

warimpex

WARIMPEX

*Report on the  
First Half  
of 2017*



INTER

## WARIMPEX GROUP

*Key Figures*

in EUR '000	1-6/2017	Change	1-6/2016
Hotels revenues	20,786	-14%	24,188
Investment Properties revenues	6,053	52%	3,983
Development and Services revenues	665	-16%	789
<i>Total revenues</i>	<i>27,505</i>	<i>-5%</i>	<i>28,959</i>
Expenses directly attributable to revenues	-15,406	-9%	-16,906
<i>Gross income from revenues</i>	<i>12,099</i>	<i>-</i>	<i>12,054</i>
Gains or losses from the disposal of properties	23,624	-	147
EBITDA	29,452	368%	6,289
Depreciation, amortisation, and remeasurement	13,901	255%	3,918
EBIT	43,353	325%	10,207
Earnings from joint ventures	599	889%	61
Profit or loss for the period	33,547	173%	12,300
Net cash flow from operating activities	4,452	-30%	6,382
Equity and liabilities	255,935	-29%	361,669
Equity	78,004	145%	31,888
Equity ratio	30%	21 pp	9%
Average number of shares in the financial year	54,000,000	-	54,000,000
Earnings per share in EUR	0.55	320%	0.13
Number of hotels	6	-9	15
Number of rooms (adjusted for proportionate share of ownership)	892	-1,780	2,672
Number of office and commercial properties	5	1	4
<b>Segment information (including joint ventures on a proportionate basis):</b>			
Hotels revenues	35,637	-5%	37,832
Hotels net operating profit (NOP)	10,507	-3%	10,824
NOP per available room	4,463	15%	3,884
Investment Properties revenues	8,161	88%	4,351
Investment Properties EBITDA	6,647	102%	3,287
Development and Services revenues	1,389	29%	1,075
Gains or losses from the disposal of properties	23,624	-	147
Development and Services EBITDA	20,201	-	-2,368

	30/6/2017	Change	31/12/2016
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
End-of-period share price in EUR	1.30	69%	0.77

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

# Highlights

## Operational highlights

### 5/2017

Handover of the multi-use building at AIRPORTCITY St. Petersburg

### 5/2017

Warimpex closes sale of eight hotels

### 7/2017

Start of construction of Mogilska office building, Krakow

## OTHER SECURITIES OF WARIMPEX FINANZ- UND BETEILIGUNGS AG AS AT 30 JUNE 2017

	ISIN	Conversion price	Outstanding amount
Bond 10/17	AT0000A139F7	–	PLN 1,500,000
Bond 02/18	PLWRMFB00024	–	PLN 3,000,000
Bond 05/18	AT0000A1VWEO	–	EUR 5,500,000
Convertible bond 11/18	AT0000A100Y0	PLN 5.94	PLN 19,500,000
Bond 12/18	PLWRMFB00032	–	EUR 25,885,000
Bond 01/19	PLWRMFB00040	–	PLN 9,700,000

The convertible bond 06/17 was redeemed at the end of June 2017.

A zero-coupon bond with a volume of EUR 5.5 million was floated as a private placement in May 2017.

After the reporting date, the bonds 02/18 and 01/19 were redeemed early in full in July 2017, and EUR 24,285,000 of the bond 12/18 was repaid early.

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

## Dear Shareholders,

A key event in the first half of 2017 and a milestone in the history of Warimpex was the sale of part of our hotel portfolio. The transaction closed successfully on 31 May. The transaction covered eight hotel holdings that accounted for around 50% of Warimpex's total property assets and that represented a property value of roughly EUR 180 million. This enabled us to realise hidden reserves in line with our business strategy and generated a profit contribution of EUR 21.4 million.

### What does this mean for our business?

1. Above all, the transaction has considerably strengthened our financial base. We already redeemed EUR 30.7 million in bonds and loans in the first half of 2017 plus additional redemptions in the amount of EUR 27 million in July. The early repayment of expensive bonds enabled us to significantly reduce our interest costs, as is our goal. Our equity ratio improved substantially from 9 per cent to 30 per cent.
2. As a result of the disposals, revenues from hotel operations will be lower from the third quarter onward. This effect was not yet significant in the first half of 2017 because the hotel revenues were included in the results up to the closing of the deal at the end of May. By contrast, revenues from the rental of office properties and from the Development and Services segment will rise due to completions and new development projects.
3. This puts us in a good position to tackle new projects. Our business will continue to focus on hotel and office development projects in CEE and Russia, as the markets have recently matured and are improving. Poland will remain a core Warimpex market with the current development projects in Łódź and Krakow. We are also currently evaluating options for further development activities.

Speaking of development projects, we completed one project and are moving forward with four others. At AIRPORTCITY St. Petersburg, we handed over the fully let-out Bykovskaya multi-use building with roughly 6,000 square metres of office and archive space and parking spaces for around 450 vehicles to the tenant at the end of May. We also hold property reserves for around 150,000 square metres of office space at AIRPORTCITY.

The construction of Ogródowa Office is progressing in Łódź. The ground floor has already been built, and the building is expected to be completed in the first quarter of 2018. Advance leases have been signed for roughly 8,000 square metres of the 26,000 square metres of total space.

A letter of intent was signed for the letting of about 60 per cent of the 12,000 square metres of space in the Mogilska office building in Krakow and the terms of the lease are now being

negotiated. The demolition of the existing building is all but finished, meaning that the construction of the new building can begin soon. The building is scheduled to be completed in the fourth quarter of 2018. An office building with around 20,000 square metres of space is also to be built in Krakow, next to the Chopin Hotel. Planning for this is in progress.

In Budapest, Warimpex owns a property on which a hotel with adjacent apartments is to be built. Planning is under way, the construction permit was issued in March 2017.

### The financial results in detail

In addition to the successful hotel sale and the progress we have made in our development projects, the first half of the year was also very good in financial terms. Revenues in the Hotels segment declined by 14 per cent to EUR 20.8 million, as mentioned above, but this was due to the sale of the angelo hotel in Prague in the prior financial year and to the sale of the eight hotel holdings. As the deal closed on 31 May 2017, their performance was no longer included in the month of June, which is traditionally very strong in the hotel industry. Revenues from the rental of office properties rose from EUR 4.0 million to EUR 6.1 million, primarily as a result of index adjustments and the handover of the multi-use building at AIRPORTCITY St. Petersburg to the tenant. Consolidated revenues declined by 5 per cent to EUR 27.5 million in total.

EBITDA advanced from EUR 6.3 million to EUR 29.5 million, driven by sales proceeds. EBIT also improved substantially from EUR 10.2 million to EUR 43.4 million. The measurement of the assets also improved by a substantial 12 per cent in the NNNAV compared with the end of 2016. The financial result including joint ventures went from EUR 3.9 million to minus EUR 9.2 million as a result of non-cash foreign currency losses stemming from exchange rate movements. In total, this resulted in a profit for the first half of 2017 of EUR 33.5 million (H1 2016: EUR 12.3 million).

In closing, I would like to thank all of our staff who were involved in the portfolio sale for their efforts as well as our investors for the trust that they have placed in us over the past years. The sale showed that good projects bear fruit at the right time and that the transaction markets for hotel investments in CEE have become more attractive again. We hope to carry this positive momentum into the future.



Franz Jurkowitsch

# Semi-Annual Consolidated Management Report

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

Warimpex announced the sale of part of its hotel portfolio to the Thai investor U City Public Company Limited (U City) on 23 February 2017. The sale closed on 31 May 2017. The transaction covered eight hotel holdings, which accounted for around 50 per cent of the total real estate assets of Warimpex and represented a property value of roughly EUR 180 million (excluding the holdings of UBM in this portfolio).

The holding and operating companies of the following Polish hotels were sold on 31 May 2017:

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

The occupancy rate at the InterContinental hotel fell to 81 per cent (1–6 2016: 84 per cent), and the average room rate in euros rose by 12 per cent.

## Economic Environment

In its World Economic Outlook update in July 2017, the International Monetary Fund (IMF) updated its April economic projections for 2017 as follows: The Eurozone economy is now expected to grow by 1.9 per cent in 2017 (April 2017 projection: 1.7 per cent), and by 1.7 per cent (1.6 per cent) in 2018. For Russia, the projection of 1.4 per cent for 2017 and 1.4 per cent for 2018 remained unchanged. Economic growth is expected to total 3.5 per cent (3.0 per cent) in emerging and developing Europe<sup>1</sup> in 2017. The IMF growth projection for 2018 is 3.2 per cent (3.3 per cent).

### Under development:

#### 3 office buildings, 1 development property

Advance leases were signed for roughly 8,000 square meters of the total 26,000 square meters in the Ogrodowa office building that is under construction in Łódź. Completion is planned in the first quarter of 2018.

A letter of intent was signed for the letting of about 60 per cent of the 12,000 square metres of space in the Mogilska office building in Krakow and the terms of the lease are now being negotiated. The demolition of the existing building has already begun. Completion is planned in the third quarter of 2018.

