

## **Positive third quarter for Warimpex: Revenues from the letting of office properties up 54 per cent**

- **Profit for the period improved significantly from EUR 6.6 million in the prior year to EUR 34.2 million**
- **Hotel revenues down by 38 per cent due to partial sale of hotel portfolio, revenues from the rental of office properties increased by 54 per cent**
- **Development projects: Completion in St. Petersburg, topping out in Łódź, and start of construction in Krakow**

Vienna/Warsaw, 30 November 2017 – Warimpex Finanz- und Beteiligungs AG generated an extremely positive result in the first nine months of 2017: At EUR 34.2 million, the profit for the period was significantly higher than in the prior-year period (Q1–3 2016: EUR 6.6 million). The last three quarters were primarily marked by progress in the development projects in St. Petersburg, Łódź, and Krakow as well as the partial sale of the hotel portfolio at the end of May. The company significantly strengthened its financial base by selling eight hotel holdings. The equity ratio improved substantially from 7 per cent to 34 per cent. The group's liabilities were lowered by roughly EUR 164 million in total, resulting in a considerable reduction of the interest costs within the group.

### **A detailed look at the results for the first three quarters**

Due to the decline in the number of rooms, hotel revenues fell to EUR 24.6 million (minus 38 per cent) in the first nine months of the year. This effect was not yet significant in the first half of the year because the hotel revenues were included in the results up to the closing of the transaction at the end of May. They were no longer included from June onward. By contrast, revenues from the letting of office properties increased to EUR 9.6 million (plus 54 per cent), largely due to the completion of the fully occupied multi-use building at AIRPORTCITY St. Petersburg and index adjustments. Consolidated revenues declined to EUR 35.5 million (minus 24 per cent).

EBITDA increased from EUR 11.1 million to EUR 31.8 million due to sales proceeds, and EBIT also improved considerably from EUR 14.6 million to EUR 45.5 million. The financial result including joint ventures went from minus EUR 6.3 million to minus EUR 11.5 million due to non-cash exchange rate losses in Russia. Overall, the result for the period for Warimpex improved from EUR 6.6 million in the previous year to EUR 34.2 million.

### **Completion, topping out, and start of construction**

With regard to development projects, Warimpex handed over the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg with roughly 6,000 square metres of office and archive space as well as parking spaces for around 450 vehicles to the tenant at the end of May. As an important infrastructure

project in the area surrounding the airport, AIRPORTCITY is an attractive location with tremendous potential for developments. Warimpex holds property reserves for around 150,000 square metres of office space at the site.

The construction of Ogródowa Office is progressing nicely in the Polish city of Łódź. The topping-out ceremony was celebrated with all of the project participants on 21 November. The office building is scheduled to be completed in the spring of 2018. Advance leases have already been signed for over 9,000 square metres of the 26,000 square metres of total space.

In Krakow, the Mogilska office building is under construction following the demolition of the old building. Warimpex expects it to be completed in the final quarter of 2018. A letter of intent has already been signed for the letting of about 60 per cent of the roughly 12,000 square metres of space. Also in Krakow, Warimpex is planning an office building with around 20,000 square metres of space next to the Chopin Hotel.

#### **Outlook**

The value of the company's portfolio decreased from roughly EUR 343 million to around EUR 171 million due to the sale of eight hotel holdings. However, Warimpex is confident that its property assets will soon be back above the EUR 300 million mark thanks to very selective purchases and the construction progress on its development projects. Warimpex will continue to concentrate on hotel and office development projects in CEE and Russia in the future, and Poland will remain the company's key market. The company is also currently evaluating options for new development activities.

**Key financial figures for the first three quarters of 2017 at a glance (as at 30 September 2017):**

<b>in EUR '000</b>	<b>1-9/2017</b>	<b>Change</b>	<b>1-9/2016</b>
Hotels revenues	24,551	-38%	39,550
Investment Properties revenues	9,610	54%	6,224
Development and Services revenues	1,310	33%	984
<i>Total revenues</i>	<i>35,470</i>	<i>-24%</i>	<i>46,758</i>
Expenses directly attributable to revenues	-18,417	-30%	-26,233
<i>Gross income from revenues</i>	<i>17,053</i>	<i>-17%</i>	<i>20,525</i>
Gains or losses from the disposal of properties	23,648	-	147
EBITDA	31,774	186%	11,109
Depreciation, amortisation, and remeasurement	13,773	297%	3,465
EBIT	45,547	213%	14,574
Earnings from joint ventures	1,280	20%	1,064
Profit or loss for the period	34,152	417%	6,603
Net cash flow from operating activities	7,485	-37%	11,824
Equity ratio	34%	27 pp	7%
<b>Segment information (including joint ventures on a proportionate basis):</b>			
Hotels revenues	47,869	-22%	61,698
Net operating profit (NOP)	14,467	-28%	19,956
NOP per available room	7,352	3%	7,161
Investment Properties revenues	12,675	92%	6,591
Investment Properties EBITDA	10,188	105%	4,976
Development and Services revenues	2,207	57%	1,403
Gains or losses from the disposal of properties	23,648	-	523
Development and Services EBITDA	18,516	-	-4,049
	<b>30.06.2017</b>	<b>Change</b>	<b>31.12.2016</b>
Gross asset value (GAV) in EUR millions	171.3	-50%	343.3
Triple net asset value (NNNAV) in EUR millions	117.1	12%	104.7
NNNAV per share in EUR	2.2	16%	1.9