

WARIMPEX

*Report on the
First Half of
2019*

warimpex

60 years

a pioneer
through
the decades

WARIMPEX GROUP

Key Figures

in EUR '000	1–6/2019	Change	1–6/2018
Hotels revenues	4,809	-24%	6,296
Investment Properties revenues	9,229	23%	7,506
Development and Services revenues	1,188	99%	597
<i>Total revenues</i>	<i>15,225</i>	<i>6%</i>	<i>14,399</i>
Expenses directly attributable to revenues	-5,983	-5%	-6,317
<i>Gross income from revenues</i>	<i>9,242</i>	<i>14%</i>	<i>8,082</i>
Gains or losses from the disposal of properties	7,158	–	–
EBITDA	9,910	243%	2,892
Depreciation, amortisation, and remeasurement	6,721	–	-145
EBIT	16,631	505%	2,747
Earnings from joint ventures	380		34
Profit or loss for the period	17,922	–	-4,263
Profit or loss for the period (shareholders of the parent)	13,948	–	-2,461
Net cash flow from operating activities	-702	–	634
Equity and liabilities	339,848	28%	264,648
Equity	106,658	43%	74,601
Equity ratio	31%	3 pp	28%
Share capital	54,000	–	54,000
Average number of shares in the financial year	54,000,000	–	54,000,000
Earnings per share in EUR	0.26	–	-0.05
Number of hotels	6	–	6
Number of rooms (adjusted for proportionate share of ownership)	1,089	197	892
Number of office and commercial properties	8	1	7
Lettable office space (adjusted for proportionate share of ownership)	84,700 m ²	39,400 m ²	45,300 m ²
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	19,773	-6%	20,946
Hotels net operating profit (NOP)	4,785	-5%	5,050
NOP per available room in EUR	4,949	–	4,949
Investment Properties revenues	11,261	18%	9,513
Investment Properties EBITDA	8,316	11%	7,471
Development and Services revenues	1,513	66%	909
Gains or losses from the disposal of properties	7,158	–	–
Development and Services EBITDA	2,211	–	-4,055
	30/6/2019	Change	31/12/2018
Gross asset value (GAV) in EUR millions	318.2	18%	269.9
Triple net asset value (NNNAV) in EUR millions	144.0	5%	137.6
NNNAV per share in EUR	2.71	6%	2.56
End-of-period share price in EUR	1,34	34 %	1.00

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The Hotel Darmstadt
Darmstadt, D

Highlights

Operational highlights

3/2019

Warimpex sells Dvořák hotel in Karlovy Vary

4/2019

Warimpex acquires property in Darmstadt

5/2019

Warimpex acquires additional stake in AIRPORTCITY St. Petersburg (signing)

5/2019

Warimpex opens Mogilska 43 Office in Krakow

8/2019

Acquisition of additional stake in AIRPORTCITY St. Petersburg completed

THE BONDS OF WARIMPEX FINANZ- UND BETEILIGUNGS AG

AS AT 30 JUNE 2019

	ISIN	Outstanding amount
Bond 05/20	AT0000A1VWE0	EUR 5,500,000
Bond 06/20	–	EUR 7,000,000
Bond 09/25	AT0000A23GA4	EUR 9,000,000

In June 2019, a one-year bond with a volume of EUR 7 million was floated as a private placement.

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

Following the dynamic developments last year, Warimpex Finanz- und Beteiligungs AG continued along its successful path in the first half of 2019. Thanks to the positive results of the previous financial year, we once again distributed a dividend of six cents per share to our shareholders in June of this year.

While 2017 was dominated by the sale of numerous assets, the years thereafter are being used to set the Company's strategic course for the medium and long term. These efforts are centred around building up our property portfolio and strengthening our earnings potential. To this end, we are focusing on completing ongoing development projects, pursuing new developments, and acquiring cash-flow generating assets with potential for the future. Our goal is to increase revenue and improve gross income. With this in mind, we established our strategic direction with our activities in the first half of 2019. In May of this year, we announced the acquisition of a 35 per cent stake owned by CA Immobilien AG in the project company AO AVIELEN A.G. The company is responsible for the operation and development of AIRPORTCITY St. Petersburg, which is located in close proximity to the Pulkovo international airport in St. Petersburg. The transaction was successfully closed during the summer. Warimpex now holds 90 per cent of the shares in AVIELEN, and an additional 10 per cent stake is held by UBM Development AG. The purchase of the additional shares represents a clear commitment to this attractive location, where property reserves are still available for the development of roughly 150,000 square metres of office space.

Re-entry into the German hotel market and opening in Krakow

The first half of 2019 also saw Warimpex's re-entry into the German market. In April, Warimpex acquired a three-star conference hotel in Darmstadt. The location is distinguished by its rapidly growing economy, excellent infrastructure, and proximity to the Frankfurt metropolitan area, which is an important region for business travellers, as well as the Messe Frankfurt convention centre. We plan to reopen the hotel and reposition it under a new brand before the end of the year. Additional refurbishment and renovation work will be completed without disrupting ongoing operations. The building also offers generous property reserves for additional development projects.

We also have news to report from Poland. The Mogilska 43 Office project in Krakow was completed in April. The building was completed on schedule after a construction period of 21 months. The grand opening took place in May. With a total of 12,000 square metres of space spread out over eight stories, Mogilska 43 Office offers tenants state-of-the-art offices, and the majority of the space is already let out. During the development of the project, emphasis was placed on meeting the highest environmental standards, for example in the areas of lighting and climate control and through the creation of green terraces and balconies that are directly accessible. We are very proud that Mogilska 43 Office was awarded BREEAM certification (with a "Very Good" rating) thanks to its high environmental standards.


Key financial figures for the first half of 2019 at a glance

Revenues in the Hotels segment fell to EUR 4.8 million, which represents a decline of 24 per cent compared with the prior-year period. This can be attributed primarily to the sale of the operating company for the Dvořák hotel in the Czech town of Karlovy Vary in February 2019. Revenues from the rental of office properties increased from EUR 7.5 million in the first half of 2018 to EUR 9.2 million in the first half of 2019. This revenue growth was largely driven by the purchase of the B52 office building in Budapest in May 2018 as well as the completion of Ogrodowa Office in the Polish city of Łódź in October 2018. Total revenues rose to EUR 15.2 million in the first half of 2019, while expenses directly attributable to revenues fell from EUR 6.3 million to EUR 6.0 million. This resulted in gross income from revenues in the amount of EUR 9.2 million, compared with EUR 8.1 million for the first half of 2018.

EBITDA also increased from EUR 2.9 million in the first half of 2018 to EUR 9.9 million in the first half of 2019, primarily due to property sales. Due to gains on the sale of properties and on remeasurement, EBIT climbed from EUR 2.7 million in the prior-year period to EUR 16.6 million in the period from January to June 2019. The financial result improved from minus EUR 7.2 million in the comparison reporting period to EUR 4.2 million. This includes changes in foreign exchange rates in the amount of EUR 7.3 million (2018: minus EUR 4.9 million). The result for the period improved compared with the prior year: Warimpex posted a loss of EUR 4.3 million in the first half of 2018, while it generated a profit of EUR 17.9 million for the first half of 2019. This improvement can be attributed primarily to gains on the sale of properties and exchange rate gains.

Outlook

We continue to focus on building up our portfolio and pushing ahead with ongoing development projects. On the basis of selective purchases and consistent construction progress, we are confident that we will be able to further expand our portfolio volume to roughly EUR 300 million by the end of the year – despite planned sales in the hotel segment. In the office segment, we expect to see a significant increase in revenues and an improvement in gross income thanks to rental revenue from new assets such as Ogrodowa Office in Łódź, the B52 building in Budapest, and Mogilska 43 Office in Krakow. We are particularly pleased to be active on the German market again in addition to our continued operations in our core markets of Poland, Russia, and Hungary. On this note, we look forward to dynamic and successful development over the remainder of the 2019 financial year.