Warimpex is also the owner of a development property next to the Chopin Hotel, on which an office building with around 20,000 square metres of space is to be built. Planning for this project is under way.

Warimpex owns a development property in Białystok.

## Markets

### POLAND

#### Existing portfolio: 1 hotel

Warimpex has been 50 per cent leaseholder of the five-star InterContinental in Warsaw since December 2012. Warimpex and UBM developed the hotel together, and each most recently held 50 per cent of the hotel with its 414 rooms. Warimpex and UBM sold the hotel at the end of December 2012. A lease was concluded between the purchaser and a subsidiary of Warimpex and UBM, under which it will lease the hotel back at a fixed rate and continue to run the establishment under the brand InterContinental until 2027.

### CZECH REPUBLIC

#### Existing portfolio: 1 hotel

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

The holding companies of the following Czech hotels were sold on 31 May 2017:

- Vienna House Diplomat Prague
- angelo Plzeň (50 per cent stake)

Occupancy at the Dvořák hotel rose from 48 to 58 per cent, and the average room rate in euros fell by roughly 14 per cent.

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

## HUNGARY

### Existing portfolio: 2 office properties

In Budapest, Warimpex owns the Erzsébet and Sajka office buildings, which together have a total net floor space of around 17,000 square metres.

The Sajka office building has roughly 600 square metres of lettable space, roughly 40 per cent of which is occupied.

Roughly 94 per cent of Erzsébet Office in Budapest was let out on the reporting date; 12,250 square metres (of 14,500 square metres) are let to the insurance company Groupama Garancia Insurance Private Co. Ltd., a Hungarian branch of the international Groupama Group. Additional space was let out after the reporting date, so the current occupancy rate is around 97 per cent.

### Under development: 1 hotel

In Budapest, Warimpex owns a property on Üllői ut, and the planning of a hotel with adjacent apartments was begun. The building permit was issued in March 2017.

## ROMANIA

The angelo Airporthotel in Bucharest was sold on 31 May 2017.

## FRANCE

### Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders (finance leasing) of the four-star Vienna House Dream Castle Hotel and the four-star Vienna House Magic Circus at Disneyland® Resort Paris, each of which have about 400 rooms. Occupancy at the hotels improved to 74 and 71 per cent (1–6 2016: 63 and 50 per cent), respectively. The average room rate remained constant at Vienna House Dream Castle and fell by around 9 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 office buildings (Jupiter 1 and 2) with 16,800 square metres of lettable space were opened at the end of December 2011. AIRPORTCITY St. Petersburg is being developed by OAO 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 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 2016: 66 per cent) while the average room rate in euros rose by 25 per cent.

The fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg with parking spaces for around 450 vehicles and around 6,000 square metres of office and archive space was handed over to the tenant at the end of May.

### Under development: 2 development properties

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

# *Assets, Financial Position, and Earnings Situation*

## **Earnings situation**

### **Development of revenues**

Revenues in the Hotels segment retreated by 14 per cent to EUR 20.8 million in the first half of 2017 due to the sale of hotels.

Revenues from the letting of office properties (Investment Properties revenues) climbed from EUR 4.0 million to EUR 6.1 million, largely due to index adjustments and the completion of the fully occupied Bykovskaya multi-use building at the end of May.

Total revenues contracted by 5 per cent to EUR 27.5 million.

Expenses directly attributable to revenues fell from EUR 16.9 million to EUR 15.4 million, allowing the gross income from revenues to remain unchanged at roughly EUR 12.1 million.

### **Gains or losses from the disposal of properties**

A portfolio of eight hotel operations was sold through a share deal on 31 May 2017. The sale made a EUR 21.4 million contribution to the profit for the period. The overall disposal result totalled EUR 23.6 million (1–6 2016: EUR 0.15 million).

### **EBITDA**

Earnings before interest, taxes, depreciation, and amortisation, and gains/losses on the remeasurement of investment properties (EBITDA) rose from EUR 6.3 million to EUR 29.5 million due to disposal profits.

### **Depreciation, amortisation, and remeasurement**

The remeasurement result from the office assets (investment properties) came to EUR 12.3 million (1–6 2016: EUR 7.9 million). The increase in value can primarily be attributed to the progress made towards the completion of the fully let-out Bykovskaya multi-use building.

### **EBIT**

EBIT improved from EUR 10.2 million to EUR 43.4 million.

### **Financial result**

Finance income (including earnings from joint ventures and associated companies) went from EUR 3.9 million to minus EUR 9.2 million.

Finance expenses rose slightly from EUR 6.4 million to EUR 7.0 million.

The financial result was negatively impacted by non-cash exchange rate losses of EUR 5.6 million (1–6 2016: exchange rate gains of EUR 9.2 million).

### **Profit or loss for the period**

The result for the period for the Warimpex Group improved from EUR 12.3 million in the previous year to EUR 33.5 million.

## Segment analysis

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

### Hotels segment\*

in EUR '000	1-6/2017	1-6/2016
Revenues for the Group	35,637	37,575
Average number of hotel rooms for the Group	2,354	2,787
Occupancy	69%	64%
RevPar (in EUR)	54.22	48.6
GOP for the Group	13,318	13,956
NOP for the Group	10,507	10,824
NOP/available room in EUR	4,463	3,884

\* Including all joint ventures on a proportionate basis

In the reporting period, the average number of rooms falling under Group ownership declined by 16 per cent due to the sale of the following hotels:

- angelo Prague (October 2016)
- Vienna House Easy Chopin Krakow (31 May 2017)
- andel's Krakow (operating and leaseholding company) (31 May 2017)
- andel's Łódź (31 May 2017)
- angelo Katowice (50 per cent stake) (31 May 2017)
- Amber Baltic Międzyzdroje (31 May 2017)
- Vienna House Diplomat Prague (31 May 2017)
- angelo Plzeň (50 per cent stake) (31 May 2017)
- Amber Baltic Międzyzdroje (31 May 2017)
- angelo Bucharest (31 May 2017)

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

### Investment Properties segment\*

in EUR '000	1-6/2017	1-6/2016
Revenues for the Group	8,161	4,351
Segment EBITDA	6,647	3,287

\* Including all joint ventures on a proportionate basis

The revenues and EBITDA of the Investment Properties segment increased due to the completion of the Zeppelin office tower in St. Petersburg and an office building in Budapest in the previous year as well as the handover of the Bykovskaya multi-use building in May 2017.

### Development and Services segment\*

in EUR '000	1-6/2017	1-6/2016
Revenues for the Group	1,389	1,75
Gains or losses from the disposal of properties	23,624	147
Segment EBITDA	20,201	-2,368

\* 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 stems primarily from the sale of the hotel portfolio (see above).

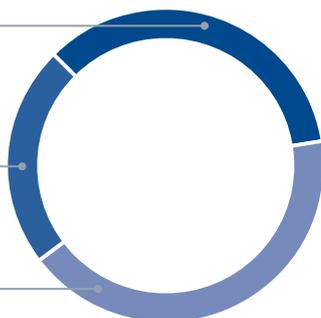
## Real Estate Assets

### PROPERTY ASSETS IN MILLIONS

€39.9 Development projects

€58.8 Existing hotel assets

€72.8 Existing office assets



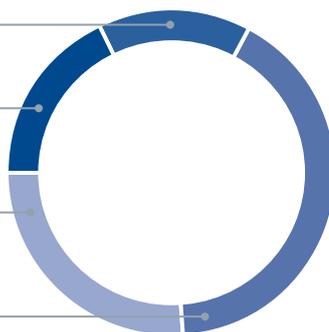
### GAV BY COUNTRY

15% Hungary

18% Poland

26% France

41% Russia



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

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

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

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors. The fair value is the price that would be paid for the transfer of an

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

The gross asset value of Warimpex's proportionate properties came in at EUR 171.3 million on 30 June 2017 (31 December 2016: EUR 343.3 million), of which EUR 57.8 million (31 December 2016: EUR 75.5 million) can be attributed to joint ventures. The Group's triple net asset value (NNNAV) rose from EUR 104.7 million as at 31 December 2016 to EUR 117.1 million as at 30 June 2017.

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

in EUR millions	6/2017		12/2016	
Equity before non-controlling interests		100.6		70.2
Deferred tax assets	-0.7		-1.9	
Deferred tax liabilities	3.0	2.3	11.5	9.6
Carrying amount of existing hotel assets	-23.3		-24.2	
Fair value of existing hotel assets	23.3	–	24.6	0.4
Carrying amount of joint ventures	-15.1		-14.5	
Fair value of joint ventures	29.3	14.2	28.9	14.4
Carrying amount of disposal group	–		-169.2	
Fair value of disposal group	–	–	179.3	10.1
<b>Triple net asset value</b>		<b>117.1</b>		<b>104.7</b>
Number of shares on 31 December		54.0		54.0
<b>NNNAV per share in EUR</b>		<b>2.2</b>		<b>1.9</b>

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

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

## **a) General**

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

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

## **b) Operating risks**

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

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

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

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

ment 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 2016 in section 8.2.

