warimpex

Warimpex generates best annual results since initial public offering

- **Positive remeasurement result for office properties and sale of eight hotel holdings lead to profit for the period of EUR 40.5 million**
- **Dividend of EUR 0.06 for the 2017 financial year to be proposed at the next Annual General Meeting**
- **NNNAV per share up 26 per cent to EUR 2.40**
- **Progress continues on development projects in Łódź and Krakow, completion in St. Petersburg**
- **Transactions in Poland, Russia, and Hungary**

Vienna, 26 April 2018 – In the 2017 financial year, Warimpex Finanz- und Beteiligungs AG generated its best result since the initial public offering in 2007, with a profit for the period of EUR 40.5 million. The excellent results were driven primarily by positive office property valuations and sales proceeds from the disposal of eight hotel holdings in May 2017. Due to a change in the remeasurement result, the audited profit for the year is slightly lower than the preliminary earnings published at the beginning of April.

Warimpex had an eventful and successful year in 2017. The partial portfolio sale allowed the company to accomplish something in one fell swoop that had not been possible at a sufficient return during the economically challenging previous years. This transaction not only significantly improved the operating figures and put Warimpex back on strong footing, but also confirmed the viability of the company's corporate strategy, which is based on a long-term and flexible approach: to develop hotel and office properties and hold them in the portfolio until the time at which the highest added value can be realised through sale.

The positive annual results will allow the company to implement three key measures: new developments that are already under construction or in the planning stage, strategic acquisitions, and a commensurate dividend of EUR 0.06 that will be proposed at the coming Annual General Meeting.

Company performance in 2017

The sale of the eight hotel holdings significantly strengthened the company's financial base. Overall, the consolidated liabilities were reduced by roughly EUR 133 million, resulting in a considerable decline in the interest costs within the Group. The equity ratio also improved substantially, increasing from 12 per cent in 2016 to 32 per cent in 2017.

With regard to operating figures, revenues in the Hotels segment fell from EUR 51.9 million to EUR 27.5 million due to the elimination of the eight hotel holdings that were sold. This decline was offset by the increase in revenues from the rental of office properties from EUR 8.6 million to EUR 13.2 million. This can be attributed primarily to the completion of the fully occupied Bykovskaya multi-use building at AIRPORTCITY St. Petersburg. Consolidated revenues contracted from EUR 62.2 million to EUR 42.4 million.

Significant increases in EBITDA (up 57 per cent) and EBIT (up 113 per cent) due to higher sales proceeds and a positive remeasurement result for office properties (23 per cent increase in NNNAV) led to a profit for the year of EUR 40.5 million (2016: EUR 22.9 million).

Development projects in Łódź, Krakow, and St. Petersburg

In terms of development projects, construction is progressing nicely for the Ogrodowa office building in the Polish city of Łódź and the Mogilska office building in Krakow. Leases have already been signed for a portion of the space at both office buildings. Also in Krakow, the company 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 during the reporting period. Four office properties will be built on this site in multiple phases.

At AIRPORTCITY St. Petersburg, the fully occupied Bykovskaya multi-use building was completed and handed over to the tenant in the spring of 2017. Warimpex also holds property reserves for around 150,000 square metres of office space at the site.

The Eastern European economy is currently enjoying the most robust growth in all of Europe. Higher minimum wages and lower social security costs are bolstering private consumption, which is the foundation for the recovery in the region. This renewed upswing makes Warimpex very optimistic regarding its development projects and strengthens the company’s confidence in its strategy to continue operating in its core markets even after more than 30 years.

Transactions in Poland, Russia, and Hungary

In addition to the sale of eight hotel holdings, Warimpex concluded several smaller but no less important deals. Along with the properties in Białystok, the company acquired a fully occupied office building with roughly 5,800 square metres of space in Krakow. The goal is to use the rental revenue to generate cash flows immediately, and the company is considering a redevelopment at a later date.

In addition, Warimpex purchased the remaining shares in the Bykovskaya multi-use building in St. Petersburg, so the building is now fully owned by the Group.

In early March 2018 – after the reporting date – Warimpex signed a contract for the sale of the development property in Budapest, where the company was planning a hotel with adjacent apartments. The closing is scheduled for May 2018. Warimpex recently acquired the fully occupied B52 office building in Budapest, which has roughly 5,200 square metres of space.

Outlook

Thanks to all of these positive developments, Warimpex is in a solid position for the current financial year. The company expects a significant reduction of interest costs over the medium term due to the early redemption of bonds and the elimination of project loans. On the basis of selective purchases and construction progress, the company is confident it will reach the same portfolio volume it had before the sale of the hotel holdings by the end of 2019. Warimpex will continue to focus on the diversification of its markets and its portfolio in the future.

Key financial figures for 2017 at a glance:

EUR ’000	**2017**	**Change**	**2016**
Hotels revenues	27,509	-47%	51,864
Investment Properties revenues	13,190	54%	8,580
Development and Services revenues	1,668	-5%	1,757
Total revenues	*42,367*	*-32%*	*62,201*
Expenses directly attributable to revenues	-21,955	-39%	-35,967
Gross income from revenues	*20,412*	*-22%*	*26,235*
Gains or losses from the disposal of properties	26,575	206%	8,674
EBITDA	33,605	57%	21,450
Depreciation, amortisation, and remeasurement	21,098	392%	4,285
EBIT	54,704	113%	25,735
Earnings from joint ventures	2,590	-	-1,156
Profit for the year	40,496	77%	22,862
Profit or loss for the period (shareholders of the parent)	40,542	133%	17,423
Net cash flow from operating activities	12,002	-7%	12,958
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	58,864	-28%	81,773
Net operating profit (NOP)	15,685	-38%	25,134
NOP per available room	9,317	2%	9,109
Investment Properties revenues	17,354	81%	9,614
Investment Properties EBITDA	13,862	98%	6,987
Development and Services revenues	2,767	19%	2,321
Gains or losses from the disposal of properties	26,575	194%	9,050
Development and Services EBITDA	18,096	1,039%	1,589
	31/12/2017	**Change**	**31/12/2016**
Gross asset value (GAV) in EUR millions	202.5	-41%	343.3
NNNAV per share in EUR	2.4	26%	1.9