

P R E S S R E L E A S E

Warimpex solidly in the black in 2016

- Profit for the year goes from a negative EUR -42.3 million in 2015 to a strong plus of EUR 22.9 million in 2016 – driven largely by the rouble recovery and good development of operating business
- Revenues from the rental of office properties nearly doubled, 4 per cent increase in the net operating profit per available room
- Sales transactions in Warsaw, Budapest, and Prague effective in 2016
- Contract concluded for the sale of hotel holdings after the reporting date
- Building permits for office buildings in Krakow and Łódź, construction moved forward at AIRPORTCITY St. Petersburg

Vienna/Warsaw, 26 April 2017 – Warimpex Finanz- und Beteiligungs AG significantly boosted its result for the year in 2016 and posted a profit of EUR 22.9 million. This success was driven by a recovery on the Russian market and of the rouble as well as by the good development of operating business. *“I am pleased that the past financial year brought so much success and that we are back on a promising path. Our completed development projects are bearing fruit, the valuations of our projects are encouraging, and we saw a number of successes in sales transactions. The recovery in Russia is also affirming our decision to stay true to our projects in the country, which makes me optimistic for the future as well,”* said Franz Jurkowitsch, CEO of Warimpex.

Warimpex signed an agreement on the sale of a part of the hotel portfolio to the Thai investor U City Public Company Limited (U City) after the reporting date. The transaction covers eight hotel holdings that account for around 50 per cent of the total real estate assets of Warimpex and represent a property value of roughly EUR 180 million. *“Provided that this transaction closes successfully, which we expect by the summer of 2017, the sale should make a positive profit contribution that we intend to use to improve our capital structure and for new development projects. It will also increase the equity ratio to around 25 per cent,”* explained Jurkowitsch.

Company performance in 2016

Because of the completion and rental of the Zeppelin office tower at AIRPORTCITY St. Petersburg and of the Erzsébet office building in Budapest, revenues from the rental of office properties rose from EUR 4.4 million to EUR 8.6 million. Consolidated revenue remained unchanged at roughly EUR 62 million. The performance of the Group hotels was very satisfactory throughout the portfolio last year. The NOP per available room improved by 4 per cent – despite a significant deterioration in market conditions in Paris due to the tense public security situation in the country. The Dvořák hotel in Karlovy Vary, which was hit hard by the Russian crisis due to a lack of Russian guests in particular, saw a slight rebound in occupancy. The reduction in the

number of rooms as a result of the sale of hotel assets led to a slight decrease in hotel revenues from EUR 54.5 million to EUR 51.9 million.

EBITDA declined by 27 per cent from EUR 29.3 million in 2015 to EUR 21.5 million. This was due above all to the lower gains from the disposal of properties. EBIT went from negative EUR -9.9 million to positive EUR 25.7 million thanks to a positive remeasurement result from office properties, especially the office building that is under development in Łódź and the Zeppelin office tower in St. Petersburg. The financial result including joint ventures improved as a result of positive exchange rate changes and a better financing structure, going from EUR -31.9 million to EUR -1.9 million. All in all, this led to a profit for the year of EUR 22.9 million (2015: loss of EUR -42.3 million).

Successful transactions

The transaction markets in Central and Eastern Europe have become more attractive again since 2015. Warimpex not only used this positive momentum to sell part of the hotel portfolio to U City, but also to sell multiple other properties during the reporting period. In June, the company sold its 50 per cent stake in the Parkur Tower office building in Warsaw to the joint venture partner and sold the Dioszegi office building in Budapest in October. Warimpex also sold the angelo hotel in Prague in October.

Current development projects in Poland, Russia, and Hungary proceeding apace

In terms of development projects, Warimpex is currently focusing heavily on Poland, and a construction permit was issued in April for the Ogródowa office building with roughly 26,000 square metres of space in Łódź. The ground-breaking ceremony was held in December. Lease negotiations are currently under way. Warimpex received a second construction permit in July for the Mogilska office building in Krakow with roughly 12,000 square metres of space. Warimpex is currently conducting negotiations with an anchor tenant, and construction is expected to begin shortly. Planning is also continuing for a further office building project in Krakow. An office building with around 21,000 square metres of space is to be built next to the Chopin Hotel.

Construction of a multi-use building with parking spaces for around 450 vehicles and around 6,000 square metres of office and archive space is nearing its end at AIRPORTCITY St. Petersburg and should be concluded in the middle of 2017. The entire building is already completely let out. In Budapest, Warimpex owns a property on which a hotel with adjacent apartments is to be built. The planning is under way, and the building permit was issued in January 2017.

Outlook for 2017

“Our objective for the coming months is to move ahead with our current development projects as well as to successfully conclude the sale of part of our hotel portfolio to U City. The sale will significantly expand our room for manoeuvre and will position us ideally for new projects, including in collaboration with U City as a future partner that is entering the Central European market for the first time,” Jurkowitsch concluded. *“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.”*

The numbers for 2016 at a glance (as at 31 December 2016):

in EUR '000	2016	Change	2015
Hotels revenues	51,864	-5%	54,462
Investment Properties revenues	8,580	96%	4,384
Development and Services revenues	1,757	-42%	3,053
<i>Total revenues</i>	<i>62,201</i>	<i>-</i>	<i>61,898</i>
Expenses directly attributable to revenues	-35,967	-7%	- 38,539
<i>Gross income from revenues</i>	<i>26,235</i>	<i>12%</i>	<i>23,359</i>
Gains or losses from the disposal of properties	8,674	-39%	14,220
EBITDA	21,450	-27%	29,280
Depreciation, amortisation, and remeasurement	4,285	-	- 39,185
EBIT	25,735	-	-9,905
Earnings from joint ventures	-1,156	-	9,647
Profit for the year	22,862	-	-42,330
Profit or loss for the period (shareholders of the parent)	17,423	-	-17,838
Net cash flow from operating activities	12,958	1%	12,853
Segment information (including joint ventures on a proportionate basis):*			
Hotels revenues	81,773	-15%	96,573
Net operating profit (NOP)	25,134	-11%	28,124
NOP per available room	9,109	4%	8,752
Investment Properties revenues	9,614	88%	5,121
Investment Properties EBITDA	6,987	120%	3,170
Development and Services revenues	2,321	-34%	3,514
Gains or losses from the disposal of properties	9,050	-63%	24,270
Development and Services EBITDA	1,589	-93%	23,375
	31.12.2016	Change	31.12.2015
Gross asset value (GAV) in EUR millions	343.3	1%	340.8
NNNAV per share in EUR	1.9	6%	1.8

* According to the equity method, only properties in which the Company holds more than 50 per cent are generally included on the balance sheet.

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex Finanz- und Beteiligungs AG is a real estate investment and development company. The firm is headquartered in Vienna and is listed on the stock exchanges in Vienna and Warsaw (W XF). As one of the largest hotel investors in Central and Eastern Europe, Warimpex currently owns, partially owns, or operates 14 business and luxury hotels with 3,500 rooms in total as well as four commercial and office buildings with a total useable area of roughly 48,000 square metres. Over the past 25 years, Warimpex has developed properties worth over one billion euros. Warimpex believes in quality and sustainability as the basis for strong future growth.

Warimpex is active in seven countries in Europe. The top hotels that the firm owns, partially owns, or operates include the andel's hotel in Łódź, angelo hotels in Plzeň and Katowice, the angelo Airporthotel in Bucharest, the Kempinski hotel in Vienna, the Crowne Plaza hotel at AIRPORTCITY in St. Petersburg, and the InterContinental hotel in Warsaw.

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