Franz Jurkowitsch

Semi-Annual Consolidated Management Report

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2019

Economic Environment

In its World Economic Outlook update in July 2019, the International Monetary Fund (IMF) revised its April economic projections as follows: The Eurozone economy is now expected to grow by 1.3 per cent in 2019 (April 2019 projection: 1.3 per cent), and by 1.6 per cent (1.5 per cent) in 2020. The 2019 projection for Russia was lowered by 0.4 per cent to 1.2 per cent, while the forecast for 2020 was raised from 1.7 per cent to 1.9 per cent. Economic growth is expected to total 1.0 per cent (0.8 per cent) in emerging and developing Europe¹ in 2019. The IMF growth projection for 2020 is 2.3 per cent (2.8 per cent).

Markets

POLAND

Existing portfolio: 1 hotel, 3 office properties

Warimpex has been 50 per cent leaseholder of the five-star InterContinental in Warsaw since December 2012. As part of a lease agreement, the hotel is being leased back at a fixed rate and managed under the InterContinental brand until 2034.

The occupancy rate at the InterContinental hotel fell to 75 per cent (1–6 2018: 76 per cent), and the average room rate in euros rose by 3 per cent.

In December 2017, Warimpex purchased a fully occupied office building in Krakow (Mogilska 41) with roughly 5,800 square metres of space for the purpose of generating rental revenue over the medium term and redeveloping the property at a later date. Property reserves were also acquired along with the building. The building is currently being renovated for the new tenant.

Ogrodowa Office was opened in Łódź at the beginning of October 2018. The building is a state-of-the-art office property located directly in the Łódź city centre near the Manufaktura shopping centre. The current tenants include Orange Polska, PwC Poland, and Harman Connected Services. Around 70 per cent of the space at the office building was occupied as at 30 June 2019.

Mogilska 43 Office was completed in early April 2019. As of the reporting date, roughly 60 per cent of the office space had been

let out. Mogilska 43 Office is an ultra-modern, class A office building that encompasses a total of 12,000 square metres over nine floors. Large glass surfaces provide natural lighting for the offices, and the efficient climate control system ensures the optimal temperature and humidity. Green balconies and terraces can be accessed directly from the office level. The building's ground floor contains retail and service spaces, and the two-storey garage offers 204 parking spaces as well as bike racks, changing rooms, and showers. Mogilska 43 Office meets the highest environmental standards and has been awarded BREEAM certification with a "Very Good" rating.

Under development: 3 office buildings

Property reserves were also acquired along with the Mogilska 41 building, and planning has started for an office building with around 12,000 square metres of space. A portion of the available land will be parcelled out for further development and used for a new office building.

Warimpex is also the owner of a development property next to the Chopin Hotel in Krakow, 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 on this site in multiple phases. An office building with roughly 13,000 square metres of office space is being planned as the first step.

HUNGARY

Existing portfolio: 2 office properties

In Budapest, Warimpex owns the Erzsébet and B52 office buildings, which together have a total net floor space of around 20,200 square metres.

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

Roughly 100 per cent of the space at Erzsébet Office 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.

The Sajka office building with its approximately 600 square metres of lettable space is also fully let out and was sold at the beginning of 2019.

¹ 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

FRANCE

Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM Development 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 78 and 80 per cent (1–6 2018: 77 and 81 per cent), respectively. The average room rate increased by roughly 6 per cent at Vienna House Dream Castle and by around 10 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 AO 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 24.2 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 75 per cent (1–6 2018: 72 per cent) while the average room rate in euros declined by about 4 per cent.

Warimpex owns a 100 per cent stake in the Bykovskaya multi-use building (with parking spaces for around 450 vehicles and roughly 6,000 square metres of office and archive space), which has been fully occupied since it was completed in May 2017.

In May 2019, an agreement was signed for the acquisition of a 35 per cent stake in the project company AO AVIELEN A.G. Following this acquisition, Warimpex holds a total stake of 90 per cent in AVIELEN, which is responsible for the development and operation of AIRPORTCITY St. Petersburg. The remaining 10 per cent is held by UBM Development. The contract negotiations and the signing were successfully completed on 13 May 2019. The transaction closed on 11 August 2019.

Under development: Development properties

There are property reserves for around 150,000 square metres of office space at AIRPORTCITY St. Petersburg.

In April 2018, Warimpex took over full ownership of a portion of this property reserve (roughly 17,000 square metres) from AO AVIELEN A.G. through a project company. The Company plans to build two office towers (Avior Towers) offering about 20,000 square metres of office space.

GERMANY

Existing portfolio: 1 hotel

In April 2019, Warimpex acquired a hotel property (324 rooms) in Darmstadt. The Company plans to reopen the three-star conference hotel, which is currently closed, in September and reposition it under a new brand following a refurbishment and renovation phase.

Under development: Development properties

The hotel property includes property reserves for the development of additional premium office and commercial space.

Assets, Financial Position, and Earnings Situation

Earnings situation

Development of revenues

In the first half of 2019, revenues in the Hotels segment fell to EUR 4.8 million, which represents a decline of 24 per cent compared with the first half of 2018. This can be attributed primarily to the sale of the operating company for the Dvořák hotel in Karlovy Vary at the end of February 2019.

Revenues from the rental of office properties (Investment Properties revenues) rose from EUR 7.5 million to EUR 9.2 million, primarily due to the purchase of the B52 office building in May 2018 and the completion of Ogrodowa Office in Łódź in October 2018.

Total revenues increased to EUR 15.2 million. Expenses directly attributable to revenues fell from EUR 6.3 million to EUR 6.0 million. This results in gross income from revenues of EUR 9.2 million (2018: EUR 8.1 million).

Gains or losses from the disposal of properties

During the reporting period, Warimpex sold an office property in Budapest and the operating company for the Dvořák spa hotel in Karlovy Vary. The gain from these disposals totalled EUR 7.2 million.

EBITDA

Earnings before interest, taxes, depreciation, and amortisation, and gains/losses on the remeasurement of investment properties (EBITDA) rose from EUR 2.9 million to EUR 9.9 million, primarily due to gains on property sales.

Depreciation, amortisation, and remeasurement

remeasurement increased from minus EUR 0.1 million to EUR 6.7 million. The gains and losses on the remeasurement of office properties (Investment Properties) came to EUR 6.7 million, compared to an even result in the prior-year period.

EBIT

EBIT increased from EUR 2.7 to EUR 16.6 million due to gains on the sale of properties and on remeasurement.

Financial result

The financial result (including earnings from joint ventures) improved from minus EUR 7.2 million to EUR 4.2 million. This includes changes in foreign exchange rates in the amount of EUR 7.3 million (2018: exchange rate losses of EUR 4.9 million).

Profit or loss for the period

The result for the period for the Warimpex Group increased from minus EUR 4.3 million in the previous year to EUR 17.9 million. This improvement can be attributed to higher gains on property sales and a positive financial result due to exchange rate gains (2018: exchange rate losses).

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.

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.).

Hotels segment*

in EUR '000	1-6/2019	1-6/2018
Revenues for the Group	19,773	20,946
Average number of hotel rooms for the Group	967	1,020
Occupancy	74%	74%
RevPar in EUR	82.87	75.34
GOP for the Group	6,479	6,687
NOP for the Group	4,785	5,050
NOP/available room in EUR	4,949	4,949

* Including all joint ventures on a proportionate basis

In the reporting period, the average number of rooms falling under Group ownership as well as GOP and NOP declined due to the sale of the Dvořák hotel at the end of February 2019.

