

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

Warimpex in Q1 2018:

Slightly negative result due to partial portfolio sale

- **Reduced property holdings due to partial portfolio sale, associated declines in business operations, and exchange rate losses lead to result for the period of minus EUR 3.0 million**
- **Growth and rebuilding property portfolio are clear objectives for 2018 and subsequent years – first steps already taken**
- **New cash flows starting at mid-year due to acquisition in Budapest and completion in Łódź**
- **Construction progressing according to plan in Łódź and Krakow, development potential in Białystok**

Vienna, 30 May 2018 – The successful sale of eight hotel holdings last year also meant the elimination of sources of revenue for Warimpex Finanz- und Beteiligungs AG. As a result, the operating result declined slightly in the first quarter of 2018, which, along with exchange rate losses, led to a result of minus EUR 3.0 million. The company is now shifting its focus back to growing and building up the property portfolio.

“We will achieve these goals by completing our ongoing development projects and launching new projects as well as by purchasing cash flow generating assets that offer potential for the future, as defined by our strategic orientation. At the same time, by completing selective property sales at favourable terms we can secure proceeds that will enable us to rapidly execute reinvestments,” explained Warimpex CEO Franz Jurkowitsch.

Warimpex’s strategic purchases and sales are particularly well illustrated by its activities in Budapest, where the company concluded an agreement to purchase the B52 Office property after the reporting date. This class A office building offers over 5,200 square metres of space and is fully occupied, which will provide ongoing income once the transaction closes – presumably before the end of the second quarter. According to Franz Jurkowitsch, there is also additional potential in Budapest, as the local office market is currently in a phase of rising rents. In a separate transaction, Warimpex disposed of a development property that is also located in Budapest in May 2018, which brought in proceeds of EUR 5.4 million.

Summary of the results for the first quarter of 2018

The impact of the elimination of the eight hotel holdings on operating business was fully evident for the first time in the first quarter of 2018. Revenues in the Hotels segment fell from EUR 9.5 million to EUR 2.4 million as a result of the sale. The revenues of the hotel holdings that were sold were still included in the revenues reported in the first quarter of 2017. Revenues from the rental of office properties rose from EUR 2.5 million to EUR 3.8 million, largely due to the completion of the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg. Overall, consolidated revenues contracted from EUR 12.4 million to EUR 6.7 million.

The reduced portfolio volume also resulted in a decline in EBITDA from EUR 2.3 million to EUR 1.3 million. EBIT went from EUR 3.4 million to EUR 1.2 million, and the financial result dropped from EUR 2.4 million to minus EUR 4.1 million due to exchange rate losses. This led to a result of minus EUR 3.0 million for the traditionally weak first quarter (2017: EUR 4.7 million).

Developments in Łódź, Krakow, and Białystok

In terms of development projects, construction is progressing according to plan for the Ogrodowa office building in Łódź and the Mogilska office building in Krakow. Leases have already been signed for a portion of the space at both office buildings. The Ogrodowa office building will start generating cash flows upon its completion at the end of the second quarter. Also in Krakow, Warimpex is planning the construction of an office building with around 21,000 square metres of space on a development property next to the Chopin Hotel. In Białystok, Warimpex owns a building plot that was expanded through the purchase of adjacent lots last year. Four office properties will be built on this site in multiple phases.

Outlook

“We expect a significant reduction of interest costs in the current financial year due to the early redemption of bonds and the elimination of project loans. Along with our project pipeline and the favourable environment for real estate investments, this makes us highly optimistic for the rest of the year,” said Jurkowitsch in closing.

Key financial figures for the first quarter of 2018 at a glance:

| EUR '000 | 1-3/2018 | Change | 1-3/2017 |
|---|-------------------------------|---------------|-------------------------------|
| Hotels revenues | 2,381 | -75% | 9,451 |
| Investment Properties revenues | 3,803 | 51% | 2,520 |
| Development and Services revenues | 506 | 17% | 432 |
| <i>Total revenues</i> | 6,690 | -46% | 12,403 |
| Expenses directly attributable to revenues | -3,236 | -58% | -7,787 |
| <i>Gross income from revenues</i> | 3,453 | -25% | 4,616 |
| Gains or losses from the disposal of properties | - | - | 125 |
| EBITDA | 1,302 | -43% | 2,267 |
| Depreciation, amortisation, and remeasurement | -129 | - | 1,154 |
| EBIT | 1,173 | -66% | 3,421 |
| Earnings from joint ventures | -770 | 88% | -409 |
| Profit or loss for the period | -2,975 | - | 4,736 |
| | | | |
| Net cash flow from operating activities | 184 | -92% | 2,237 |
| | | | |
| Segment information (including joint ventures on a proportionate basis): | | | |
| Hotels revenues | 8,585 | -46% | 15,940 |
| Hotels net operating profit (NOP) | 1,108 | -67% | 3,388 |
| NOP per available room | 1,083 | -16% | 1,294 |
| Investment Properties revenues | 4,840 | 35% | 3,574 |
| Investment Properties EBITDA | 3,813 | 36% | 2,807 |
| Development and Services revenues | 657 | -34% | 994 |
| Gains or losses from the disposal of properties | - | - | 125 |
| Development and Services EBITDA | -1,619 | - | -724 |
| | | | |
| | 31/12/2017¹ | Change | 31/12/2016¹ |
| Gross asset value (GAV) in EUR millions | 202.5 | -41% | 343.3 |
| NNNAV per share in EUR | 2.4 | 26% | 1.9 |

¹As no external valuation of the portfolio was completed as at 31 March 2018 or 31 March 2017, the latest available values are shown.

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex Finanz- und Beteiligungs AG is a real estate development and investment company. The firm is headquartered in Vienna and is listed on the stock exchanges in Vienna and Warsaw. Its core focus is the construction and operation of hotels and offices in Central and Eastern Europe. Due to this combination of real estate development and asset management, Warimpex sees itself as a “hybrid” real estate company that operates properties itself until the time at which the highest added value can be realised through sale. The company has developed properties worth over one billion euros over the past 30 years and is currently active in CEE, Russia, Austria, and France. Warimpex believes in quality and sustainability as the basis for strong future growth.

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