59,194
Other reserves		(2,208)	(1,967)
	IFRS 9	<b>57,228</b>	<b>57,228</b>

**Effects on the consolidated financial statements in the first half of 2018:**

	Standard	1 January to 30 June 2018 2018 old *)	
<b>In other comprehensive income:</b>			
Gains/losses from available-for-sale financial assets		–	42
(Deferred) taxes in other comprehensive income		24	13
Other comprehensive income (reclassified to profit or loss in subsequent periods)		(1,412)	(1,381)
Gains/losses from financial assets measured at fair value through other comprehensive income		42	–
(Deferred) taxes in other comprehensive income		(11)	–
Other comprehensive income (not reclassified to profit or loss in subsequent periods)		32	–
	<b>IFRS 9</b>	<b>(1,325)</b>	<b>(1,325)</b>
<b>In equity:</b>			
Retained earnings		53,769	53,738
Other reserves		(3,504)	(3,472)
	<b>IFRS 9</b>	<b>50,266</b>	<b>50,266</b>

\*) In this column, items are presented as if the new standards described above did not yet have to be applied.

**[03] Seasonal fluctuations in earnings**

Owing to seasonal fluctuations in tourism, in particular city tourism, earnings contributions from hotel properties are generally higher in the second half of the year. Earnings contributions from the rental of office properties are not subject to seasonal fluctuations. By contrast, no determinable pattern can be identified with regard to contributions from the sale of properties, subsidiaries, or business combinations.

**[04] Segment information**

The operations of Warimpex Group are divided into three business segments: Hotels, Investment Properties, and Development and Services. The individual segments are identified on the basis of their different products and services. Individual hotels and individual managed properties also represent individual business segments based on the Group's reporting structure and are consolidated under the Hotels and Investment Properties segments as appropriate in accordance with IFRS 8.12.

Transactions between business segments contain the recharging of intragroup services and project development services at arm's length terms. The segment information includes information on the income and results of the Group's business segments for the period from 1 January to 30 June 2018 and as at 30 June 2018.

**[05] Property sales and changes in the scope of consolidation****5.1. Property sales**

In the first half of 2018, Warimpex sold a reserve property located in Budapest for EUR 5,400 thousand. This property was previously recognised as a non-current asset held for sale

according to IFRS 5. The transaction resulted in a cash inflow of EUR 5,400 thousand plus VAT, but did not make an earnings contribution due to the impairment reversal that was already recognised in 2017.

	As at 1/1	Addition	Disposal	As at 30/6
Assets according to IFRS 5	5,400	–	(5,400)	–
	<b>5,400</b>	<b>–</b>	<b>(5,400)</b>	<b>–</b>

**[06] Notes to the consolidated income statement****6.1. Revenues**

The following table breaks revenues down into revenues according to IFRS 15 and other revenues:

	1 January to 30 June			Total
	Hotels	Investment Properties	Development and Services	
<b>Geographical composition:</b>				
Russia	4,115	–	46	4,161
Poland	–	–	381	381
Czech Republic	2,181	–	–	2,181
Hungary	–	–	2	2
Revenues according to IFRS 15	<b>6,296</b>	–	<b>429</b>	<b>6,725</b>
Russia	–	6,069	–	6,069
Poland	–	355	154	508
Czech Republic	–	39	–	39
Hungary	–	1,043	14	1,057
Revenues according to IAS 17 (rental income)	–	<b>7,506</b>	<b>168</b>	<b>7,674</b>
Total revenues	<b>6,296</b>	<b>7,506</b>	<b>597</b>	<b>14,399</b>

**6.2. Expenses directly attributable to revenues**

	1 January to 30 June	
	2018	2017

**Composition of direct Hotels expenses:**

Expenses for materials and services rendered	(2,323)	(7,833)
Personnel expenses	(1,653)	(5,237)
Other expenses	(315)	(617)
	<b>(4,291)</b>	<b>(13,688)</b>