Investment Properties segment*

in EUR '000	1-6/2019	1-6/2018
Revenues for the Group	11,261	9,513
Segment EBITDA	8,316	7,471

* Including all joint ventures on a proportionate basis

The revenues and EBITDA of the Investment Properties segment increased primarily due to the purchase of the B52 office building and the completion of the two Polish office properties, Ogródowa and Mogilska 43.

Development and Services segment*

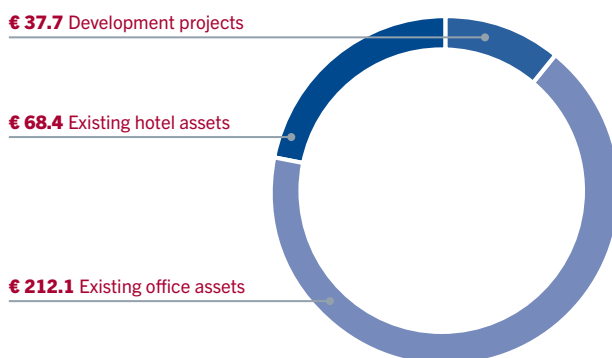
in EUR '000	1-6/2019	1-6/2018
Revenues for the Group	1,513	909
Gains or losses from the disposal of properties	7,158	–
Segment EBITDA	2,211	-4,055

* Including all joint ventures on a proportionate basis

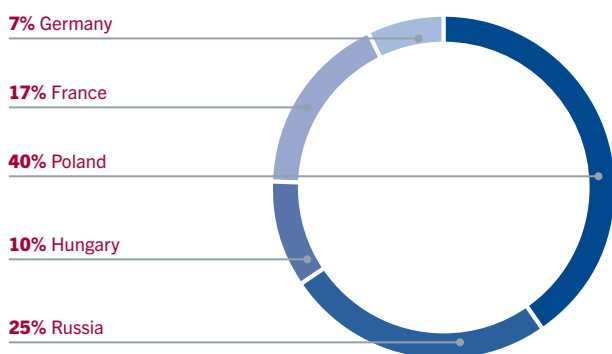
The results in this segment depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant year-on-year fluctuation. The result from the disposal of properties in the prior-year period stems primarily from the sale of the hotel portfolio (see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

Real Estate Assets

PROPERTY ASSETS IN MILLIONS



GAV BY COUNTRY



Calculation of gross asset value and net asset value in EUR millions

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 or by internal experts.

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 318.2 million on 30 June 2019 (31 December 2018: EUR 269.9 million), of which EUR 66.4 million (31 December 2018: EUR 62.6 million) can be attributed to joint ventures. The Group's triple net asset value (NNNAV) increased from EUR 137.6 million as at 31 December 2018 to EUR 144.0 million as at 30 June 2019.

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

in EUR millions	6/2019		12/2018	
Equity before non-controlling interests		123.0		110.9
Deferred tax assets	-2.2		-2.0	
Deferred tax liabilities	9.4	7.2	7.9	5.9
Carrying amount of existing hotel assets	-33.3		-21.0	
Fair value of existing hotel assets	33.3	–	21.1	0.1
Carrying amount of joint ventures	-8.4		-9.3	
Fair value of joint ventures	8.4	–	9.3	–
Carrying amount of disposal groups	10.2		-11.2	
Fair value of disposal groups	24.0	13.8	31.9	20.7
Triple net asset value		144.0		137.6
Number of shares		54.0		54.0
Treasury shares		-0.8		-0.1
Number of shares excluding treasury shares		53.2		53.8
NNNAV per share in EUR		2.71		2.56

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 Investment Properties segment, Warimpex is exposed to the risk that it will be unable to let out spaces, that rents will decline, and that tenants will default on their payments.

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 2018 in section 8.2.

1. Interest rate risk

The risk of fluctuations in market interest rates (usually the three-month EURIBOR for bank loans) 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 RUB or 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.

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 creditworthiness. 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.

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.

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:

- Renovation of Mogilska 41 office building (under construction)
- Repositioning of a hotel in Darmstadt (under construction)
- Chopin office building with roughly 21,000 square metres of space, Krakow (currently being planned)
- Avior Towers with roughly 20,000 square metres of space, St. Petersburg (currently being planned)
- Mogilska 3 office building with roughly 12,000 square metres of space, Krakow (currently being planned)

Building up our portfolio will be the focus of our activities again in 2019. On the basis of selective purchases and consistent construction progress, we are confident that we will be able to further expand our portfolio volume by the end of the year – despite planned sales in the hotel segment. At the same time, we expect to see a significant increase in revenues in the Investment Properties segment and an improvement in gross income thanks to rental revenue from our new assets – first and foremost Ogródowa Office in Łódź and the B52 in Budapest as well as the recently completed Mogilska 43 Office in Krakow.

Along with our continued operations in our core markets of Poland, Hungary, and Russia, we are pleased to be active in the German hotel sector again thanks to the acquisition in Darmstadt. We plan to integrate coworking spaces into the hotel and reopen it very quickly. There are also hotel sales on the agenda – the Dvořák hotel in Karlovy Vary was already sold in the first quarter of 2019.

Vienna, 26 August 2019



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



Palais Hansen
Kempinski*****
Vienna, A

Condensed Consolidated Interim Financial Statements

AS AT 30 JUNE 2019

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AIRPORTCITY
Car Park
St. Petersburg, RU

Condensed Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2019 – UNAUDITED

in EUR '000	Note	1–6/2019	4–6/2019	1–6/2018	4–6/2018
Hotels revenues		4,809	2,988	6,296	3,915
Investment Properties revenues		9,229	5,163	7,506	3,702
Development and Services revenues		1,188	808	597	91
Revenues	6.1.	15,225	8,959	14,399	7,709
Expenses from the operation of hotels		(3,231)	(1,524)	(4,291)	(2,233)
Expenses from the operation of investment properties		(1,870)	(900)	(1,542)	(768)
Expenses directly attributable to development and services		(882)	(653)	(483)	(79)
Expenses directly attributable to revenues		(5,983)	(3,077)	(6,317)	(3,081)
Gross income from revenues		9,242	5,882	8,082	4,628
Income from the sale of properties		8,920	–	5,400	5,400
Disposal of carrying amounts and expenses related to sales		(1,761)	(127)	(5,400)	(5,400)
Gains or losses from the disposal of properties	5	7,158	(127)	–	–
Other operating income		–	–	97	97
Administrative expenses	6.2.	(5,176)	(2,775)	(4,090)	(2,304)
Other expenses	6.3.	(1,314)	(672)	(1,198)	(832)
Earnings before interest, taxes, depreciation, amortisation, and remeasurement (EBITDA)		9,910	2,308	2,892	1,589
Scheduled depreciation and amortisation on property, plant, and equipment and intangible assets		(467)	(249)	(472)	(244)
Scheduled depreciation on right-of-use assets		(212)	(118)	–	–
Impairments		–	–	(20)	(20)
Reversals of impairment on property, plant, and equipment		710	540	368	197
Gains/losses on remeasurement of assets/disposal groups held for sale		–	–	(69)	–
Gains/losses on remeasurement of investment property		6,690	6,700	47	50
Depreciation, amortisation, and remeasurement	6.4.	6,721	6,873	(145)	(16)
Earnings before interest and taxes (EBIT)		16,631	9,181	2,747	1,573
Interest revenue	6.5.	360	164	480	244
Other finance income	6.5.	–	–	911	413
Finance expenses	6.6.	(3,853)	(2,413)	(3,768)	(1,776)
Changes in foreign exchange rates		7,273	876	(4,883)	(2,787)
Result from joint ventures (equity method) after taxes	7.3.	380	(94)	34	804
Financial result		4,161	(1,467)	(7,226)	(3,104)
Earnings before taxes		20,792	7,714	(4,479)	(1,530)
Current income taxes		(1,607)	(387)	(35)	(74)
Deferred income taxes		(1,262)	(1,203)	252	316
Taxes		(2,869)	(1,590)	217	242
Profit or loss for the period		17,922	6,124	(4,263)	(1,288)
thereof profit or loss of non-controlling interests		3,975	1,014	(1,801)	(844)
thereof profit or loss of shareholders of the parent		13,948	5,110	(2,461)	(444)
Earnings per share:					
Undiluted earnings per share in EUR		0.26	0.10	-0.05	-0.01
Diluted earnings per share in EUR		0.26	0.10	-0.05	-0.01