### 1. Interest rate risk

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

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

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

### 2. Currency risk

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

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

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

### 3. Default risk

The amounts stated as assets on the face of the consolidated statement of financial position represent the maximum credit

risk and default risk, since there are no general settlement agreements. The default risk associated with trade receivables can be considered moderate because receivables are generally paid either in advance or immediately on site, especially in the Hotels segment. Longer payment terms are generally only accepted for receivables from travel agencies.

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

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

Please also see section 8.2.3. in the notes to the consolidated financial statements as at 31 December 2016.

### 4. Liquidity risk

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

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

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

Please also see section 8.2.4. in the notes to the consolidated financial statements as at 31 December 2016.

Because of the closing of the sale of eight hotels, the Group had cash and cash equivalents of roughly EUR 46 million at 30 June 2017 and significantly reduced its debt ratio.

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.

Major transactions with related parties are discussed in the notes to the consolidated financial statements.

## *Events after the Reporting Date*

Please see section 8.2. of the notes to the consolidated interim financial statements for information about key events after the reporting date.

## *Outlook*

The following development projects are currently under construction or development:

- Ogrodowa office building with roughly 26,000 square metres of space, Łódź (under construction)
- Mogilska office building with roughly 12,000 square metres, Krakow (under construction)
- Chopin office building with roughly 21,000 square metres of space, Krakow
- Hotel with roughly 170 rooms and around 60 apartments, Budapest

Our objective for the coming months is to move ahead with our current development projects. We expect a significant reduction of interest costs in 2017 and subsequent years due to the early redemption of bonds and the elimination of project loans.

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

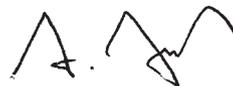
**Vienna, 30 August 2017**



**Franz Jurkowitsch**  
Chairman  
of the Management Board



**Georg Folian**  
Vice-Chairman  
of the Management Board



**Alexander Jurkowitsch**  
Member of the  
Management Board



**Florian Petrowsky**  
Member of the  
Management Board



Palais Hansen  
Kempinski\*\*\*\*\*  
Vienna, AT

# *Condensed Consolidated Interim Financial Statements*

AS AT 30 JUNE 2017

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**Vienna House  
Magic Circus Paris\*\*\*\***  
Paris, FR

# Condensed Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017 – UNAUDITED

in EUR '000	Note	1–6/2017	4–6/2017	1–6/2016	4–6/2016
Hotels revenues		20,786	11,335	24,188	14,835
Investment Properties revenues		6,053	3,534	3,983	2,081
Development and Services revenues		665	233	789	187
<b>Revenues</b>		<b>27,505</b>	<b>15,102</b>	<b>28,959</b>	<b>17,102</b>
Expenses from the operation of hotels		(13,688)	(6,699)	(15,679)	(8,481)
Expenses from the operation of investment properties		(1,080)	(595)	(750)	(377)
Expenses directly attributable to development and services		(639)	(324)	(477)	(163)
<b>Expenses directly attributable to revenues</b>	6.1.	<b>(15,406)</b>	<b>(7,619)</b>	<b>(16,906)</b>	<b>(9,021)</b>
<b>Gross income from revenues</b>		<b>12,099</b>	<b>7,483</b>	<b>12,054</b>	<b>8,081</b>
Income from the sale of properties		60,382	60,258	16	16
Disposal of carrying amounts and expenses related to sales		(36,758)	(36,758)	131	131
<b>Gains or losses from the disposal of properties</b>	5	<b>23,624</b>	<b>23,499</b>	<b>147</b>	<b>147</b>
<b>Other operating income</b>		<b>992</b>	<b>610</b>	<b>619</b>	<b>375</b>
<b>Administrative expenses</b>	6.2.	<b>(5,424)</b>	<b>(3,561)</b>	<b>(4,841)</b>	<b>(2,696)</b>
<b>Other expenses</b>	6.3.	<b>(1,838)</b>	<b>(847)</b>	<b>(1,690)</b>	<b>(451)</b>
<b>Earnings before interest, taxes, depreciation, amortisation, and remeasurement (EBITDA)</b>		<b>29,452</b>	<b>27,185</b>	<b>6,289</b>	<b>5,456</b>
Scheduled depreciation and amortisation on property, plant, and equipment and intangible assets		(432)	(205)	(3,126)	(1,578)
Impairments on property, plant, and equipment		–	–	(3,868)	(3,868)
Reversals of impairment on property, plant, and equipment		904	698	3,041	2,764
Remeasurement result from disposal groups		1,174	(18)	–	–
Gains/losses on remeasurement of investment property		12,255	12,272	7,872	7,889
<b>Depreciation, amortisation, and remeasurement</b>	6.4.	<b>13,901</b>	<b>12,748</b>	<b>3,918</b>	<b>5,206</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>43,353</b>	<b>39,932</b>	<b>10,207</b>	<b>10,662</b>
Finance income	6.5.	2,712	804	1,010	423
Finance expenses	6.6.	(6,961)	(3,460)	(6,439)	(3,213)
Changes in foreign exchange rates	6.8.	(5,566)	(9,925)	9,236	5,716
Earnings from joint ventures and associated companies (equity method) after taxes	7.3.	599	1,008	61	770
<b>Financial result</b>		<b>(9,216)</b>	<b>(11,573)</b>	<b>3,867</b>	<b>3,695</b>
<b>Earnings before taxes</b>		<b>34,138</b>	<b>28,359</b>	<b>14,074</b>	<b>14,357</b>
Income taxes		67	851	(173)	(174)
Deferred income taxes		(658)	(398)	(1,601)	(1,420)
<b>Taxes</b>		<b>(591)</b>	<b>452</b>	<b>(1,774)</b>	<b>(1,594)</b>
<b>Profit or loss for the period</b>		<b>33,547</b>	<b>28,811</b>	<b>12,300</b>	<b>12,763</b>
thereof profit of non-controlling interests		4,831	2,427	5,172	4,591
<b>thereof profit of equity holders of the parent</b>		<b>28,716</b>	<b>26,384</b>	<b>7,127</b>	<b>8,173</b>
<b>Earnings per share in EUR:</b>					
Undiluted profit or loss for the period attributable to equity holders of the parent		0.53	0.49	0.13	0.15
Diluted profit or loss for the period attributable to equity holders of the parent		0.53	0.49	0.13	0.15

# Condensed Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017 – UNAUDITED

in EUR '000	Note	1–6/2017	4–6/2017	1–6/2016	4–6/2016
<b>Profit or loss for the period</b>		<b>33,547</b>	<b>28,811</b>	<b>12,300</b>	<b>12,763</b>
Foreign exchange differences		(497)	(1,049)	(897)	(341)
Valuation of cash flow hedges		1,234	1,051	(1,010)	(371)
<i>thereof reclassified to the income statement</i>		1,190	1,190	–	–
Other comprehensive income from joint ventures (equity method)		20	–	(9)	(9)
Gains/losses from available-for-sale financial assets	7.6	1,219	1,219	(576)	(1)
<i>thereof reclassified to the income statement</i>		(661)	(661)	–	–
(Deferred) taxes in other comprehensive income	6.9.	(577)	(646)	353	232
<b>Other comprehensive income (reclassified in profit or loss in subsequent periods)</b>		<b>1,399</b>	<b>575</b>	<b>(2,140)</b>	<b>(491)</b>
<b>Total comprehensive income for the period</b>		<b>34,946</b>	<b>29,386</b>	<b>10,160</b>	<b>12,272</b>
thereof profit of non-controlling interests		4,485	1,857	4,989	4,860
<b>thereof profit of equity holders of the parent</b>		<b>30,461</b>	<b>27,529</b>	<b>5,171</b>	<b>7,413</b>

# Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE – UNAUDITED

in EUR '000	Note	30/6/17	31/12/16	30/6/16
<b>ASSETS</b>				
Property, plant, and equipment	7.1.	31,859	31,316	184,833
Investment property	7.2.	128,223	111,739	100,898
Other intangible assets		15	18	36
Net investments in joint ventures and associated companies (equity method)	7.3.	15,067	14,479	21,444
Financial assets, available for sale		–	583	2
Other financial assets	7.4.	15,665	14,118	17,598
Deferred tax assets		737	1,931	42
<b>Non-current assets</b>		<b>191,566</b>	<b>174,185</b>	<b>324,853</b>
Inventories		247	312	594
Trade and other receivables	7.5.	10,012	5,203	6,817
Financial assets, available for sale	7.6.	8,113	6,233	9,097
Cash and cash equivalents	7.7.	45,997	2,769	5,468
Non-current assets (disposal groups), held for sale	5.1.	–	169,185	14,840
<b>Current assets</b>		<b>64,369</b>	<b>183,701</b>	<b>36,816</b>
<b>TOTAL ASSETS</b>		<b>255,935</b>	<b>357,886</b>	<b>361,669</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		54,000	54,000	54,000
Retained earnings		47,369	13,218	2,923
Treasury shares		(301)	(301)	(301)
Other reserves		(419)	3,271	2,314
<i>thereof cumulated comprehensive income from disposal groups</i>		–	4,201	–
<b>Equity attributable to equity holders of the parent</b>		<b>100,649</b>	<b>70,188</b>	<b>58,936</b>
Non-controlling interests		(22,645)	(27,130)	(27,048)
<b>Equity</b>		<b>78,004</b>	<b>43,058</b>	<b>31,888</b>
Convertible bonds	7.8.	4,276	3,971	4,007
Other bonds	7.8.	5,264	42,988	31,437
Other financial liabilities	7.8.	103,244	105,335	195,324
Derivative financial instruments		1,025	401	2,935
Other liabilities		6,936	7,220	6,692
Provisions		2,595	2,499	2,448
Deferred tax liabilities		3,024	3,295	11,005
Deferred income		3,363	3,662	9,129
<b>Non-current liabilities</b>		<b>129,727</b>	<b>169,371</b>	<b>262,977</b>
Convertible bonds	7.8.	116	3,931	4,341
Bonds	7.8.	29,267	552	15,486
Other financial liabilities	7.8.	7,869	13,256	20,513
Trade and other payables	7.9.	9,935	11,152	11,087
Provisions		238	252	1,052
Income tax liabilities		562	615	166
Deferred income		218	229	1,790
Liabilities directly associated with the assets held for sale	5.1.	–	115,470	12,369
<b>Current liabilities</b>		<b>48,204</b>	<b>145,457</b>	<b>66,804</b>
<b>Liabilities</b>		<b>177,931</b>	<b>314,828</b>	<b>329,781</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>255,935</b>	<b>357,886</b>	<b>361,669</b>

# Condensed Consolidated Statement of Cash Flows

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017 – UNAUDITED

in EUR '000	1–6/2017	4–6/2017	1–6/2016	4–6/2016
Cash receipts				
from hotel operations and rent received	27,416	14,761	28,504	15,999
from real estate development projects and other	290	120	451	9
from interest income	410	207	262	1
<b>Cash receipts from operating activities</b>	<b>28,117</b>	<b>15,089</b>	<b>29,217</b>	<b>16,008</b>
Cash payments				
for real estate development projects	(656)	(98)	(581)	(394)
for materials and services received	(7,660)	(4,250)	(9,090)	(4,813)
for related personnel expenses	(10,577)	(6,749)	(8,296)	(4,414)
for other administrative expenses	(3,820)	(1,482)	(4,727)	(2,227)
for income taxes	(952)	(295)	(140)	(81)
<b>Cash payments for operating activities</b>	<b>(23,665)</b>	<b>(12,784)</b>	<b>(22,835)</b>	<b>(11,929)</b>
<b>Net cash flows from operating activities</b>	<b>4,452</b>	<b>2,215</b>	<b>6,382</b>	<b>4,079</b>
Cash receipts from				
the sale of disposal groups and property	77,782	77,782	115	–
less outflow of cash and cash equivalents from disposal groups sold	(4,027)	(4,027)	–	–
purchase price payments from sales in previous periods	125	–	–	–
other financial assets	15	15	1,233	126
returns on joint ventures and associated companies	–	–	4,119	24
<b>Cash receipts from investing activities</b>	<b>73,895</b>	<b>73,770</b>	<b>5,468</b>	<b>150</b>
Cash payments for				
investments in property, plant, and equipment	(1,176)	(788)	(959)	(465)
investments in investment property	(7,321)	(5,012)	(2,218)	(1,430)
the purchase of data processing programs	–	–	(5)	(5)
other financial assets	(50)	(50)	(32)	(18)
joint ventures and associated companies	(646)	(266)	–	–
<b>Cash payments for investing activities</b>	<b>(9,193)</b>	<b>(6,116)</b>	<b>(3,214)</b>	<b>(1,918)</b>
<b>Net cash flows from investing activities</b>	<b>64,702</b>	<b>67,654</b>	<b>2,254</b>	<b>(1,767)</b>
Cash receipts from the issue of bonds and convertible bonds	5,239	5,239	45	–
Cash payments for the redemption of bonds and convertible bonds	(19,037)	(19,037)	(3,559)	–
Payments received from loans and borrowing	3,100	(1)	14,665	10,565
Payments made for the repayment of loans and borrowing	(12,410)	(11,182)	(15,721)	(10,809)
Paid interest (for loans and borrowing)	(2,837)	(1,270)	(3,212)	(1,669)
Paid interest (for bonds and convertible bonds)	(1,725)	(1,158)	(1,548)	(668)
Paid financing costs	(173)	(137)	(652)	(437)
<b>Net cash flows from/used in financing activities</b>	<b>(27,844)</b>	<b>(27,546)</b>	<b>(9,982)</b>	<b>(3,017)</b>
<b>Net change in cash and cash equivalents</b>	<b>41,310</b>	<b>42,323</b>	<b>(1,346)</b>	<b>(705)</b>
Foreign exchange rate changes in cash and cash equivalents	53	47	(24)	(21)
Foreign exchange rate changes from other comprehensive income	(89)	(207)	453	257
Cash and cash equivalents at the beginning of the period	4,723	3,834	7,394	6,947
<b>Cash and cash equivalents as at 30 June</b>	<b>45,997</b>	<b>45,997</b>	<b>6,477</b>	<b>6,477</b>
<b>Cash and cash equivalents at the end of the period consist of:</b>				
Cash and cash equivalents of the Group	45,997	45,997	5,468	5,468
Cash and cash equivalents of a disposal group	–	–	1,009	1,009
	<b>45,997</b>	<b>45,997</b>	<b>6,477</b>	<b>6,477</b>

# Condensed Consolidated Statement of Changes in Equity

AS AT 30 JUNE – UNAUDITED

in EUR '000	Equity attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital	Retained earnings	Treasury shares	Other reserves	Total		
<b>As at 1 January 2016</b>	<b>54,000</b>	<b>(4,204)</b>	<b>(301)</b>	<b>4,270</b>	<b>53,765</b>	<b>(32,037)</b>	<b>21,728</b>
Total comprehensive income for the period	–	7,127	–	(1,956)	<b>5,171</b>	4,989	<b>10,160</b>
<i>thereof profit for the period</i>	–	7,127	–	–	<b>7,127</b>	5,172	<b>12,300</b>
<i>thereof other comprehensive income</i>	–	–	–	(1,956)	<b>(1,956)</b>	(183)	<b>(2,140)</b>
<b>As at 30 June 2016</b>	<b>54,000</b>	<b>2,923</b>	<b>(301)</b>	<b>2,314</b>	<b>58,936</b>	<b>(27,048)</b>	<b>31,888</b>
<b>As at 1 January 2017</b>	<b>54,000</b>	<b>13,218</b>	<b>(301)</b>	<b>3,271</b>	<b>70,188</b>	<b>(27,130)</b>	<b>43,058</b>
Changes in the scope of consolidation	–	5,434	–	(5,434)	–	–	–
Total comprehensive income for the period	–	28,716	–	1,744	<b>30,461</b>	4,485	<b>34,946</b>
<i>thereof profit for the period</i>	–	28,716	–	–	<b>28,716</b>	4,831	<b>33,547</b>
<i>thereof other comprehensive income</i>	–	–	–	1,744	<b>1,744</b>	(345)	<b>1,399</b>
<b>As at 30 June 2017</b>	<b>54,000</b>	<b>47,369</b>	<b>(301)</b>	<b>(419)</b>	<b>100,649</b>	<b>(22,645)</b>	<b>78,004</b>

# Condensed Consolidated Segment Information

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017 – UNAUDITED

in EUR '000	Hotels		Investment Properties	
	2017	2016	2017	2016
<b>SEGMENT OVERVIEW PROFIT OR LOSS FOR THE PERIOD</b>				
External revenues	35,851	37,832	8,161	4,351
Intragroup services	–	–	–	–
Expenses directly attributable to revenues	(25,344)	(27,008)	(1,417)	(1,024)
<b>Gross income from revenues</b>	<b>10,507</b>	<b>10,824</b>	<b>6,744</b>	<b>3,327</b>
Gains or losses from the disposal of properties	–	–	–	–
Other operating income	177	132	–	–
Expenses for development projects	–	–	–	–
Other personnel expenses	(816)	(642)	–	–
Other/miscellaneous expenses	(3,245)	(3,681)	(86)	(40)
Intragroup services	(283)	(481)	(11)	–
<b>Segment EBITDA</b>	<b>6,341</b>	<b>6,151</b>	<b>6,647</b>	<b>3,287</b>
Scheduled depreciation and amortisation	(1,509)	(3,824)	(12)	–
Impairments	–	(3,868)	–	–
Reversals of impairment on property, plant, and equipment	818	3,170	–	–
Impairment reversals according to IFRS 5	1,173	–	–	–
Measurement gains	–	–	5,612	1,671
Measurement losses	–	–	(44)	(27)
<b>Segment EBIT</b>	<b>6,823</b>	<b>1,628</b>	<b>12,203</b>	<b>4,931</b>
Finance income	27	18	42	–
Finance expenses	(2,419)	(2,793)	(2,714)	(1,765)
Changes in foreign exchange rates	(1,727)	3,575	(4,341)	7,113
Earnings from joint ventures	–	–	–	–
Income taxes	111	(173)	(88)	–
Deferred income taxes	(688)	(606)	784	(92)
<b>Segment overview – profit or loss for the period</b>	<b>2,127</b>	<b>1,648</b>	<b>5,888</b>	<b>10,187</b>

