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Warimpex Finanz- und Beteiligungs AG: Slight loss in first half of 2018

Focus on growth and building up property portfolio

Wien (pta012/30.08.2018/08:00) - * Office projects in Łódź and Krakow nearing completion, development potential in Białystok

* Acquisition of fully occupied office building in Budapest to bring new cash flows

* Decline in operating activities due to partial portfolio sale and exchange rate losses lead to loss of EUR 4.3 million for the period

The elimination of the eight hotel holdings sold last year once again impacted the development of operating activities for Warimpex Finanz- und Beteiligungs AG in the first half of 2018.

The reduction of the number of rooms by 57 per cent resulting from the sale caused revenues in the Hotels segment to decline from EUR 20.8 million to EUR 6.3 million. In this context, it is important to note that the revenues of the hotel holdings that were sold were still included in the revenue figures until May 2017. Revenues from the rental of office properties rose from EUR 6.1 million to EUR 7.5 million, primarily due to the completion of the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg in May 2017. Overall, consolidated revenues contracted from EUR 27.5 million to EUR 14.4 million.

The reduced property portfolio and the lack of gains from the disposal of properties in the current financial year also resulted in a decline in EBITDA from EUR 29.5 million to EUR 2.9 million. EBIT went from EUR 43.4 million to EUR 2.7 million. Although the financial result including joint ventures improved from minus EUR 9.2 million to minus EUR 7.2 million, it was negatively impacted by non-cash exchange rate losses in the amount of EUR 4.9 million, which can be attributed primarily to the fluctuations in the rouble exchange rate. All in all, this led to a loss for the period of EUR 4.3 million in the first half of 2018 (2017: profit of EUR 33.5 million).

Warimpex's express goal for 2018 and the coming years is to resume growing and build up the property portfolio. To this end, the completion of ongoing projects, the development of new projects, and the acquisition of cash flow-generating assets with potential for the future are now at the top of the company's agenda - in line with its strategic orientation. At the same time, the company plans to complete selective property sales at favourable terms in order to secure proceeds that will enable it to rapidly execute reinvestments.

Developments and transactions

The company already has some successes to report in this context. For example, the Ogródowa office building in the Polish city of Łódź is nearly complete, and the first units have already been handed over to the tenants. The building is scheduled to open in October of this year. Overall, leases have already been signed for over 40 per cent of the roughly 27,400 square metres of space. The second project that is currently under construction, the Mogilska office building in Krakow, is expected to be completed in the first quarter of 2019. More than 60 per cent of the roughly 12,000 square metres of space has already been let out. Also in Krakow, planning is proceeding for the construction of an office building with around 21,000 square metres of space next to the Chopin Hotel. In Białystok, Warimpex owns a property on which it plans to build four office buildings with up to 73,000 square metres of net floor space in multiple phases. Additional future development projects are currently being planned for properties owned by the company in St. Petersburg (roughly 130,000 square metres).

In terms of transactions, Warimpex acquired the fully occupied B52 office building in Budapest with over 5,200 square metres of space at the end of May, and the income from this property will further increase its operating cash flow. 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, the company disposed of a development property that is also located in Budapest at favourable terms in May.

Outlook

Warimpex still expects a significant reduction of interest costs in the current financial year due to the early redemption of bonds and the elimination of project loans. The company's express goal for the coming months is to quickly complete its current developments and rapidly get its planned projects up and running. This will strengthen the company's earnings potential and provide plenty of reason to look to the future with optimism.

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

EUR '000	1-6/2018	Change	1-6/2017
Hotels revenues	6,296	-70%	20,786
Investment Properties revenues	7,506	24%	6,053
Development and Services revenues	597	-10%	665
Total revenues	14,399	-48%	27,505
Expenses directly attributable to revenues	-6,317	-59%	-15,406
Gross income from revenues	8,082	-33%	12,099
Gains or losses from the disposal of properties	-	-	23,624
EBITDA	2,892	-90%	29,452
Depreciation, amortisation, and remeasurement	-145	-	13,901
EBIT	2,747	-94%	43,353
Earnings from joint ventures	34	-94%	599
Profit or loss for the period	-4,263	-113%	33,547
Net cash flow from operating activities	634	-86%	4,452
Segment information			
(including joint ventures on a proportionate basis):			
Hotels revenues	20,946	-41%	35,637
Hotels net operating profit (NOP)	5,050	-52%	10,507
NOP per available room	4,949	11%	4,463
Investment Properties revenues	9,513	17%	8,161

Investment Properties EBITDA	7,471	12%	6,647
Development and Services revenues	909	-35%	1,389
Gains or losses from the disposal of properties	-	-	23,624
Development and Services EBITDA	-4,055	-	20,201
	30.06.18	Change	31.12.17
Gross asset value (GAV) in EUR millions	226.3	12%	202.5
NNNAV per share in EUR	02.Apr	-	02.Apr

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