Condensed Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2019 – UNAUDITED

in EUR '000	Note	1–6/2019	4–6/2019	1–6/2018	4–6/2018
Profit or loss for the period		17,922	6,124	(4,263)	(1,288)
Foreign exchange differences		2,506	370	(1,411)	(948)
<i>thereof reclassified to the income statement</i>		–	–	(12)	(21)
Other comprehensive income from joint ventures (equity method)		6	7	(25)	(25)
(Deferred) taxes in other comprehensive income	6.8.	(1)	–	24	11
Other comprehensive income (reclassified to profit or loss in subsequent periods)		2,511	376	(1,412)	(961)
Gains/losses from financial assets measured at fair value through other comprehensive income		65	41	42	31
(Deferred) taxes in other comprehensive income	6.8.	(16)	(16)	(11)	(11)
Other comprehensive income (not reclassified to profit or loss in subsequent periods)		49	25	32	21
Other comprehensive income		2,559	401	(1,381)	(940)
Total comprehensive income for the period		20,482	6,525	(5,643)	(2,228)
thereof profit or loss of non-controlling interests		4,431	1,029	(1,917)	(920)
thereof profit or loss of shareholders of the parent		16,051	5,496	(3,726)	(1,308)

Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE – UNAUDITED

in EUR '000	Note	30/6/19	1/1/19	31/12/18	30/6/18
ASSETS					
Property, plant, and equipment	7.1.	36,144	27,362	26,303	28,260
Investment property	7.2.	252,099	212,253	211,747	180,368
Other intangible assets		25	5	5	9
Net investments in joint ventures (equity method)	7.3.	8,404	9,337	9,337	17,806
Financial assets measured at fair value through other comprehensive income	7.4.	6,320	6,255	6,255	6,188
Other assets		10,007	9,906	9,906	12,519
Deferred tax assets		2,160	1,952	1,952	2,250
Non-current assets		315,158	267,069	265,505	247,399
Inventories		115	168	168	219
Trade and other receivables		6,701	6,659	6,659	6,555
Cash and cash equivalents		7,644	8,456	8,456	10,475
Non-current assets (disposal groups), held for sale	5.2.	10,231	15,519	11,223	–
Current assets		24,690	30,802	26,506	17,248
TOTAL ASSETS		339,848	297,871	292,012	264,648
EQUITY AND LIABILITIES					
Share capital		54,000	54,000	54,000	54,000
Retained earnings	7.5.	72,969	62,171	62,171	53,769
Treasury shares		(1,246)	(474)	(474)	(301)
Other reserves		(2,755)	(4,810)	(4,810)	(3,504)
Equity attributable to shareholders of the parent		122,967	110,887	110,887	103,964
Non-controlling interests		(16,310)	(20,740)	(20,740)	(29,363)
Equity		106,658	90,147	90,147	74,601
Bonds	7.6.	8,938	14,493	14,493	–
Other financial liabilities	7.6.	159,425	135,019	135,019	133,472
Lease liabilities		1,149	1,243	–	–
Other liabilities		6,543	9,063	9,071	15,596
Provisions		3,291	3,156	3,156	2,357
Deferred tax liabilities		9,430	7,900	7,900	5,634
Deferred income		2,793	2,622	2,622	2,925
Non-current liabilities		191,569	173,496	172,261	159,983
Bonds	7.6.	12,851	76	76	7,056
Other financial liabilities	7.6.	13,795	9,761	9,761	7,203
Lease liabilities	7.6.	424	411	–	–
Trade and other payables	7.7.	13,696	17,734	17,816	14,339
Provisions		637	950	950	1,224
Income tax liabilities		36	184	184	7
Deferred income		183	166	166	233
Liabilities directly associated with the assets (disposal groups) held for sale	5.1.	–	4,946	651	–
Current liabilities		41,622	34,228	29,603	30,063
Liabilities		233,191	207,725	201,865	190,046
TOTAL EQUITY AND LIABILITIES		339,848	297,871	292,012	264,648

Condensed Consolidated Statement of Cash Flows

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2019 – UNAUDITED

in EUR '000	1–6/2019	4–6/2019	1–6/2018	4–6/2018
Cash receipts				
from hotel operations and letting	14,230	7,980	14,379	7,655
from real estate development projects and other	517	424	72	13
from interest income	92	24	117	60
Cash receipts from operating activities	14,839	8,428	14,567	7,728
Cash payments				
for real estate development projects	(196)	(112)	(395)	(337)
for materials and services received	(4,474)	(2,495)	(3,449)	(1,733)
for related personnel expenses	(3,832)	(1,874)	(5,656)	(3,281)
for other administrative expenses	(5,243)	(2,798)	(4,047)	(1,907)
for income taxes	(1,797)	(1,521)	(387)	(175)
Cash payments for operating activities	(15,541)	(8,801)	(13,933)	(7,434)
Net cash flows from operating activities	(702)	(373)	634	294
Cash receipts from				
the sale of disposal groups and property	5.1. 7,974	(114)	6,737	6,737
less outflow of cash and cash equivalents from disposal groups sold	5.1. (268)	(9)	–	–
the sale of property, plant, and equipment	3	3	–	–
purchase price payments from sales in previous periods	–	–	4,707	4,706
other financial assets	9	9	781	52
returns on joint ventures	310	365	–	101
Cash receipts from investing activities	8,027	254	12,225	11,596
Cash payments for				
investments in property, plant, and equipment	(10,265)	(10,203)	(393)	(171)
investments in investment property	(25,278)	(16,806)	(25,375)	(21,043)
the purchase of data processing programs	(19)	(19)	(1)	(1)
other financial assets	8	8	–	–
joint ventures	–	–	(619)	–
the purchase of equity interests	5.3. (14)	(14)	–	–
less received cash and cash equivalents of equity interests	5.3. 14	–	–	–
Cash payments for investing activities	(35,555)	(27,034)	(26,388)	(21,215)
Net cash flows from investing activities	(27,528)	(26,780)	(14,163)	(9,620)
Cash payments for the purchase of treasury shares	(772)	(436)	–	–
Transactions with non-controlling interests	(300)	(300)	–	–
Cash receipts from the issue of bonds and convertible bonds	7,000	7,000	–	–
Cash payments for the redemption of bonds and convertible bonds	–	–	(4,523)	(2,152)
Payments received from loans and borrowing	31,063	22,460	20,882	15,141
Payments made for the repayment of loans and borrowing	(2,930)	(597)	(5,863)	(1,220)
Payments made for the repayment of lease liabilities	(326)	(119)	–	–
Paid interest (for loans and borrowing)	(3,649)	(1,611)	(4,952)	(1,778)
Paid interest (for bonds and convertible bonds)	–	6	(390)	(209)
Paid financing costs	(300)	(235)	(330)	(112)
Payments for dividends	7.5. (3,199)	(3,199)	(3,236)	(3,236)
Net cash flows from/used in financing activities	26,587	22,970	1,587	6,433
Net change in cash and cash equivalents	(1,643)	(4,184)	(11,942)	(2,893)
Foreign exchange rate changes in cash and cash equivalents	10	10	(44)	(43)
Foreign exchange rate changes from other comprehensive income	472	43	(388)	(212)
Cash and cash equivalents at the beginning of the period	8,805	11,775	22,849	13,623
Cash and cash equivalents as at 30 June	7,644	7,644	10,475	10,475
Cash and cash equivalents at the end of the period consist of:				
Cash and cash equivalents of the Group	7,644	7,644	10,475	10,475
	7,644	7,644	10,475	10,475