	Development & Services		Segment total 1 January–30 June		Reconciliation		Group total 1 January–30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
	1,389	1,075	<b>45,401</b>	43,257	<b>(17,896)</b>	(14,298)	<b>27,505</b>	28,959
	294	481	<b>294</b>	481	<b>(294)</b>	(481)	–	–
	(983)	(666)	<b>(27,744)</b>	(28,698)	<b>12,338</b>	11,792	<b>(15,406)</b>	(16,906)
	<b>699</b>	<b>889</b>	<b>17,951</b>	<b>15,040</b>	<b>(5,852)</b>	<b>(2,987)</b>	<b>12,099</b>	<b>12,054</b>
	23,624	147	<b>23,624</b>	147	–	–	<b>23,624</b>	147
	816	550	<b>994</b>	682	<b>(2)</b>	–	<b>992</b>	682
	(235)	(73)	<b>(235)</b>	(73)	–	–	<b>(235)</b>	(73)
	(2,774)	(2,212)	<b>(3,590)</b>	(2,854)	<b>40</b>	8	<b>(3,549)</b>	(2,846)
	(1,930)	(1,670)	<b>(5,261)</b>	(5,391)	<b>1,783</b>	1,717	<b>(3,478)</b>	(3,674)
	–	–	<b>(294)</b>	(481)	<b>294</b>	481	–	–
	<b>20,201</b>	<b>(2,368)</b>	<b>33,189</b>	<b>7,070</b>	<b>(3,737)</b>	<b>(781)</b>	<b>29,452</b>	<b>6,289</b>
	(34)	(30)	<b>(1,555)</b>	(3,855)	<b>1,123</b>	728	<b>(432)</b>	(3,126)
	–	–	–	(3,868)	–	–	–	(3,868)
	85	243	<b>904</b>	3,413	–	(372)	<b>904</b>	3,041
	–	–	<b>1,173</b>	–	<b>1</b>	–	<b>1,174</b>	–
	9,874	10,394	<b>15,486</b>	12,065	<b>(1,523)</b>	–	<b>13,963</b>	12,065
	(1,664)	(4,167)	<b>(1,708)</b>	(4,194)	–	1	<b>(1,708)</b>	(4,193)
	<b>28,463</b>	<b>4,072</b>	<b>47,490</b>	<b>10,631</b>	<b>(4,136)</b>	<b>(423)</b>	<b>43,353</b>	<b>10,207</b>
	407	1,217	<b>477</b>	1,235	<b>2,235</b>	(225)	<b>2,712</b>	1,010
	(3,197)	(2,359)	<b>(8,331)</b>	(6,917)	<b>1,370</b>	477	<b>(6,961)</b>	(6,439)
	(384)	(1,452)	<b>(6,452)</b>	9,236	<b>887</b>	–	<b>(5,566)</b>	9,236
	91	77	<b>91</b>	77	<b>508</b>	(16)	<b>599</b>	61
	25	(51)	<b>49</b>	(224)	<b>18</b>	51	<b>67</b>	(173)
	127	(1,039)	<b>224</b>	(1,738)	<b>(882)</b>	137	<b>(658)</b>	(1,601)
	<b>25,532</b>	<b>465</b>	<b>33,547</b>	<b>12,300</b>	–	–	<b>33,547</b>	<b>12,300</b>

in EUR '000	Segment total 1 January–30 June		Reconciliation 1 January–30 June		Group subtotal 1 January–30 June	
	2017	2016	2017	2016	2017	2016
<b>HOTELS SEGMENT – OVERVIEW EBIT</b>						
Revenues from hotels	<b>35,637</b>	37,575	<b>(14,999)</b>	(13,629)	<b>20,637</b>	23,945
Expenses for materials and services rendered	<b>(12,284)</b>	(12,983)	<b>5,836</b>	5,228	<b>(6,449)</b>	(7,755)
Personnel expenses	<b>(10,035)</b>	(10,636)	<b>4,466</b>	4,590	<b>(5,569)</b>	(6,046)
<b>Gross operating profit (GOP)</b>	<b>13,318</b>	<b>13,956</b>	<b>(4,698)</b>	<b>(3,811)</b>	<b>8,620</b>	<b>10,144</b>
Income after GOP	<b>214</b>	257	<b>(66)</b>	(15)	<b>149</b>	242
Management fee	<b>(1,790)</b>	(1,721)	<b>752</b>	677	<b>(1,038)</b>	(1,044)
Exchange rate differences	<b>23</b>	(19)	<b>(65)</b>	2	<b>(42)</b>	(16)
Property costs	<b>(1,258)</b>	(1,649)	<b>668</b>	832	<b>(591)</b>	(817)
<b>Net operating profit (NOP)</b>	<b>10,507</b>	<b>10,824</b>	<b>(3,409)</b>	<b>(2,315)</b>	<b>7,098</b>	<b>8,509</b>
Other costs after NOP	<b>(1,086)</b>	(1,178)	<b>156</b>	130	<b>(930)</b>	(1,048)
Leases/rent	<b>(2,797)</b>	(3,014)	<b>1,605</b>	1,572	<b>(1,193)</b>	(1,442)
Scheduled depreciation and amortisation on fixed assets	<b>(1,509)</b>	(3,824)	<b>1,109</b>	727	<b>(400)</b>	(3,098)
Impairment of fixed assets	–	(3,868)	–	–	–	(3,868)
Impairment reversals on fixed assets	<b>818</b>	3,170	–	(372)	<b>818</b>	2,798
<b>Contribution to the operating profit for the Hotels segment</b>	<b>7,106</b>	<b>2,109</b>	<b>(538)</b>	<b>(258)</b>	<b>6,568</b>	<b>1,850</b>
Less intragroup services	<b>(283)</b>	(481)	<b>283</b>	481	–	–
<b>Segment EBIT</b>	<b>6,823</b>	<b>1,628</b>	<b>(255)</b>	<b>223</b>	<b>6,568</b>	<b>1,850</b>
<b>Key operating figures in the Hotels segment</b>						
Employees – Hotels	<b>1,006</b>	1,141	<b>(257)</b>	(288)	<b>749</b>	853
Rooms (absolute)	<b>2,356</b>	2,789	<b>(749)</b>	(778)	<b>1,607</b>	2,011
Rooms available	<b>2,354</b>	2,787	<b>(748)</b>	(777)	<b>1,606</b>	2,010
Rooms sold	<b>1,633</b>	1,793	<b>(582)</b>	(508)	<b>1,051</b>	1,285
Occupancy	<b>69 %</b>	64 %	<b>-4 %</b>	0 %	<b>65 %</b>	64 %
RevPAR (in EUR)	<b>54.22</b>	48.63	<b>(12.80)</b>	(9.13)	<b>41.42</b>	39.49
<b>Composition of NOP (geographical):</b>						
• Czech Republic	<b>1,733</b>	2,717	<b>(224)</b>	(177)	<b>1,509</b>	2,540
• Poland	<b>6,201</b>	6,885	<b>(2,724)</b>	(2,472)	<b>3,477</b>	4,413
• Romania	<b>370</b>	488	–	–	<b>370</b>	488
• Russia	<b>1,742</b>	1,069	–	–	<b>1,742</b>	1,069
• France	<b>461</b>	(333)	<b>(461)</b>	333	–	–

# Notes to the Condensed Consolidated Interim Financial Statements

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017 – 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 2017 were released for publication by the Management Board of Warimpex Finanz- und Beteiligungs AG on 29 August 2017.

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

The consolidated interim financial statements for the period ended 30 June 2017 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 2016.

The interim financial statements as at 30 June 2017 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 2017 have remained unchanged from the consolidated financial statements as at 31 December 2016.

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 statements, the interim financial statements are affected by estimation uncertainties resulting from the timing of asset impairments or reversals.

**Information about standards that have not yet been applied:** IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) must be applied for the first time starting on 1 January 2018; IFRS 16 (Leases) comes into force on 1 January 2019.