	1 January to 30 June	
	2018	2017

**Composition of direct Investment Properties expenses:**

Expenses for materials and services rendered	(1,156)	(929)
Personnel expenses	(86)	(24)
Other expenses	(301)	(127)
	<b>(1,542)</b>	<b>(1,080)</b>

	1 January to 30 June	
	2018	2017

**Composition of direct Development and Services expenses:**

Expenses for materials and services rendered	(276)	(281)
Other services	(182)	(358)
	<b>(483)</b>	<b>(639)</b>

**6.3. Administrative expenses**

	1 January to 30 June	
	2018	2017

## Composition:

Other personnel expenses	(2,379)	(3,549)
Other administrative expenses	(1,711)	(1,875)
	<b>(4,090)</b>	<b>(5,424)</b>

The individual components of the administrative expenses are explained in sections 6.3.1. and 6.3.2.

**6.3.1. Other personnel expenses**

	1 January to 30 June	
	2018	2017

## Composition:

Wages and salaries	(3,297)	(6,683)
Social security costs	(381)	(816)
Other ancillary wage costs	(149)	(518)
Expenses for posted employees	(201)	(598)
Expenses for holiday, severance, pension, and anniversary bonus benefits	(116)	(195)
	<b>(4,144)</b>	<b>(8,811)</b>
Less personnel expenses directly attributable to revenues	1,765	5,261
<b>Other personnel expenses</b>	<b>(2,379)</b>	<b>(3,549)</b>

An average of 350 employees (previous year: 803) were employed in the first half of 2018.

**6.3.2. Other administrative expenses**

	1 January to 30 June	
	2018	2017

## Composition:

Administrative costs	(698)	(985)
Legal fees	(320)	(263)
Supervisory Board remuneration	(194)	(135)
Other expenses	(499)	(492)
	<b>(1,711)</b>	<b>(1,875)</b>

**6.4. Other expenses**

	1 January to 30 June	
	2018	2017

## Composition:

Lease expenses	(522)	(1,235)
Property costs	(559)	(669)
Advertising	(272)	(215)
Other development expenses	(262)	(598)
Non-deductible input taxes	(361)	(169)
Sundry other expenses	(19)	(53)
	<b>(1,995)</b>	<b>(2,939)</b>
Less administrative expenses directly attributable to revenues	798	1,101
<b>Other expenses</b>	<b>(1,198)</b>	<b>(1,838)</b>

**6.5. Depreciation, amortisation, and remeasurement**

	1 January to 30 June	
	2018	2017

## Composition:

Scheduled amortisation and depreciation	(472)	(432)
Impairments	(20)	–
Reversals of impairment on property, plant, and equipment	368	904
Impairments/impairment reversals relating to disposal groups (see section 5.1.)	(69)	1,174
Remeasurement gains (from investment properties)	3,155	13,963
Remeasurement losses (from investment properties)	(3,108)	(1,708)
	<b>(145)</b>	<b>13,901</b>

The impairment reversal pertains to the scheduled depreciation of the Crowne Plaza hotel in St. Petersburg. The recoverable amount for the properties for which impairment reversals were recognised is EUR 23,019 thousand.

The measurement gains in the Investment Properties segment pertain to the Bykovskaya multi-use building, and those in the Development and Services segment relate to development projects in Poland and Russia.

The measurement losses primarily relate to the Zeppelin office tower in St. Petersburg in the amount of EUR 1,856 thousand and are the result of changed assumptions regarding future cash flows.