Condensed Consolidated Statement of Changes in Equity

AS AT 30 JUNE 2019 – 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
As at 1 January 2018		54,000	59,435	(301)	(2,208)	110,926	(27,445)	83,481
Dividend		–	(3,236)	–	–	(3,236)	–	(3,236)
Total comprehensive income for the period		–	(2,430)	–	(1,296)	(3,726)	(1,917)	(5,643)
<i>thereof profit for the period</i>		–	(2,461)	–	–	(2,461)	(1,801)	(4,263)
<i>thereof other comprehensive income</i>		–	32	–	(1,296)	(1,265)	(116)	(1,381)
As at 30 June 2018		54,000	53,769	(301)	(3,504)	103,964	(29,363)	74,601
As at 1 January 2019		54,000	62,171	(474)	(4,810)	110,887	(20,740)	90,147
Dividend	7.5.	–	(3,199)	–	–	(3,199)	–	(3,199)
Total comprehensive income for the period		–	13,996	(772)	2,055	15,279	4,431	19,710
<i>thereof profit for the period</i>		–	13,948	–	–	13,948	3,975	17,922
<i>thereof other comprehensive income</i>		–	49	(772)	2,055	1,332	456	1,788
As at 30 June 2019		54,000	72,969	(1,246)	(2,755)	122,967	(16,310)	106,658

Condensed Consolidated Segment Information

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2019 – UNAUDITED

in EUR '000	Hotels		Investment Properties	
	2019	2018	2019	2018
SEGMENT OVERVIEW – PROFIT OR LOSS FOR THE PERIOD				
External revenues	19,781	20,971	11,261	9,513
Intragroup services	–	–	–	–
Expenses directly attributable to revenues	(14,996)	(15,922)	(2,264)	(1,884)
Gross income from revenues	4,785	5,050	8,997	7,629
Gains or losses from the disposal of properties	–	–	–	–
Other operating income	2	1	–	–
Expenses for development projects	–	–	–	–
Personnel expenses	(272)	(369)	(63)	(19)
Other/miscellaneous expenses	(716)	(2,482)	(389)	(123)
Intragroup services	–	–	(230)	(16)
Segment EBITDA	3,799	2,199	8,316	7,471
Scheduled depreciation and amortisation on property, plant, and equipment and intangible assets	(1,321)	(1,582)	(6)	–
Scheduled depreciation on right-of-use assets	(1,130)	–	(18)	–
Impairments	–	–	–	–
Impairment reversals	710	368	–	–
Gains/losses on remeasurement of assets held for sale	–	–	–	–
Measurement gains	–	–	5,085	1,500
Measurement losses	–	–	(1,672)	(2,249)
Segment EBIT	2,059	985	11,706	6,722
Finance income	15	23	39	55
Finance expenses	(1,552)	(886)	(3,416)	(2,965)
Changes in foreign exchange rates	2,424	(1,648)	6,350	(4,154)
Earnings from joint ventures	–	–	–	–
Current income taxes	(609)	(156)	(1,353)	(102)
Deferred income taxes	219	246	(1,698)	(153)
Segment overview – profit or loss for the period	2,556	(1,437)	11,628	(596)

	Development & Services		Segment total 1 January–30 June		Reconciliation		Group total 1 January–30 June	
	2019	2018	2019	2018	2019	2018	2019	2018
	1,513	909	32,555	31,393	(17,330)	(16,994)	15,225	14,399
	230	16	230	16	(230)	(16)	–	–
	(1,216)	(788)	(18,476)	(18,593)	12,493	12,277	(5,983)	(6,317)
	527	137	14,309	12,815	(5,067)	(4,734)	9,242	8,082
	7,158	–	7,158	–	–	–	7,158	–
	–	–	2	1	(2)	(1)	–	–
	(28)	(84)	(28)	(84)	–	–	(28)	(84)
	(2,546)	(2,014)	(2,881)	(2,402)	29	23	(2,852)	(2,379)
	(2,899)	(2,094)	(4,004)	(4,699)	394	1,971	(3,610)	(2,728)
	–	–	(230)	(16)	230	16	–	–
	2,211	(4,055)	14,326	5,616	(4,416)	(2,724)	9,910	2,892
	(91)	(71)	(1,417)	(1,653)	950	1,182	(467)	(472)
	(194)	–	(1,342)	–	1,130	–	(212)	–
	–	(20)	–	(20)	–	–	–	(20)
	–	–	710	368	–	–	710	368
	–	(69)	–	(69)	–	–	–	(69)
	3,612	1,870	8,697	3,370	–	(215)	8,697	3,155
	(804)	(859)	(2,476)	(3,108)	470	–	(2,006)	(3,108)
	4,733	(3,203)	18,498	4,505	(1,867)	(1,758)	16,631	2,747
	340	1,318	394	1,396	(34)	(5)	360	1,391
	(606)	(820)	(5,574)	(4,671)	1,721	903	(3,853)	(3,768)
	–	62	8,774	(5,740)	(1,501)	857	7,273	(4,883)
	(296)	12	(296)	12	676	22	380	34
	91	59	(1,870)	(199)	263	164	(1,607)	(35)
	(525)	342	(2,004)	434	742	(182)	(1,262)	252
	3,738	(2,229)	17,922	(4,263)	–	–	17,922	(4,263)

in EUR '000	Segment total 1 January–30 June		Reconciliation 1 January–30 June		Subtotal Group 1 January–30 June	
	2019	2018	2019	2018	2019	2018
HOTELS SEGMENT – OVERVIEW EBIT						
Revenues from hotels	19,773	20,946	(14,973)	(14,675)	4,800	6,271
Expenses for materials and services rendered	(7,933)	(8,290)	6,205	6,265	(1,729)	(2,025)
Personnel expenses	(5,361)	(5,969)	4,367	4,316	(994)	(1,653)
Gross operating profit (GOP)	6,479	6,687	(4,401)	(4,094)	2,078	2,593
Income after GOP	8	25	–	–	8	25
Management fees	(910)	(920)	695	622	(215)	(298)
Exchange rate differences	9	158	(31)	(80)	(22)	78
Property costs	(801)	(901)	529	507	(272)	(394)
Net operating profit (NOP)	4,785	5,050	(3,208)	(3,045)	1,578	2,005
Other costs after NOP	(984)	(701)	415	289	(569)	(412)
Lease/rent	(2)	(2,149)	2	1,670	–	(479)
Scheduled depreciation and amortisation on property, plant, and equipment and intangible assets	(1,321)	(1,582)	947	1,178	(374)	(404)
Scheduled depreciation on right-of-use assets	(1,130)	–	1,130	–	–	–
Impairment reversals on fixed assets	710	368	–	–	710	368
Contribution to the operating profit for the Hotels segment	2,059	985	(714)	93	1,345	1,078
Less intragroup services	–	–	–	–	–	–
Segment EBIT	2,059	985	(714)	93	1,345	1,078
Key operating figures in the Hotels segment						
Employees – Hotels	494	504	(217)	(210)	277	294
Rooms (absolute)	979	1,024	(604)	(604)	375	420
Rooms available	967	1,020	(592)	(604)	375	417
Rooms sold	718	757	(462)	(475)	256	282
Occupancy	74%	74%	-6%	-7%	68%	68%
RevPAR (in EUR)	82.87	75.34	(35.45)	(22.46)	47.42	52.88
Composition of NOP (geographical):						
• Czech Republic	(82)	410	–	–	(82)	410
• Poland	1,966	2,123	(1,966)	(2,123)	–	–
• Russia	1,660	1,594	–	–	1,660	1,594
• France	1,242	922	(1,242)	(922)	–	–

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2019 – UNAUDITED

[01] Corporate information

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 2019 were released for publication by the Management Board of Warimpex Finanz- und Beteiligungs AG on 26 August 2019.

