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Warimpex Finanz- und Beteiligungs AG: Warimpex generates positive result for 2018

Wien (pta006/26.04.2019/08:00) - * Profit for the year of EUR 1.9 million - significant year-on-year decline due to partial portfolio sale in 2017

* Dividend of EUR 0.06 for the 2018 financial year to be proposed at the next Annual General Meeting

* Two office developments in Poland completed according to plan, additional projects in the pipeline in Poland and Russia

* Successful transactions in the Czech Republic (sale) and Germany (purchase) in 2019

Warimpex Finanz- und Beteiligungs AG reports a profit of EUR 1.9 million for the 2018 financial year. The main reason for the significant year-on-year decline in profit (2017: EUR 40.5 million) was the profitable sale of eight hotel holdings completed in May 2017. As a result, 2018 was a transition year following the sale of part of the company's portfolio. There were virtually no sales in 2018, but the company successfully worked to build up its property portfolio, which is already reflected in the positive development of revenues from office properties.

Warimpex is also pleased to announce that it will propose a dividend of EUR 0.06 at the upcoming Annual General Meeting on the basis of these positive results.

The key goal for the 2019 financial year is to rapidly build up the property portfolio again following the partial portfolio sale and to strengthen the company's earning potential. This will be accomplished by completing ongoing development projects, pushing ahead with new projects, and acquiring cash-flow generating assets with potential for the future. The company already expects to see a significant increase in revenues in the Investment Properties segment and an improvement in gross income in 2019 due to the opening of the Ogrodowa office building in Łódź in October 2018 and the completion of the Mogilska 43 office building in Krakow in April 2019.

Company performance in 2018

During the 2018 financial year, revenues in the Hotels segment declined by 55 per cent to EUR 12.4 million due to the lower number of rooms resulting from the sale of part of the portfolio in the spring of 2017. By contrast, revenues from the rental of office properties rose by 17 per cent to EUR 15.5 million, largely due to the completion of the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg at the end of May 2017 and the acquisition of two office buildings that are also fully occupied - Mogilska 41 in Krakow in December 2017 and B52 in Budapest in May 2018. In addition, the Ogrodowa office building in Łódź, which opened in October 2018, already contributed to revenues in the fourth quarter. Overall, consolidated revenues declined by 31 per cent to EUR 29.2 million.

Due to the high disposal result in the prior year and the lower earnings contribution from hotel revenues because of the partial portfolio sale, EBITDA fell from EUR 33.6 million to EUR 4.3 million. EBIT dropped from EUR 54.7 million to EUR 19.8 million, primarily due to the lack of gains on the sale of properties. The financial result including joint ventures went from minus EUR 11.7 million to minus EUR 14.9 million, in part because of the negative impact of non-cash exchange rate losses in the amount of EUR 11.5 million. This results in a profit of EUR 1.9 million for 2018 (2017: EUR 40.5 million).

Completion of two office buildings and planning of additional projects in Poland and Russia

At the beginning of October 2018, Warimpex opened the Ogrodowa office building in the Polish city of Łódź. The building is a modern office property offering a total net floor space of 28,000 square metres, located directly in the city centre. It had an

occupancy rate of roughly 60 per cent at the end of the year, and negotiations are currently under way with prospective tenants for the remaining space. In addition, the topping-out ceremony for the Mogilska 43 office building in Krakow was celebrated at the beginning of November. The state-of-the-art office building offers a total net floor space of 12,000 square metres spread out over nine storeys. Here as well, 60 per cent of the office space has been let out thus far and was handed over to the tenants in mid-April 2019.

In addition, Warimpex owns a plot of land next to the Chopin Hotel, where it intends to build an office building with around 21,000 square metres of space. The planning for this project is under way. Warimpex also owns a development property in Białystok, where four office properties will be built in multiple phases. An office building with roughly 13,000 square metres of office space is being planned as the first step. In Russia, the company has very promising property reserves at AIRPORTCITY St. Petersburg. It plans to build two office towers offering about 20,000 square metres of office space.

Warimpex will increasingly use property reserves with good infrastructure that it has owned for quite some time in order to develop the projects that are currently in demand for the given location.

Transactions in Hungary, the Czech Republic, and Germany

Warimpex acquired the fully occupied B52 office building in Budapest in May 2018. With 5,200 square metres of space, the property offers flexible office layouts spread out over seven upper floors and a ground floor. This acquisition immediately provided important cash flows.

Warimpex also secured a hotel property in the German city of Darmstadt at the end of 2018, and the transaction closed in April 2019. The company plans to reopen the three-star conference hotel, which is currently closed, in the third quarter of 2019 and reposition it under a new brand following a refurbishment and renovation phase. The hotel property has property reserves for the development of additional premium office and commercial space.

In addition, the Dvořák hotel in the Czech city of Karlovy Vary was sold to an international private investor at the end of February 2019.

Management Board appointments of Franz Jurkowitsch and Alexander Jurkowitsch extended

In April 2019, the Supervisory Board approved the early extension of the Management Board appointments of Franz Jurkowitsch until December 2022 and Alexander Jurkowitsch until March 2024. As a result, Warimpex's Management Board is on solid footing for the coming years.

Outlook

Building up the company's portfolio will be the focus of activities again in 2019. On the basis of selective purchases and consistent construction progress, Warimpex is confident that it will be able to further expand its portfolio volume by the end of 2019. At the same time, the company expects to see a significant increase in revenues in the Investment Properties segment and an improvement in gross income thanks to rental revenue from its new assets - first and foremost the Ogródowa office building in Łódź and the B52 in Budapest as well as the recently completed Mogilska 43 office building in Krakow. Along with the continued operations in its core markets of Poland, Hungary, and Russia, Warimpex is pleased to be active in the German hotel sector again thanks to the acquisition in Darmstadt. The company also plans to complete hotel sales.

Key financial figures for 2018 at a glance (as at 31 December 2018):

in EUR '000	1-12/2018	Change	1-12/2017
Hotels revenues	12,420	-55%	27,509
Investment Properties revenues	15,482	17%	13,190
Development and Services revenues	1,265	-24%	1,668
Total revenues	29,168	-31%	42,367

Expenses directly attributable to revenues	-12,226	-44%	-21,955
Gross income from revenues	16,942	-17%	20,412
Gains or losses from the disposal of properties	-	-	26,575
EBITDA	4,337	-87%	33,605
Depreciation, amortisation, and remeasurement	15,489	-27%	21,098
EBIT	19,826	-64%	54,704
Earnings from joint ventures	699	-73%	2,590
Profit or loss for the period (annual result)	1,927	-95%	40,496
Profit or loss for the period (shareholders of the parent)	5,890	-85%	40,542
Net cash flow from operating activities	3,289	-73%	12,002
Segment information			
(including joint ventures on a proportionate basis):			
Hotels revenues	44,628	-24%	58,864
Net operating profit (NOP)	10,676	-32%	15,685
NOP per available room in EUR	10,431	12%	9,317
Investment Properties revenues	19,403	12%	17,354
Investment Properties EBITDA	15,513	12%	13,862
Development and Services revenues	1,883	-32%	2,767
Gains or losses from the disposal of properties	-	-	26,575
Development and Services EBITDA	-10,168	-	18,096
	31.12.18	Change	31.12.17

Gross asset value (GAV) in EUR millions	269.9	33%	202.5
NNNAV per share in EUR	2.56	5%	2.44

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