**6.6. Finance revenue**

	1 January to 30 June	
	2018	2017

## Composition:

Impairment reversal on loans to joint ventures/associates	11	2,285
Other interest received	480	409
Unrealised gains on derivative financial instruments	–	18
Realised gains on derivative financial instruments	900	–
	<b>1,391</b>	<b>2,712</b>

**6.7. Finance expenses**

	1 January to 30 June	
	2018	2017

## Composition:

Interest on short-term borrowings, project loans, and other loans	(1,871)	(2,895)
Interest on convertible bonds	(362)	(315)
Interest on bonds	(86)	(1,331)
Interest on loans from minority shareholders	(1,008)	(1,011)
Other financing expenses	(442)	(766)
Unrealised losses on derivative financial instruments	–	(642)
	<b>(3,768)</b>	<b>(6,961)</b>

The decline in interest costs compared with the prior year can be attributed to the elimination of project loans due to the sale of hotel companies on 31 May 2017 (see also section 7.6.) as well as the (primarily early) redemption of bonds in the previous year.

**6.8. Foreign exchange rate changes in the financial result**

	1 January to 30 June	
	2018	2017

## Composition:

From EUR financing (deviating functional currency)	(4,945)	(5,182)
From (convertible) bonds in PLN	62	(384)
	<b>(4,883)</b>	<b>(5,566)</b>

The exchange rate gains from EUR financing stem from the currency translation of bank loans and loans from non-controlling interests in a Russian subsidiary, for which the functional currency is the local currency and the financing is denominated in euros.

**6.9. Income taxes in other comprehensive income**

	1 January to 30 June	
	2018	2017

## The income taxes in other comprehensive income consist of:

Foreign exchange differences	24	(102)
Other comprehensive income from joint ventures (equity method)	–	(5)
Gains/losses from available-for-sale financial assets	–	(470)
Taxes on other comprehensive income (reclassified to profit or loss in subsequent periods)	<b>24</b>	<b>(577)</b>
Gains/losses from financial assets measured at fair value through other comprehensive income	(11)	–
Taxes on other comprehensive income (not reclassified to profit or loss in subsequent periods)	<b>(11)</b>	–
<b>Total income taxes in other comprehensive income</b>	<b>13</b>	<b>(577)</b>

## [07] Notes to the statement of financial position

## 7.1. Property, plant, and equipment

	Hotels	Reserve properties	Other property, plant, and equipment	Total
<b>Changes in 2017:</b>				
Carrying amounts at 1 January	24,209	6,000	1,108	31,316
Additions	10	1,124	76	1,210
Scheduled depreciation and amortisation	(398)	–	(31)	(429)
Impairment reversals	818	85	–	904
Exchange adjustments	(1,335)	146	47	(1,142)
<b>Carrying amounts at 30 June</b>	<b>23,305</b>	<b>7,355</b>	<b>1,199</b>	<b>31,859</b>
<b>Composition at 30/6/2017:</b>				
Acquisition or production cost	50,063	12,596	1,908	64,567
Cumulated write-downs	(26,758)	(5,241)	(709)	(32,708)
	<b>23,305</b>	<b>7,355</b>	<b>1,199</b>	<b>31,859</b>
<b>Changes in 2018:</b>				
Carrying amounts at 1 January	24,396	3,857	1,308	29,561
Additions	36	21	367	424
Scheduled depreciation and amortisation	(402)	–	(68)	(470)
Impairment losses	–	(20)	–	(20)
Impairment reversals	368	–	–	368
Exchange adjustments	(1,380)	(169)	(55)	(1,604)
<b>Carrying amounts at 30 June</b>	<b>23,019</b>	<b>3,688</b>	<b>1,553</b>	<b>28,260</b>
<b>Composition at 30/6/2018:</b>				
Acquisition or production cost	46,414	6,716	2,224	55,354
Cumulated write-downs	(23,395)	(3,028)	(670)	(27,093)
	<b>23,019</b>	<b>3,688</b>	<b>1,553</b>	<b>28,260</b>