[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 2019 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 2018.

The interim financial statements as at 30 June 2019 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 2019 have changed compared with the consolidated

financial statements as at 31 December 2018 due to the mandatory initial application of IFRS 16 from 1 January 2019.

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 16 (Leases) was applied 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 2018.

The Group made use of the reliefs defined in the transitional arrangements. In particular, comparative information has not been restated. Leases with remaining terms of less than one year and low-value leases were not recognised as right-of-use assets or lease liabilities. The resulting opening balance as at 1 January 2019 is shown separately along with the closing balance as at 31 December 2018.

The first-time application of IFRS 16 led to an expansion of the balance sheet in the amount of EUR 5,860 thousand and the additional recognition of the balance sheet items for current and non-current lease liabilities. In addition, depreciation was recognised on right-of-use assets, and interest for lease liabilities is now included in the interest expenses and in the interest payments. Other material changes due to the application of IFRS 16 were not identified.

Effects on the individual carrying amounts in the opening balance as at 1 January 2019:

	1/1/19	31/12/18	Difference
Assets:			
Property, plant, and equipment	27,362	26,303	1,058
Investment property	212,253	211,747	506
Non-current assets (disposal groups), held for sale*)	15,519	11,223	4,295
	255,133	249,273	5,860
Equity and liabilities:			
Lease liabilities (non-current)	1,243	–	1,243
Lease liabilities (current)	411	–	411
Other liabilities (non-current)	9,063	9,071	(8)
Trade and other payables	17,734	17,816	(82)
Liabilities directly associated with the assets held for sale*)	4,946	651	4,295
	33,397	27,537	5,860

*) *) The largest impact of the initial application of IFRS 16 in terms of amount pertains to the right of use and the lease liabilities related to the lease for the Dvořák hotel. These were recognised as held for sale in accordance with IFRS 5 and were eliminated due to the sale in February 2019 (see item 5.1.).

Reconciliation between minimum lease payments as at 31/12/2018 and right-of-use assets as at 1/1/2019:

	Difference
Future minimum lease payments as at 31/12/2018	3,054
plus lease for Dvořák hotel (only included on a proportionate basis due to sale)	4,194
less interest component (discounted at weighted average interest rate of 4.06%)	(1,211)
less short-term leases	(178)
Initial recognition of right-of-use assets as at 1/1/2019	5,860

[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 2019 and as at 30 June 2019.

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

During the first half of 2019, Warimpex sold an office property in Budapest and the operating company for the Dvořák spa hotel in Karlovy Vary.

Effects of property sales on the consolidated financial statements

Consolidated statement of financial position:	Assets	Equity and liabilities
Assets according to IFRS 5	(5,629)	
Liabilities according to IFRS 5	-	(4,529)
	(5,629)	(4,529)

Consolidated income statement:

Agreed (net) purchase price for the properties/shares	8,920
Carrying amount of the proportionate net assets of the sold properties/companies	(1,101)
Directly allocable expenses in connection with the sale of interests and properties	(661)
Net result	7,158

Consolidated cash flow:

Agreed (net) purchase price for the properties/shares	8,920
less directly allocable expenses in connection with the sale of interests and properties	(661)
less settlement of advance payments received for property sales	(285)
	7,974
less outflow of cash and cash equivalents	(268)
Cash flow	7,705

5.2. Non-current assets/disposal groups classified as held for sale (IFRS 5)

The following non-current assets/disposal groups were classified as held for sale as at 30 June 2019:

- Joint venture shares in Asset Paris II SARL (Magic Circus hotel, Disneyland Paris)
- Joint venture shares in UBX II (France) SARL (Dreamcastle hotel, Disneyland Paris)
- Joint venture shares in Warimpex Management Services Sp. z o.o.

The assets and disposal groups held for sale and the associated liabilities changed as follows during the reporting period:

	As at 31/12	As at 1/1	Changes in portfolio	Additions according to IFRS 5	Disposals according to IFRS 5	As at 30/6
Assets according to IFRS 5:						
Right-of-use assets	–	4,295	–	–	(4,295)	–
Investment property in Budapest	900	900	–	–	(900)	–
Net investments in joint ventures	9,596	9,596	384	250	–	10,231
Other current receivables	378	378	(212)	–	(166)	–
Cash and cash equivalents	349	349	(81)	–	(268)	–
Net assets according to IFRS 5	11,223	15,519	91	250	(5,629)	10,231
Liabilities according to IFRS 5:						
Lease liabilities	–	4,295	(81)	–	(4,214)	–
Other liabilities	651	651	(336)	–	(315)	–
	651	4,946	(417)	–	(4,529)	–

5.3. Changes in the scope of consolidation

In the first half of 2019, Warimpex purchased the parent company of the former holding company of the Dvořák spa hotel, RLX Dvorak S.A., in connection with the sale of the operating company for the Dvořák hotel (see section 5.1. above). Following the sale of the holding company, the company has no material assets and performs no operational activities.

[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 2018			Total
	Hotels	Investment Properties	Development & Services	
Geographical composition:				
Russia	4,115	1,100	46	4,161
Poland	–	–	381	381
Czech Republic	2,181	–	–	2,181
Hungary	–	250	2	2
Revenues according to IFRS 15	6,296	1,350	429	6,725
Russia	–	4,969	–	6,069
Poland	–	355	154	508
Czech Republic	–	39	–	39
Hungary	–	743	14	1,057
Revenues according to IAS 17 (rental revenue)	–	6,156	168	7,674
Total revenues	6,296	7,506	597	14,399

	1 January to 30 June 2019			Total
	Hotels	Investment Properties	Development & Services	
Geographical composition:				
Russia	4,330	1,103	47	5,480
Poland	–	421	1,083	1,504
Czech Republic	478	–	10	488
Hungary	–	265	36	301
Revenues according to IFRS 15	4,809	1,789	1,175	7,773
Russia	–	4,871	–	4,871
Poland	–	1,462	–	1,462
Czech Republic	–	–	12	12
Hungary	–	1,106	–	1,106
Revenues according to IFRS 17 (rental revenue)	–	7,439	12	7,452
Total revenues	4,809	9,229	1,188	15,225

6.2. Expenses directly attributable to revenues

	1 January to 30 June 2019	2018
Composition:		
Other personnel expenses	(2,852)	(2,379)
Other administrative expenses	(2,324)	(1,711)
	(5,176)	(4,090)

6.3. Other expenses

The other expenses include lease expenses for short-term leases in the amount of EUR 79 thousand and for low-value leased assets in the amount of EUR 1 thousand.

6.4. Depreciation, amortisation, and remeasurement

	1 January to 30 June	
	2019	2018
Composition:		
Scheduled depreciation and amortisation on property, plant, and equipment	(467)	(472)
Scheduled depreciation on right-of-use assets	(212)	–
Impairments	–	(20)
Reversals of impairment on property, plant, and equipment	710	368
Impairments/impairment reversals relating to disposal groups (see section 5.1.)	–	(69)
Measurement gains (from investment properties)	8,697	3,155
Measurement losses (from investment properties)	(2,006)	(3,108)
	6,721	(145)

Due to the initial application of IFRS 16, scheduled depreciation on right-of-use assets is being reported for the first time in 2019.

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 23,603 thousand.