The Group is assessing its revenue flows on a segment basis in connection with the first-time application of IFRS 15. In the Hotels segment, the sale of the hotel portfolio (see section 5.1.) significantly reduced the scope of application of IFRS 15. Possible effects from customer loyalty programmes in the

remaining hotels are still being evaluated. The rental of properties (Investment Properties segment) is not covered by IFRS 15. In the Development and Services segment, which also includes property sales, all contracts with customers are negotiated on an individual basis and must therefore be assessed on an individual basis in terms of their recognition. Warimpex expects no material impact on the consolidated financial statements with the exception of disclosures in the notes.

An initial analysis of IFRS 9 indicated that the financial assets can still be recognised at amortised cost for the most part. As far as the available for sale financial assets are concerned, the Group will decide shortly before first-time application whether value changes will be recognised through profit or loss or on the statement of financial position. No material changes are expected in connection with the financial liabilities.

According to the initial assessment, the first-time application of IFRS 16 is expected to result in the recognition of a right of use for the Dvořák hotel in Karlovy Vary and of a leasing liability of around EUR 4.3 million. The quantitative effects of other smaller-scale rental agreements will be assessed in due time.

## [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. 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 2017 and as at 30 June 2017.

## [05] Property sales and changes in the scope of consolidation

### 5.1. Sale of hotel interests

On 23 February 2017, Warimpex Finanz- und Beteiligungs AG signed a framework agreement for the sale of hotel holdings to U City Public Company Ltd.; the contract closed on 31 May 2017. The following hotel companies and hotel operations were sold to a subsidiary of U City Public Company Ltd. effective 31 May 2017:

- Recoop Tour a.s. (Diplomat Hotel, Prague)
- UBX Plzen Real Estate s.r.o. (owner of angelo hotel in Plzeň), 50% share
- UBX Plzen s.r.o. (leaseholder of angelo hotel in Plzeň), 50% share
- Andel's Łódź Sp. z o.o. (andel's hotel in Łódź)
- UBX Krakow Sp. z o.o. (leaseholder of andel's hotel in Krakow)
- WX Krakow Sp. z o.o. SKA (Chopin Hotel, Krakow)
- Hotel Management Angelo Katowice Sp. z o.o. (leaseholder of angelo hotel in Katowice), 50% share
- UBX Katowice Sp. z o.o. (owner of angelo hotel in Katowice), 50% share
- Amber Baltic Sp. z o.o. (Amber Baltic hotel, Miedzzydroje)
- Comtel Focus S.A. (angelo hotel in Bucharest)

The assets and liabilities of the companies to be sold and the net investments in joint ventures were classified as held for sale according to IFRS 5 in the consolidated financial statements as at 31 December 2016. The assets held for sale and disposal groups and the associated liabilities changed as follows during the reporting period:

	As at 01.01.	Addition	Disposal	As at 30.06.
<b>Assets according to IFRS 5:</b>				
Hotel properties	157,724	1,412	(159,137)	–
Net investments in joint ventures	5,399	376	(5,775)	–
Other current receivables	4,107	638	(4,745)	–
Cash and cash equivalents	1,954	2,073	(4,027)	–
	<b>169,185</b>	<b>4,499</b>	<b>(173,684)</b>	–
<b>Liabilities according to IFRS 5:</b>				
Project loans	91,977	(431)	(91,546)	–
Other liabilities	5,372	913	(6,286)	–
Liabilities to related parties	3,342	246	(3,589)	–
Deferred income	6,548	(658)	(5,890)	–
Deferred taxes	8,231	315	(8,546)	–
	<b>115,470</b>	<b>386</b>	<b>(115,856)</b>	–
Subtotal carrying amount disposals assets/liabilities according to IFRS 5			(57,827)	
less reclassified reserves			(1,190)	
plus disposed shareholder loans			44,472	
Total carrying amount disposal			<b>(14,545)</b>	

The preliminary purchase price less the agreed withholding amounts was paid to Warimpex on 31 May 2017. The final purchase price will be settled in the coming months. The effects of the sale of the hotel holdings based on the preliminary purchase price were recognised in the interim consolidated interim financial statements at 30 June 2017 as follows:

	Assets	Equity and liabilities
<b>Consolidated statement of financial position:</b>		
Assets and liabilities of a disposal group classified as held for sale (IFRS 5)	(173,684)	115,856
	<b>(173,684)</b>	<b>115,856</b>
<b>Consolidated income statement:</b>		
		<b>1–6/2017</b>
Agreed (net) purchase price for the properties/shares		57,825
Carrying amount of the corresponding net assets of the sold properties/companies		(14,545)
Carrying amount disposal of proportionate shareholder loans		(19,925)
Directly allocable expenses in connection with the sale of interests and properties		(1,976)
Net result		<b>21,378</b>
<b>Cash flow:</b>		
Agreed consideration		57,825
plus paid group liabilities		24,547
Less/plus:		
Directly allocable cash paid		(1,976)
Net purchase price claims at the reporting date (withholding amounts)		(2,614)
Payments received from the sale of properties and interests		77,782
less outflow of cash and cash equivalents		(4,027)
Cash flow		<b>73,754</b>

## 5.2. Other disposals

In the first half of 2017, the contract for the sale of the remaining 6% stake in UBX 2 Objekt Berlin GmbH closed, resulting in a profit of EUR 621 thousand. The payment was effected in July 2017, after the reporting date.

## 5.3. Subsequent purchase price adjustments

An agreement was reached in June 2017 on a purchase price increase of EUR 1,500 thousand that was contractually agreed in 2010 in relation to the sale of shares in Palais Hansen Immobilienentwicklungs GmbH. The income is included in the gains or losses from the disposal of properties; the claim was open at the reporting date and was satisfied in August of 2017.

A further amount of EUR 125 thousand is the result of the final purchase price settlement for the sale of UBX 1 Praha s.r.o. (angelo hotel Prague) in 2016.

**[06] Notes to the consolidated income statement****6.1. Expenses directly attributable to revenues**

	1 January to 30 June	
	2017	2016

## Composition of direct Hotels expenses:

Expenses for materials and services rendered	(7,833)	(9,242)
Personnel expenses	(5,237)	(5,620)
Other expenses	(617)	(816)
	<b>(13,688)</b>	<b>(15,679)</b>

	1 January to 30 June	
	2017	2016

## Composition of direct Investment Properties expenses:

Expenses for materials and services rendered	(929)	(646)
Personnel expenses	(24)	(17)
Other expenses	(127)	(87)
	<b>(1,080)</b>	<b>(750)</b>

	1 January to 30 June	
	2017	2016

## Composition of direct Development and Services expenses:

Expenses for materials and services rendered	(281)	(306)
Other services	(358)	(171)
	<b>(639)</b>	<b>(477)</b>

**6.2. Administrative expenses**

	1 January to 30 June	
	2017	2016

## Composition:

Other personnel expenses	(3,549)	(2,846)
Other administrative expenses	(1,875)	(1,994)
	<b>(5,424)</b>	<b>(4,841)</b>

The individual components of the administrative expenses are explained in sections 6.2.1. and 6.2.2.

**6.2.1. Other personnel expenses**

	1 January to 30 June	
	2017	2016

## Composition:

Wages and salaries	(6,683)	(6,127)
Social security costs	(816)	(885)
Other ancillary wage costs	(518)	(532)
Expenses for posted employees	(598)	(710)
Expenses for holiday, severance, pension, and anniversary bonus benefits	(195)	(229)
	<b>(8,811)</b>	<b>(8,483)</b>
Less personnel expenses directly attributable to revenues	5,261	5,637
<b>Other personnel expenses</b>	<b>(3,549)</b>	<b>(2,846)</b>

An average of 803 employees (previous year: 908) were employed in the first half of 2017.

**6.2.2. Other administrative expenses**

	1 January to 30 June	
	2017	2016

## Composition:

Administrative costs	(985)	(914)
Legal fees	(263)	(466)
Supervisory Board remuneration	(135)	(123)
Other expenses	(492)	(491)
	<b>(1,875)</b>	<b>(1,994)</b>

**6.3. Other expenses**

	1 January to 30 June	
	2017	2016

## Composition:

Lease expenses	(1,235)	(1,442)
Property costs	(669)	(655)
Advertising	(215)	(178)
Other development expenses	(598)	(252)
Non-deductible input taxes	(169)	(122)
Sundry other expenses	(53)	(115)
	<b>(2,940)</b>	<b>(2,763)</b>
Less administrative expenses directly attributable to revenues	1,101	1,074
<b>Other expenses</b>	<b>(1,838)</b>	<b>(1,689)</b>

**6.4. Depreciation, amortisation, and remeasurement**

	1 January to 30 June	
	2017	2016
Composition:		
Scheduled amortisation and depreciation	(432)	(3,126)
Impairments	–	(3,868)
Reversals of impairment on property, plant, and equipment	904	3,041
Impairment reversals relating to disposal groups (see section 5.1.)	1,174	–
Measurement gains (from investment properties)	13,963	12,065
Measurement losses (from investment properties)	(1,708)	(4,193)
	<b>13,901</b>	<b>3,918</b>

Scheduled depreciation declined in annual comparison because the hotel properties that were sold on 31 May 2017 (see section 5.1.) had previously been recognised according to IFRS 5, which stipulates that properties held for sale are no longer subject to scheduled depreciation.