## 7.2. Investment properties

	Developed properties	Development properties	Reserve properties	Total
<b>Changes in 2017:</b>				
Carrying amounts at 1 January	68,576	31,791	11,372	111,739
Reclassification	20,599	(20,599)	–	–
Additions/investments	29	7,954	57	8,040
Net measurement result	4,045	7,525	685	12,255
Exchange adjustments	(2,673)	(524)	(614)	(3,811)
<b>Carrying amounts at 30 June</b>	<b>90,575</b>	<b>26,147</b>	<b>11,501</b>	<b>128,223</b>
<b>Changes in 2018:</b>				
Carrying amounts at 1 January	103,613	43,695	7,455	154,763
Additions/investments	7,290	22,988	37	30,315
Net measurement result	(965)	227	785	47
Exchange adjustments	(4,066)	(254)	(437)	(4,757)
<b>Carrying amounts at 30 June</b>	<b>105,872</b>	<b>66,656</b>	<b>7,840</b>	<b>180,368</b>

### 7.3. Net investments in joint ventures and associates (equity method)

	2018	2017
Development:		
Carrying amounts at 1 January	17,224	14,479
Extension (+) / repayment (-) of loans	616	712
Dividends	–	(100)
Interest income from loans granted	12	6
Earnings allocation from profit/loss for the period	22	(50)
Earnings allocation from other comprehensive income	(68)	20
<b>Carrying amounts at 30 June</b>	<b>17,806</b>	<b>15,067</b>

### 7.4. Financial assets measured at fair value through other comprehensive income

Due to the requirements of IFRS 9, the financial assets available for sale were reclassified to the financial assets measured at fair value through other comprehensive income on 1 January 2018 (see section 2.2.).

These assets solely pertain to the 9.98 per cent stake in Palais Hansen Immobilienentwicklungs GmbH, Vienna.

### 7.5. Other financial assets

	30/6/2018	31/12/2017
Composition:		
Loans to joint ventures/associates	8,927	9,400
Deposits with banks pledged as collateral	1,961	2,647
Loans and other non-current receivables	408	396
Advance payments made	65	–
Pension reimbursement insurance rights	556	556
Other non-current financial assets	603	646
	<b>12,519</b>	<b>13,646</b>

### 7.6. Contract assets

Due to the initial application of IFRS 15, contract assets are reported separately from trade receivables and other receivables. Accordingly, an amount of EUR 5,646 thousand was reclassified from the purchase price claims relating to property and share sales to the contract assets on 1 January 2018 (see section 2.2.) because the claim was not solely to be settled over time.

After the final purchase price for the partial sale of the hotel portfolio on 31 May 2017 was calculated, an amount of EUR 4,706 thousand was paid to Warimpex in the second quarter of 2018 as contractually agreed. The remaining amount of EUR 941 thousand relates to warranty holdbacks and is due at the end of November 2018. Therefore, the contract assets were reclassified to the trade receivables and other receivables (see section 7.7.).

### 7.7. Trade and other receivables (current)

	30/6/2018	31/12/2017
Composition:		
Purchase price claims relating to property/share sales	941	5,647
Receivables from tax authorities	3,994	5,973
Other current receivables	510	422
Trade receivables	208	570
Advance payments made	548	421
Receivables due from joint ventures	206	214
Deferred expenses	149	216
	<b>6,555</b>	<b>13,463</b>

### 7.8. Cash and cash equivalents

Cash and cash equivalents relate to the Group's cash holdings as shown in the condensed statement of cash flows.

	30/6/2018	31/12/2017
Composition:		
Cash on hand	24	20
Bank balances	10,451	22,829
	<b>10,475</b>	<b>22,849</b>

### 7.9. Dividends

On 14 June 2018, the Annual General Meeting approved the disbursement of a dividend in the amount of EUR 0.06 per dividend-bearing share. The dividend totalled EUR 3,236 thousand and was paid out in June 2018.

**7.10. Liabilities arising from financing activities**

The liabilities arising from financing activities (interest-bearing financial liabilities) consist of convertible bonds, other bonds, other financial liabilities, and financial liabilities in connection

with disposal groups classified as available for sale (according to IFRS 5).