The measurement gains in the Investment Properties segment pertain to the Mogilska 43 office building due to the completion in the first half of 2019 as well as the Elsbet office towers, the Zeppelin office tower, and the Bykovskaya multi-use building due to rising rental revenue. The measurement gains in the Development and Services segment are the result of the remeasurement of the property reserve in Darmstadt.

The measurement losses in the Investment Properties segment are due to the planning of additional tenant adaptations at Ogrodowa Office as well as planned renovation work at Mogilska Office 41, which is expected to be handed over to the tenant soon. In the Development and Services segment, measurement losses were incurred on a property reserve in St. Petersburg due to changes in the assumptions about the future.

6.5. Financial revenue

	1 January to 30 June	
	2019	2018
Composition:		
Impairment reversal on loans to joint ventures/associates	–	11
Other interest received	360	480
Realised gains on derivative financial instruments	–	900
	360	1,391

6.6. Finance expenses

	1 January to 30 June	
	2019	2018
Composition:		
Interest on short-term borrowings, project loans, and other loans	(2,551)	(1,871)
Interest on convertible bonds	–	(362)
Interest on bonds	(209)	(86)
Interest on loans from minority shareholders	(679)	(1,008)
Interest on lease liabilities	(65)	–
Other finance expenses	(348)	(442)
	(3,853)	(3,768)

6.7. Income taxes in other comprehensive income

	1 January to 30 June	
	2019	2018
The income taxes in other comprehensive income consist of:		
Foreign exchange differences	(1)	24
Taxes on other comprehensive income (reclassified to profit or loss in subsequent periods)	(1)	24
Gains/losses from financial assets measured at fair value through other comprehensive income	(16)	(11)
Taxes on other comprehensive income (not reclassified to profit or loss in subsequent periods)	(16)	(11)
Total income taxes in other comprehensive income	(18)	13

[07] Notes to the statement of financial position**7.1. Property, plant, and equipment**

	Hotels	Reserve properties	Other property, plant, and equipment	Total
Changes in 2018:				
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 charges	–	–	(20)	(20)
Impairment reversals	368	–	–	368
Exchange adjustments	(1,380)	(169)	(55)	(1,604)
Carrying amounts at 30 June	23,019	3,688	1,553	28,260
Composition at 30/6/2018:				
Acquisition or production cost	46,414	6,716	2,224	55,354
Cumulated write-downs	(23,395)	(3,028)	(670)	(27,093)
	23,019	3,688	1,553	28,261

	Hotels	Reserve properties	Right-of-use assets	Other property, plant, and equipment	Total
Changes in 2019:					
Carrying amounts as at 31/12/2018	20,982	3,741	–	1,580	26,303
Initial recognition of right-of-use assets on 1/1/2019	–	–	1,173	(114)	1,058
Carrying amounts as at 1/1/2019	20,982	3,741	1,173	1,465	27,362
Additions	9,770	–	45	334	10,149
Disposals	(3)	–	–	–	(3)
Reclassification to investment properties	–	(3,741)	–	–	(3,741)
Scheduled depreciation and amortisation	(374)	–	(159)	(91)	(623)
Impairment reversals	710	–	–	–	710
Exchange adjustments	2,252	–	18	21	2,291
Carrying amounts at 30 June	33,337	–	1,078	1,729	36,144
Composition at 30/6/2019:					
Acquisition or production cost	54,471	–	1,227	2,456	58,154
Cumulated write-downs	(21,134)	–	(150)	(727)	(22,011)
	33,337	–	1,078	1,729	36,144

Due to the mandatory application of the new IFRS 16 standard starting in 2019, the right-of-use assets are recognised from 1 January 2019 and pertain to other property, plant, and equipment.

7.2. Investment properties

	Developed properties	Development properties	Reserve properties	Total
Changes in 2018:				
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)
Carrying amounts at 30 June	105,872	66,656	7,840	180,368
Changes in 2019:				
Carrying amounts as at 31/12/2018	173,392	31,636	6,719	211,747
Initial recognition of right-of-use assets on 1/1/2019	–	506	–	506
Carrying amounts as at 1/1/2019	173,392	32,142	6,719	212,253
Additions/investments	5,051	8,559	8,035	21,645
Capitalised borrowing costs	–	137	–	137
Reclassification due to completion	35,482	(35,482)	–	–
Transfer of property, plant, and equipment	–	3,741	–	3,741
Disposals	–	(1)	–	(1)
Depreciation on right-of-use assets	–	(4)	–	(4)
Net measurement result	1,389	2,365	2,961	6,716
Exchange adjustments	6,754	382	476	7,612
Carrying amounts at 30 June	222,068	11,839	18,192	252,099

7.3. Net investments in joint ventures (equity method)

	2019	2018
Development		
Carrying amounts at 1 January	9,337	17,224
Increase in capital shares	5	–
Capital reduction	(1,013)	–
IFRS 5 reclassification (as held for sale)	(567)	–
Extension (+) / repayment (-) of loans	(12)	616
Interest income from loans granted	12	12
Earnings allocation from profit/loss for the period	552	22
Earnings allocation from other comprehensive income	91	(68)
Carrying amounts at 30 June	8,404	17,806

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

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

7.5. Dividends

On 3 June 2019, 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 3,199 thousand and was paid out to the shareholders in June 2019.

7.6. Liabilities arising from financing activities

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

	Project loans	Working capital loans	Bonds, convertible bonds	Loans from minorities and others	Total
Changes in 2018:					
As at 1 January	72,898	501	11,503	54,945	139,847
Borrowing/accumulated interest	20,296	564	–	(2,065)	18,795
Repayment	(5,561)	(1)	(4,523)	(301)	(10,387)
Exchange rate and other changes	(623)	–	77	22	(525)
As at 30 June	87,010	1,064	7,056	52,601	147,731
<i>thereof current (due < 1 year)</i>	5,515	564	7,056	1,124	14,259
<i>thereof non-current (due > 1 year)</i>	81,495	500	–	51,477	133,472

	Project loans	Working capital loans	Bonds, convertible bonds	Loans from minorities and others	Lease liabilities	Total
Changes in 2019:						
As at 31 December 2018	99,161	3,194	14,569	42,425	–	159,349
Initial recognition of lease liabilities	–	–	–	–	1,654	1,654
As at 1 January 2019	99,161	3,194	14,569	42,425	1,654	161,003
Borrowing/accumulated interest	27,064	3,985	7,209	(415)	143	37,986
Repayment	(2,427)	(503)	–	(450)	(225)	(3,605)
Exchange rate and other changes	1,151	–	11	36	–	1,197
As at 30 June	124,949	6,676	21,789	41,595	1,573	196,581
<i>thereof current (due < 1 year)</i>	5,972	6,676	12,851	1,147	424	27,070
<i>thereof non-current (due > 1 year)</i>	118,977	–	8,938	40,448	1,149	169,512

The borrowing reported under project loans primarily pertains to the purchase of the hotel and the associated property reserve in Darmstadt as well as the construction activities in connection with the Mogilska 43 office building in Krakow.

A bond with a nominal value of EUR 7,000 thousand and a term of one year was issued in the first half of 2019. The coupon is 2.75 per cent.

Lease liabilities are recognised for the first time due to the mandatory application of the new IFRS 16 standard starting in 2019.

7.7. Trade and other payables (non-current)

The decline in liabilities compared with the previous reporting date can be attributed to the completion of construction projects.

