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Warimpex Q1 2016:
Significant improvement in result for the period

- **Hotel operations stable, Investment Properties revenues increase to EUR 1.9 million due to completions in St. Petersburg and Budapest**
- **Improvement in financial result from minus EUR 3.9 million to plus EUR 0.2 million**
- **Loss for the period of EUR 0.5 million considerably better than in Q1 2015**
- **Development projects in St. Petersburg, Krakow, and Łódź**
- **Letter of intent signed for hotel sale – deal expected to close in mid-2016**

Vienna/Warsaw, 30 May 2016 – The first quarter of 2016 brought stable development in the hotel operations of Warimpex Finanz- und Beteiligungs AG, with occupancy and room rates remaining constant. However, the hotel sales concluded last year in Ekaterinburg and the resulting drop in the number of rooms led to a 7 per cent decline in revenues in the Hotels segment to EUR 9.4 million. In contrast, revenues from the Investment Properties segment increased from EUR 0.4 million to EUR 1.9 million due to the completion and letting of the Zeppelin office tower at AIRPORTCITY St. Petersburg and of the Erzsébet office building in Budapest. As a result, total revenues improved by 8 per cent in year-on-year terms to EUR 11.9 million. Gross income from revenues also rose by 63 per cent to roughly EUR 4 million.

However, EBITDA fell from EUR 1.6 million to EUR 0.8 million due to exchange rate gains from operations in the prior-year period, while EBIT remained relatively stable at minus EUR 0.5 million. The financial result including earnings from joint ventures climbed into positive territory, increasing from minus EUR 3.9 million to plus EUR 0.1 million. All in all, this led to a loss for the period of EUR 0.5 million, which marks an improvement over the comparison period (2015: loss of EUR 5.3 million).

The Russian economy remains in a slump and the rouble is still subject to major fluctuations, although it experienced a slight recovery in the first quarter of 2016. Conditions are not expected to stabilise until 2017. As announced at the end of 2015, it is already apparent that the appreciation of the currency will allow the company to make up non-cash foreign currency losses. Another point worth noting is that the first three months of the year are traditionally the weakest in terms of revenues for the hotel industry due to seasonal effects and are not representative of the development of revenues for the full year.

Current developments in Poland and Russia

In the Development segment, progress is being made on the projects in Russia and Poland. Warimpex recently obtained the building permit for the development of an office building with 26,000 square metres of space near the andel's Łódź. Depending on tenant demand, the implementation of the project will start soon.

In Krakow, Warimpex is working on the development of two office buildings. The first is an office building with around 26,000 square metres of space that will be built on a plot next to the Chopin Hotel, and the second is a building owned by Warimpex that is to be demolished and replaced by a new office building with approximately 20,000 square metres of space. A parking garage with 20,000 square metres of space is under construction at AIRPORTCITY St. Petersburg. In May 2016, a long-term preliminary lease agreement was signed for the entire building.

Outlook for 2016

The goal for the 2016 financial year is to boost the earnings of the hotels across the portfolio, to cut interest expenses, and to move forward with the company's development projects. Once again, Warimpex plans to complete a number of transactions this year, and the company signed a letter of intent for the sale of a hotel after the reporting period. The deal is expected to close at the middle of the year.

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Key financial figures for the first quarter of 2016 at a glance (as at 31 March 2016)

in EUR '000	**1–3/2016**	**Change**	**1–3/2015**
Hotels revenues	9,353	- 7%	10,069
Investment Properties revenues	1,902	413%	371
Development and Services revenues	602	14%	527
Total revenues	*11,857*	*8%*	*10,966*
Expenses directly attributable to revenues	- 7,885	- 8%	- 8,533
Gross income from revenues	*3,973*	*63%*	*2,433*
Gains or losses from the disposal of properties	-	-	- 1,376
EBITDA	833	- 49%	1,629
Depreciation, amortisation, and remeasurement	- 1,287	- 40%	- 2,158
EBIT	- 455	- 14%	- 529
Earnings from joint ventures	- 709	350%	- 158
Profit or loss for the period	- 463	-	- 5,337
Net cash flow from operating activities	2,303	14%	2,014
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	15,308	- 21%	19,383
Hotels net operating profit (NOP)	2,782	- 25%	3,712
NOP per hotel room	990	- 9%	1,094
Investment Properties revenues	2,088	274%	559
Investment Properties EBITDA	1,518	470%	266
Development and Services revenues	732	11%	660
Gains or losses from the disposal of properties	-	-	- 1,376
Development and Services EBITDA	- 1,528	-	492