The change in and composition of these liabilities can be broken down as follows:

	Financial liabilities according to IFRS 5	Project loans	Working capital loans	Bonds, convertible bonds	Loans from minorities and others	Total
<b>Changes in 2017:</b>						
As at 1 January	91,977	57,785	8,169	51,442	52,637	262,009
Borrowing/accumulated interest	130	(9)	2,700	5,239	1,407	9,467
Repayment	(561)	(3,823)	(7,347)	(19,037)	(400)	(31,167)
Changes in the scope of consolidation	(91,546)	–	–	–	–	(91,546)
Exchange rate and other changes	–	88	–	1,278	(93)	1,273
<b>As at 30 June</b>	<b>–</b>	<b>54,041</b>	<b>3,521</b>	<b>38,922</b>	<b>53,550</b>	<b>150,035</b>
<i>thereof current (due &lt; 1 year)</i>	–	3,409	3,521	29,383	938	37,251
<i>thereof non-current (due &gt; 1 year)</i>	–	50,632	–	9,539	52,612	112,784
<b>Changes in 2018:</b>						
As at 1 January		72,898	501	11,503	54,945	139,847
Borrowing/accumulated interest		20,296	564	58	813	21,731
Repayment		(5,561)	(1)	(4,523)	(301)	(10,387)
Exchange rate and other changes		(623)	–	18	(2,856)	(3,461)
<b>As at 30 June</b>		<b>87,010</b>	<b>1,064</b>	<b>7,056</b>	<b>52,601</b>	<b>147,731</b>
<i>thereof current (due &lt; 1 year)</i>		5,515	564	7,056	1,124	14,259
<i>thereof non-current (due &gt; 1 year)</i>		81,495	500	–	51,477	133,472

The convertible bond 03/2013–11/2018 with a nominal value of PLN 19.5 million (roughly EUR 4.6 million) was bought back early in two tranches during the first half of the year.

The borrowing reported under project loans pertains to the purchase of the B52 office building in Budapest and the construction activities in connection with the Ogródowa office building in Łódź.

**7.11. Trade and other payables (current)**

	30/6/2018	31/12/2017
<b>Composition:</b>		
Trade liabilities	9,119	4,172
Other liabilities	2,927	3,743
Payables due to joint ventures	767	1,028
Trade liabilities due to related parties	718	2,302
Security deposits received	412	412
Advance payments received	397	819
	<b>14,339</b>	<b>12,475</b>



## [08] Information about financial instruments

### 8.1. Carrying amounts and fair values according to class and measurement category

The following table contains information on the carrying amounts and fair values of financial instruments, broken down into categories.

Measurement category as per IAS 39	IFRS 13 Level	Carrying amount 30/6/2018	Fair value 30/6/2018	Carrying amount 31/12/2017	Fair value 31/12/2017
<b>Assets – categories</b>					
IAS 19	Refund claims (other financial assets)	556	556	556	556
LaR	Financial assets – fixed rate	8,927	7,251	9,400	8,057
LaR	Other financial assets	2,369	2,369	3,043	3,043
AfS	Available-for-sale financial assets	–	–	6,146	6,146
FVOCI	Financial assets measured at fair value through other comprehensive income	3	6,188	–	–
	Non-financial non-current assets	229,360		204,126	
	Total non-current assets	247,399		223,272	
LaR	Receivables	1,864	1,864	6,853	6,853
LaR	Cash and cash equivalents	10,475	10,475	22,849	22,849
	Non-financial current assets	4,909		12,280	
	Total current assets (including IFRS 5)	17,248		41,982	
	<b>Total assets</b>	<b>264,648</b>		<b>265,254</b>	
<b>Liabilities – classes</b>					
FL	Fixed-rate bonds	3	–	5,357	5,423
FL	Fixed-rate loans	3	92,037	100,029	116,555
FL	Variable-rate loans	3	41,435	21,531	24,416
FL	Other non-current liabilities	3	13,518	12,729	12,729
FVTPL	Derivative financial instruments – conversion rights	3	–	929	929
IAS 19	Provisions for pensions		955	955	955
	Non-financial non-current liabilities		12,038	12,392	
	Total non-current liabilities		159,983	153,922	
FL	Fixed-rate convertible bonds	3	–	4,543	4,676
FL	Variable-rate bonds	3	1,603	1,603	1,644
FL	Fixed-rate bonds	3	5,453	–	–
FL	Fixed-rate loans	3	4,906	4,505	4,893
FL	Variable-rate loans	3	2,296	2,279	2,279
FL	Other liabilities	3	11,534	8,304	8,304
	Non-financial current liabilities		4,271	6,617	
	Total current liabilities (including IFRS 5)		30,063	27,851	
	<b>Total liabilities</b>		<b>190,046</b>	<b>181,773</b>	