The impairment reversals pertain primarily to the hotel in St. Petersburg and are the result of an increase in the planned cash flows. The recoverable amount for the properties for which impairment reversals were recognised is EUR 23,305 thousand.

The measurement gains pertain primarily to developed properties in St. Petersburg and stem from the Bykovskaya multi-use building that was handed over to the tenant in May 2017 (segment up until handover: Development and Services) in the amount of EUR 8,583 thousand, as well as from the Zeppelin office tower due to a decrease in the exit yield and indexed rent increases (Investment Properties segment) in the amount of EUR 3,363 thousand.

Of the measurement losses, around EUR 1,228 thousand stem from the property development in Łódź due to construction cost adjustments.

**6.5. Finance revenue**

	1 January to 30 June	
	2017	2016
Composition:		
Impairment reversal on loans to associated companies	2,285	–
Other interest received	409	662
Unrealised gains on derivative financial instruments	18	348
	<b>2,712</b>	<b>1,010</b>

**6.6. Finance expenses**

	1 January to 30 June	
	2017	2016
Composition:		
Interest on short-term borrowings, project loans, and other loans	(2,895)	(3,675)
Interest on convertible bonds	(315)	(232)
Interest on bonds	(1,331)	(1,141)
Interest on loans from minority shareholders	(1,011)	(917)
Other financing expenses	(766)	(475)
Unrealised losses on derivative financial instruments	(642)	–
	<b>(6,961)</b>	<b>(6,439)</b>

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

	1 January to 30 June	
	2017	2016
Composition:		
From EUR financing (deviating functional currency)	(5,182)	10,670
From EUR claims (deviating functional currency)	–	(1,861)
From (convertible) bonds in PLN	(384)	409
Other financing-related foreign exchange rate changes	–	18
	<b>(5,566)</b>	<b>9,236</b>

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

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

	1 January to 30 June	
	2017	2016
The income taxes in other comprehensive income consist of:		
Foreign exchange differences	(102)	33
Other comprehensive income from joint ventures (equity method)	(5)	2
Gains/losses from available-for-sale financial assets	(470)	318
Taxes on other comprehensive income (to be reclassified in profit or loss in subsequent periods)	(577)	353
<b>Total income taxes in other comprehensive income</b>	<b>(577)</b>	<b>353</b>

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

### 7.1. Property, plant, and equipment

	Hotels	Reserve properties	Other property, plant, and equipment	Total
<b>Changes in 2016:</b>				
Carrying amounts at 1 January	188,831	5,763	1,137	195,731
Additions	3,266	21	55	3,342
Reclassification according to IFRS 5	(12,465)	–	–	(12,465)
Scheduled depreciation and amortisation	(3,077)	–	(29)	(3,105)
Impairment charges	(3,868)	–	–	(3,868)
Impairment reversals	2,789	243	–	3,032
Exchange adjustments	2,301	(95)	(39)	2,166
<b>Carrying amounts at 30 June</b>	<b>177,777</b>	<b>5,931</b>	<b>1,125</b>	<b>184,833</b>
<b>Composition at 30/6/2016:</b>				
Acquisition or production cost	252,503	10,805	1,861	265,169
Cumulated write-downs	(74,726)	(4,874)	(736)	(80,335)
	<b>177,777</b>	<b>5,931</b>	<b>1,125</b>	<b>184,833</b>
<b>Changes in 2017:</b>				
Carrying amounts at 1 January	24,209	6,000	1,108	31,316
Additions	10	1,125	76	1,212
Scheduled depreciation and amortisation	(398)	–	(31)	(429)
Impairment reversals	818	85	–	904
Exchange adjustments	(1,335)	146	47	(1,142)
<b>Carrying amounts at 30 June</b>	<b>23,305</b>	<b>7,355</b>	<b>1,199</b>	<b>31,859</b>
<b>Composition at 30/6/2017:</b>				
Acquisition or production cost	50,063	12,596	1,908	64,567
Cumulated write-downs	(26,758)	(5,241)	(709)	(32,708)
	<b>23,305</b>	<b>7,355</b>	<b>1,199</b>	<b>31,859</b>

### 7.2. Investment properties

	Developed properties	Development properties	Reserve properties	Total
<b>Changes in 2016:</b>				
Carrying amounts at 1 January	57,244	12,745	14,606	84,595
Reclassification	–	4,373	(4,373)	–
Additions/investments	21	1,986	574	2,582
Capitalised borrowing costs	–	169	108	278
Net measurement result	1,585	6,369	(202)	7,752
Exchange adjustment	4,412	45	1,235	5,692
<b>Carrying amounts at 30 June</b>	<b>63,263</b>	<b>25,688</b>	<b>11,948</b>	<b>100,898</b>
<b>Changes in 2017:</b>				
Carrying amounts at 1 January	68,576	31,791	11,372	111,739
Reclassification	20,599	(20,599)	–	–
Additions/investments	29	7,954	57	8,040
Net measurement result	4,045	7,525	685	12,255
Exchange adjustment	(2,673)	(524)	(614)	(3,811)
<b>Carrying amounts at 30 June</b>	<b>90,575</b>	<b>26,147</b>	<b>11,501</b>	<b>128,223</b>

The reclassification from development properties to developed properties pertains to the multi-use building in St. Petersburg, which was handed over to the tenants in May 2017.

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

	2017	2016
<b>Development:</b>		
Carrying amounts at 1 January	14,479	24,083
Extension (+) / repayment (-) of loans	712	(2,821)
Disposals	–	131
Dividends	(100)	–
Interest income from loans granted	6	77
Earnings allocation from profit/loss for the period	(50)	(16)
Earnings allocation from other comprehensive income	20	(9)
<b>Carrying amounts at 30 June</b>	<b>15,067</b>	<b>21,444</b>

### 7.4. Other financial assets

	30/6/2017	31/12/2016
<b>Composition:</b>		
Loans to associated companies	9,829	8,230
Deposits with banks pledged as collateral	2,890	2,840
Purchase price claim relating to property/share sales	941	–
Loans and other non-current receivables	203	195
Advance payments made	532	1,701
Pension reimbursement insurance rights	464	464
Other non-current financial assets	806	689
	<b>15,665</b>	<b>14,118</b>

The non-current portion of the purchase price claims relating to property and share sales (see section 5.1.) pertains to purchase price amounts withheld over a period of 18 months after contract closing.

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

	30/6/2017	31/12/2016
<b>Composition:</b>		
Purchase price claims relating to property/share sales	6,716	3,000
Receivables from tax authorities	900	7
Other current receivables	274	254
Trade receivables	912	1,068
Advance payments made	871	175
Receivables due from joint ventures	136	422
Deferred expenses	203	277
	<b>10,012</b>	<b>5,203</b>

The increase in purchase price claims relating to property and share sales is explained in section 5.

### 7.6. Financial assets, available for sale

	30/6/2017	31/12/2016
<b>Composition:</b>		
Shares in Palais Hansen Immobilienentwicklungs GmbH, Vienna	8,113	6,233
Other	–	583
	<b>8,113</b>	<b>6,816</b>

### 7.7. Cash and cash equivalents

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

	30/6/2017	31/12/2016
<b>Composition:</b>		
Cash on hand	51	67
Bank balances	45,945	5,402
	<b>45,997</b>	<b>5,468</b>

The increase in cash and cash equivalents is the result of the payments received for the sale of the hotel portfolio (see section 5.1.).

### 7.8. Financial liabilities

Financial liabilities contain interest-bearing liabilities – primarily convertible bonds, bonds, and loans from financial institutions or companies – that serve to cover the Group's financing needs.