[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 30/6/2019	Fair value 30/6/2019	Carrying amount 1/1/2019	Fair value 1/1/2019
Assets – categories					
IAS 19	Refund claims (other financial assets)	693	693	693	693
FAAC	Financial assets – fixed rate	3	7,542	8,787	7,522
FAAC	Other financial assets	984	984	969	969
FVOCI	Financial assets measured at fair value through other comprehensive income	3	6,320	6,320	6,255
	Other non-current assets	299,619		251,630	
	Total non-current assets	315,158		267,069	
FAAC	Receivables	1,420	1,420	2,100	2,100
FAAC	Cash and cash equivalents	7,644	7,644	8,456	8,456
IFRS 5	Financial assets in disposal groups	–	–	516	516
	Other current assets	15,626		19,730	
	Total current assets (including IFRS 5)	24,690		30,802	
	Total assets	339,848		297,871	
Liabilities – classes					
FLAC	Fixed-rate bonds	3	8,938	8,309	14,493
FLAC	Fixed-rate loans	3	75,304	87,031	77,208
FLAC	Variable-rate loans	3	84,121	85,561	57,811
FLAC	Lease liabilities	3	1,149	1,149	1,243
FLAC	Other financial liabilities – long-term	3	4,431	4,431	7,154
IAS 19	Provisions for pensions	1,283	1,283	1,183	1,183
	Other non-current liabilities	16,344		14,404	
	Total non-current liabilities	191,569		173,496	
FLAC	Fixed-rate bonds	3	12,851	12,760	–
FLAC	Fixed-rate loans	3	6,651	7,182	6,385
FLAC	Variable-rate loans	3	7,144	7,076	3,376
FLAC	Lease liabilities	3	424	424	411
FLAC	Other financial liabilities – short-term	3	11,107	11,107	15,204
IFRS 5	Financial liabilities related to disposal groups	3	–	–	4,640
	Other current liabilities	3,445		4,213	
	Total current liabilities (including IFRS 5)	41,622		34,228	
	Total liabilities	233,191		207,725	

Changes to the opening balance due to IFRS 16:

The following carrying amounts as at 1/1/2019 were adjusted due to the initial application of IFRS 16 and differ from the carrying amounts as at 31/12/2018 as follows:

	1/1/19	31/12/18	Difference
Assets:			
Total non-current assets	267,069	265,505	1,564
Total current assets (including IFRS 5)	30,802	26,506	4,295
Total assets	297,871	292,012	5,860
Liabilities:			
Non-current lease liabilities	1,243	–	1,243
Total non-current liabilities	173,496	172,260	1,237
Current lease liabilities	411	–	411
Financial liabilities related to disposal groups	4,640	345	4,295
Total current liabilities	34,228	29,605	4,623
Total liabilities	207,725	201,865	5,860

	30/6/2019	1/1/19
Summary of carrying amounts by category for financial assets and liabilities:		
FAAC Financial assets at amortised cost	17,590	19,047
FVOCI At fair value through OCI	6,320	6,255
FLAC Financial liabilities at amortised cost	212,119	183,285
IFRS 5 Financial instruments related to disposal groups	–	(4,124)

The method of fair value measurement is the same as at 31 December 2018.

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	
	2019	2018		2019	2018
Changes in assets:					
Carrying amounts at 1 January	6,255	6,146	Carrying amounts at 1 January	–	929
Additions	–	–	Additions	–	–
Disposals	–	–	Disposals	–	–
Gains/losses on remeasurement in profit or loss	–	–	Gains/losses on remeasurement in profit or loss	–	(929)
Gains/losses on remeasurement in other comprehensive income	65	42	Gains/losses on remeasurement in other comprehensive income	–	–
Carrying amounts at 30 June	6,320	6,188	Carrying amounts at 30 June	–	–
Changes in liabilities:					
Carrying amounts at 1 January	–	–	Carrying amounts at 1 January	–	929
Additions	–	–	Additions	–	–
Disposals	–	–	Disposals	–	–
Gains/losses on remeasurement in profit or loss	–	–	Gains/losses on remeasurement in profit or loss	–	(929)
Gains/losses on remeasurement in other comprehensive income	–	–	Gains/losses on remeasurement in other comprehensive income	–	–
Carrying amounts at 30 June	–	–	Carrying amounts at 30 June	–	–

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	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
31/12/2018:				
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	3,608	3,608

30/6/2019:

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	3,689	3,689

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	
			30/6/19	31/12/18
3	Available-for-sale financial assets (until 1/1/2018) and financial assets measured at fair value through other comprehensive income:			
	Exit yield	+ 50 bps	(1,257)	(1,271)
	Exit yield	- 50 bps	1,688	1,707
	Cash flow (year one)	+ 5%	636	598
	Cash flow (year one)	- 5%	(565)	(613)

[09] Other disclosures**9.1. Related party transactions****9.1.1. Transactions with Amber Privatstiftung**

	1 January to 30 June	
	2019	2018
Dividend disbursement	(346)	(346)
Charged interest	–	2
	(346)	(344)

9.1.2. Transactions with Bocca Privatstiftung

	1 January to 30 June	
	2019	2018
Dividend disbursement	(343)	(343)
Charged interest	–	2
	(343)	(341)

9.1.3. Transactions with Ambo GmbH

	1 January to 30 June	
	2019	2018
Income from performance management	9	–
Receivable from Ambo GmbH as at 30 June	22	–

9.1.4. Transactions with Georg Folian

	1 January to 30 June	
	2019	2018
Consulting fee	(2)	–
Clerical activities for Mr Folian	4	–
	2	–
Receivables from Mr Folian as at 30 June	–	–

9.1.5. Transactions with Management Board members

	1 January to 30 June	
	2019	2018
Management Board compensation 1 January to 30 June	471	463
Liabilities to Management Board members	132	253

9.1.2. Transactions with Supervisory Board members

	2019	2018
Supervisory Board fees 1 January to 30 June	135	194

9.1.7. Transactions with joint ventures

	2019	2018
Income from transactions 1 January to 30 June	327	78
	30/6/19	31/12/18
Receivables due from joint ventures	7,560	7,557
Payables due to joint ventures	4,870	6,305

9.2. Events after the reporting date

Warimpex classified the shareholding in the Disneyland Paris hotel companies, in which Warimpex holds a stake of 50 per cent each together with a joint venture partner, as held for sale as of 30 June 2019 because the Company has concrete intentions to sell them. After the reporting date, the joint venture partners (as the future sellers) and a hotel investor (as the future buyer) agreed to the conditions for the sale. According to the agreement, the sellers are entitled to demand that the buyer conclude a share purchase agreement following the contractually agreed notification, subject to the preceding positive and lawful conclusion of the consultation process with the works councils of the two hotel operating companies. Depending on the duration of the consultation process, this right can be exercised until the end of November at the latest.

In the event that this right is exercised, the Group expects a net cash inflow in the amount of roughly EUR 24 million and a disposal profit in the amount of around EUR 14 million – depending on the date the contract closes and the development of business at the hotels in the meantime.

In August 2019, the closing of the agreement for the acquisition of the 35 per cent minority stake owned by CA Immo Group in the Russian Group company AO Avielen A.G. was announced. At the same time, the loans issued by CA Immo Group were assumed by Warimpex. Warimpex made an advance payment of EUR 300 thousand during the first half of 2019, and the remaining amount of EUR 5,700 thousand was paid when the sale closed. The transaction is expected to result in an accounting profit of roughly EUR 20 million due to the elimination of loans from minority shareholders. The purchase of the shares will be recognised in equity in accordance with the provisions of IFRS 10.

After the reporting date, Warimpex secured additional operating credit lines for ongoing projects in the amount of EUR 4,700 thousand.

Vienna, 26 August 2019



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

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

2019

29 November 2019

*Publication of the results
for the first three quarters
of 2019*

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We have compiled this report and checked the data with the greatest possible care. Nonetheless, rounding, typographical, or printing errors cannot be ruled out. The summation of rounded amounts and percentages may result in rounding differences. Statements referring to people are intended to be gender-neutral. This report was prepared in German, English, and Polish. In cases of doubt, the German version is authoritative.

warimpex

60
years
a pioneer
through
the decades