**30/6/2018**    **31/12/2017**

#### Summary of carrying amounts by category for financial assets and liabilities:

LaR	Loans and receivables		23,635	42,146
AfS	Available for sale – until 31/12/2017		–	6,146
FVOCI	At fair value through OCI – from 1/1/2018		6,188	–
FL	Financial liabilities at amortised cost		172,782	160,880
FVTPL	At fair value through profit or loss		–	929

The method of fair value measurement is the same as at 31 December 2017. Due to the initial application of IFRS 9, the category of available-for-sale financial assets was reclassified to the new category of financial assets measured at fair value through other comprehensive income on 1 January 2018 (see the information about new standards in section 2.2.).

**8.2. Reconciliation of level 3 measurement (recurring fair value measurement)**

The financial instruments that are subject to recurring fair value measurement can be broken down as follows:

	1 January to 30 June			1 January to 30 June	
	2018	2017		2018	2017
<b>Change in assets:</b>			<b>Changes in liabilities:</b>		
Carrying amounts at 1 January	6,146	6,816	Carrying amounts at 1 January	929	401
Additions	–	–	Additions	–	–
Disposals	–	(583)	Disposals	–	–
Gains/losses on remeasurement in profit or loss	–	–	Gains/losses on remeasurement in profit or loss	(929)	625
Gains/losses on remeasurement in other comprehensive income	42	1,880	Gains/losses on remeasurement in other comprehensive income	–	–
<b>Carrying amounts at 30 June</b>	<b>6,188</b>	<b>8,113</b>	<b>Carrying amounts at 30 June</b>	<b>–</b>	<b>1,025</b>

**8.3. Measurement methods and inputs (recurring fair value measurement)**

The following table shows the measurement method and input parameters relating to the recurring fair value measurement of financial instruments:

Level	Class	Measurement method	Material inputs
3	Available-for-sale financial assets (until 31/12/2017), and	Income-based	Exit yield, cash flows
3	Financial assets measured at fair value through other comprehensive income (from 1/1/2018)	Income-based	Exit yield, cash flows

No changes were made to the measurement methods in the reporting period.

The following is quantitative information about material, unobservable inputs that were used in the measurement of fair value.

Level	Class	Material inputs	Range	Weighted average
<b>31/12/2017:</b>				
3	Available-for-sale financial assets	Exit yield	3.25%	3.25%
3	Available-for-sale financial assets	Cash flow (year one) in EUR '000	3,392	3,392
<b>30/6/2018:</b>				
3	Financial assets measured at fair value through other comprehensive income	Exit yield	3.25%	3.25%
3	Financial assets measured at fair value through other comprehensive income	Cash flow (year one) in EUR '000	3,527	3,527

**8.4. Sensitivity analysis for changes in unobservable material inputs (recurring measurement)**

The following is quantitative information about material, unobservable inputs that were used in the measurement of fair value. The cumulated, discounted expected payment flows correspond to the fair values.