	Project loans	Borrowings	Bonds, convertible bonds	Loans from minorities and others	Total
<b>Changes in 2016:</b>					
As at 1 January	161,893	15,830	59,396	49,564	286,683
Borrowing/accumulated interest	9,183	2,000	(136)	1,208	12,254
Repayment	(7,770)	(7,676)	(3,559)	(19)	(19,024)
Reclassification according to IFRS 5	(9,420)	–	–	–	(9,420)
Exchange rate and other changes	40	–	(430)	1,005	615
<b>As at 30 June</b>	<b>153,925</b>	<b>10,155</b>	<b>55,271</b>	<b>51,757</b>	<b>271,108</b>
<i>thereof current (due &lt; 1 year)</i>	<i>10,359</i>	<i>8,155</i>	<i>19,827</i>	<i>2,000</i>	<i>40,340</i>
<i>thereof non-current (due &gt; 1 year)</i>	<i>143,566</i>	<i>2,000</i>	<i>35,444</i>	<i>49,758</i>	<i>230,768</i>
<b>Changes in 2017:</b>					
As at 1 January	57,785	8,169	51,442	52,637	170,032
Borrowing/accumulated interest	–	2,700	5,239	400	8,339
Repayment	(3,823)	(7,347)	(19,037)	(494)	(30,700)
Exchange rate and other changes	79	–	1,278	1,007	2,365
<b>As at 30 June</b>	<b>54,041</b>	<b>3,521</b>	<b>38,922</b>	<b>53,550</b>	<b>150,035</b>
<i>thereof current (due &lt; 1 year)</i>	<i>3,409</i>	<i>3,521</i>	<i>29,383</i>	<i>938</i>	<i>37,251</i>
<i>thereof non-current (due &gt; 1 year)</i>	<i>50,632</i>	<i>–</i>	<i>9,539</i>	<i>52,612</i>	<i>112,784</i>

A one-year zero-coupon bond with a nominal value of EUR 5,500 thousand and an extension option for a further year was issued in May 2017.

The convertible bond 06/2014–06/2017 was redeemed at the end of June 2017 as agreed. Three further bonds that were issued by subsidiaries and that would have matured in March and October 2018 and in September 2019 were redeemed early.

Operating credit lines in the amount of EUR 7,347 thousand were also repaid.

### 7.9. Trade and other payables (current)

	30/6/2017	31/12/2016
<b>Composition:</b>		
Trade liabilities	6,326	5,466
Other liabilities	1,174	790
Payables due to joint ventures	809	906
Trade liabilities due to related parties	506	2,513
Security deposits	233	134
Security deposits received	388	376
Advance payments received	498	968
	<b>9,935</b>	<b>11,152</b>

## [08] Information about financial instruments

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

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

Measurement category as per IAS 39	IFRS 13 level	Carrying amount 30/6/17	Fair value 30/6/17	Carrying amount 31/12/16	Fair value 31/12/16
<b>Assets – categories</b>					
IAS 19	Refund claims (other financial assets)	464	464	464	464
LaR	Financial assets – fixed rate	3	9,829	9,048	8,230
LaR	Other financial assets		4,034	4,034	3,035
AfS	Financial assets, available for sale	3	–	–	583
	Non-financial non-current assets		177,239		161,874
	Total non-current assets		191,566		174,185
LaR	Receivables		8,038	8,038	4,744
LaR	Cash and cash equivalents		45,997	45,997	2,767
AfS	Financial assets, available for sale	3	8,113	8,113	6,233
	Non-financial current assets		2,221		169,958
	Total current assets (including IFRS 5)		64,369		183,701
	<b>Total assets</b>		<b>255,935</b>		<b>357,886</b>
<b>Liabilities – classes</b>					
FL	Fixed-rate convertible bonds	3	4,276	4,276	3,971
FL	Variable-rate bonds	3	5,264	5,264	28,587
FL	Fixed-rate bonds	3	–	–	8,751
FL	Fixed-rate loans	3	89,227	102,217	91,291
FL	Variable-rate loans	3	14,017	14,001	14,044
FL	Other non-current liabilities	3	6,936	6,936	7,220
FVTPL	Derivative financial instruments – conversion rights	3	1,025	1,025	401
FVTPL	Derivative financial instruments – interest rate swaps	3	–	–	–
Hedge	Derivative financial instruments with hedging relationships	3	–	–	–
IAS 19	Provisions for pensions		962	962	885
	Non-financial non-current liabilities		8,020		14,222
	Total non-current liabilities		129,727		169,371
FL	Fixed-rate convertible bonds	3	116	116	3,931
FL	Variable-rate bonds	3	29,267	29,267	481
FL	Fixed-rate bonds	3	–	–	5,721
FL	Fixed-rate loans	3	3,203	3,478	4,598
FL	Variable-rate loans	3	4,665	4,665	8,658
FL	Other liabilities		8,428	8,428	9,631
	Non-financial current liabilities		2,525		112,438
	Total current liabilities (including IFRS 5)		48,204		145,457
	<b>Total liabilities</b>		<b>177,931</b>		<b>314,828</b>

30/6/2017 31/12/2016

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

LaR	Loans and receivables	67,898	18,775
AfS	Available for sale	8,113	6,816
FL	Financial liabilities at amortised cost	165,399	186,883
FVTPL	At fair value through profit or loss	1,025	401

The method of fair value measurement is the same as at 31 December 2016.

**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	
	2017	2016	2017	2016
<b>Carrying amounts at 1 January</b>				
Additions	6,816	10,612		
Disposals	–	–		
Gains/losses on remeasurement in profit or loss	(583)	(1,226)		
Gains/losses on remeasurement in other comprehensive income	–	–		
Carrying amounts at 30 June	1,880	(287)		
<b>Carrying amounts at 30 June</b>	<b>8,113</b>	<b>9,099</b>		
<b>Changes in liabilities:</b>				
Carrying amounts at 1 January				
Additions			401	2,142
Disposals			–	138
Gains/losses on remeasurement in profit or loss			625	(356)
Gains/losses on remeasurement in other comprehensive income			–	1,010
<b>Carrying amounts at 30 June</b>			<b>1,025</b>	<b>2,935</b>

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

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

Level	Class	Measurement method	Material inputs
3	Financial assets, available for sale	Income-based	Exit yield, Cash flows

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

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

Level	Class	Material inputs	Range	Weighted average
<b>31/12/2016:</b>				
3	Financial assets, available for sale	Exit yield	3.25%	3.25%
3	Financial assets, available for sale	Cash flow (year one) in EUR '000	3,667	3,667
<b>30/6/2017:</b>				
3	Financial assets, available for sale	Exit yield	2.75%	2.75%
3	Financial assets, available for sale	Cash flow (year one) in EUR '000	3,567	3,567

**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	
			30/6/17	31/12/16
3	Financial assets, available for sale			
	Exit yield	+ 50 bp	(1,972)	(1,222)
	Exit yield	- 50 bp	2,848	1,640
	Cash flow (year one)	+ 5%	641	503
	Cash flow (year one)	- 5%	(641)	(691)

## [09] Other information

### 9.1. Contractual bonds and guarantees

The following group bonds expired in connection with the sale of the hotel portfolio on 31 May 2017 (see section 5.1.):

- Contractual bonds/guarantees relating to the sale of the andel's hotel Berlin
- Bank guarantee relating to the sale of the andel's hotel Krakow (lease guarantee)

A counter-guarantee has been issued by the buyer for the company guarantee relating to the andel's Krakow until this company guarantee is waived.

### 9.2. Related party transactions

#### 9.2.1. Transactions with Management Board members

	2017	2016
Management Board compensation 1 January to 30 June	505	283
Liabilities to Management Board members	432	2,360

#### 9.2.2. Transactions with Supervisory Board members

	2017	2016
Supervisory Board members' fees 1 January to 30 June	135	123
Liabilities to Supervisory Board members	–	88

### 9.2.3. Transactions with Vienna International

#### Hotelmanagement AG (VI)

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

	2017	2016
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#### Transactions between Group companies (fully consolidated) and Vienna International AG:

Management fee charged 1 January to 31 May (2016: until 30 June)	792	995
Other procured services 1 January to 31 May (2016: until 30 June)	929	1,136

	30/6/17	31/12/16
Liabilities to VI	n/a	3,495

	2017	2016
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#### Transactions between group companies (equity method) and Vienna International AG

Management fee charged 1 January to 31 May (2016: until 30 June)	398	382
Other procured services 1 January to 31 May (2016: until 30 June)	209	320

	30/6/17	31/12/16
Liabilities to VI	n/a	661

### 9.2.4. Transactions with joint ventures and associated companies

	2016	2015
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Income from transactions 1 January to 30 June	181	87
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	30/6/17	31/12/16
Receivables from joint ventures and associated companies	9,966	8,651
Payables due to joint ventures	5,845	6,242

**9.3. Events after the reporting date**

The following bonds were redeemed early after the reporting date:

	<b>30/6/17</b>
Bond 02/2014–02/2018	728
Bond 12/2015–12/2018 (remaining nominal amount EUR 1,600 thousand)	24,263
Bond 01/2016–01/2019	2,316
	<b>27,308</b>

Vienna, 30 August 2017



**Franz Jurkowitsch**  
Chairman  
of the Management Board



**Georg Folian**  
Vice-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, investor relations, and  
corporate communications



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

Responsibilities  
Finance and accounting,  
financial management, and personnel



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

Responsibilities  
Planning, construction,  
information management, and IT



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

Responsibilities  
Organisation and legal issues  
Transaction management



**Mogilska Office**  
Krakow, PL

# *Financial Calendar*

2017

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**30 November 2017**

*Publication of the results  
for the first three quarters  
of 2017*

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The summation of rounded amounts and percentages may result in rounding differences.  
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In cases of doubt, the German version is authoritative.

**warimpex**