Level	Input	Change of assumption	Change in the result before taxes	
			30/6/18	31/12/17
3	Available-for-sale financial assets (until 1/1/2018) and financial assets measured at fair value through other comprehensive income:			
	Exit yield	+ 50 bp	(1,271)	(1,261)
	Exit yield	- 50 bp	1,707	1,694
	Cash flow (year one)	+ 5%	598	638
	Cash flow (year one)	- 5%	(613)	(567)

## [09] Other disclosures

### 9.1. Related party transactions

#### 9.1.1. Transactions with Management Board members

	2018	2017
Management Board compensation 1 January to 30 June	463	505
Liabilities to Management Board members	706	2,302

Georg Folian was a member of the Management Board until the end of 2017. He still qualifies as a related party under the provisions of IAS 24. The liabilities to Mr. Folian relating to his services on the Management Board reported as at 31 December 2017 were paid in the reporting period.

#### 9.1.2. Transactions with Supervisory Board members

	2018	2017
Supervisory Board member's fees 1 January to 30 June	203	135

#### 9.1.3. Transactions with Vienna International Hotelmanagement AG (VI)

Concurrently to the sale of the hotel portfolio by Warimpex, Amber Privatstiftung and Bocca Privatstiftung sold their shares to VI on 31 May 2017. Therefore, VI has no longer qualified as a related party since 1 June 2017. VI will continue to manage three hotels that are operated by Warimpex (two of them as joint ventures) under the brand Vienna House.

1/1–31/5/2017

Transactions between Group companies  
(fully consolidated) and Vienna International AG:

Charged management fee	792
Other services rendered	929

1/1–31/5/2017

Transactions between group companies  
(equity method) and Vienna International AG

Charged management fee	398
Other services rendered	209

#### 9.1.4. Transactions with joint ventures and associates

	2018	2017
Income from transactions 1 January to 30 June	425	181

	30/6/18	31/12/17
Receivables from joint ventures and associates	9,133	9,614
Payables due to joint ventures	6,019	6,256

### 9.2. Events after the reporting date

After the reporting date, an agreement was signed regarding an operating credit line in the amount of EUR 5 million with a term until the end of 2019 and an interest rate of 2.25 per cent above the three-month EURIBOR (minimum interest rate of 2.25 per cent).

Vienna, 30 August 2018



**Franz Jurkowitzsch**  
Chairman  
of the Management Board



**Daniel Folian**  
Deputy Chairman  
of the Management Board



**Alexander Jurkowitzsch**  
Member of the  
Management Board



**Florian Petrowsky**  
Member of the  
Management Board



**Chopin Office**  
Krakow, PL

## *Declaration by the Management Board*

We confirm to the best of our knowledge that the condensed consolidated interim financial statements, which were prepared in accordance with the applicable accounting standards, give a true and fair view of the asset, financial, and earnings position of the Group and that the semi-annual consolidated management report of the Group gives a true and fair view of the asset, financial, and earnings position of the Group in terms of the material events during the first six months of the financial year and their effects on the condensed consolidated interim financial statements, in terms of the material risks and uncertainties in the remaining six months of the financial year, and in terms of the material related party transactions that must be disclosed.



**Franz Jurkowitsch**  
*Chairman of the Management Board*

Responsibilities:  
Strategy and  
corporate communication



**Daniel Folian**  
*Deputy Chairman of the Management Board*

Responsibilities:  
Finances and accounting,  
financial management, and investor relations



**Alexander Jurkowitsch**  
*Member of the Management Board*

Responsibilities:  
Planning, construction,  
information management, and IT



**Florian Petrowsky**  
*Member of the Management Board*

Responsibilities:  
Transaction management, organisation,  
human resources, and legal issues



InterContinental\*\*\*\*\*  
Warsaw, PL

# *Financial Calendar*

2018

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**30 November 2018**

*Publication of the results  
for the first three quarters  
of 2018*

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Statements referring to people are intended to be gender-neutral.  
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In cases of doubt, the German version is authoritative.

**warimpex**