

Warimpex

Real Estate, Hotels | Austria

TP: EUR 0.90

Company update

- 2Q16 P/NNNAV at 0.38x with 59% discount to European peers.
- We forecast EBITDA of EUR 28.4m in 2016E and EUR 15.8m in 2017E.

NNNAV increasing, discount falling

In 1H16 Warimpex has improved its NNNAV from EUR 1.8/share to EUR 1.9/share, mainly due to improving KPI's in hotels in Poland as well as in Prague and Bucharest (application of lower capitalisation rates). The company has reported also positive remeasurement in investment properties, which was related to development projects in Łódź and St. Petersburg. Additionally, we point at the potential transactions: Angelo hotel in Prague (we assume disposal in 2H16 with profit of ca. EUR 8m and net cash inflow of ca. EUR 10m) and two hotel assets in Paris (the transaction on hold due to recent terrorist attacks). On the back of improving performance of hotels and planned development projects, we increase our 12M TP from EUR 0.86/share to EUR 0.90/share (PLN 3.88/share).

NNNAV recovery on improving hotel's KPI's. Although during recent 12 months the company has disposed its three hotels (number of rooms available decreased by 14% YoY), the reported revenues decreased only by 7% YoY (reported RevPAR +13% YoY). We also note that the company has improved the NOP (proportionate calculation) in Poland by 10% and in Romania by 25%. Given the increasing RevPAR combined with solid occupancy rates, we expect further NNNAV recovery in the coming quarters.

Development projects in progress... In our forecasts we assume the development of Ogrodowa project (GLA of ca. 26k sqm) and Mogilska project (GLA of ca. 12k sqm), as the company has already received the construction permits for both ones (we assume capex at ca. EUR 39m for Ogrodowa and EUR 18m for Mogilska). Additionally, the company has under construction carpark in St. Petersburg with 450 parking spaces and 4k sqm office area. We expect completion of the project mid-2017 and 2016E capex of EUR 17m.

...and potential disposals. In 1Q16 the company has sold its stake in Parkur Tower in Warsaw. In our forecasts we assume the disposal of Angelo hotel in Prague by end-2016 (profit of ca. EUR 8m and net cash inflow of ca. EUR 10m). Additionally, the company is in negotiations regarding the disposal of its two hotels in Paris.

We increase EBITDA forecast to EUR 23.8m in 2016E and maintain at EUR 15.8m in 2017E.

Given the improving key performance factors in hotel segment we increase revenues forecast by 3% to EUR 64.7m in 2016E. Assuming the disposal of Angelo hotel in Prague with profit of ca. EUR 8m, we increase our 2016E EBITDA forecast to EUR 23.8m (vs. EUR 14.3m previously). At the same time we cut our 2017E revenues forecast by 5% to EUR 62.5m (due to the disposal of hotel in Prague) and maintain EBITDA forecast at EUR 15.8m.

Valuation. We value Warimpex using SOTP valuation (90% weight) and P/NNNAV peer-comparison valuation (10% weight). We increase 12M TP for Warimpex from EUR 0.86/share to EUR 0.90/share (PLN 3.88/share). We note that the company currently trades with 62% discount to its 2Q16 NNNAV and with 49% discount to European peers.

Figure 1. Warimpex: Forecasts and ratios (EURm)

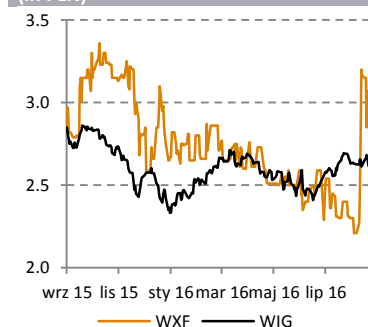
	2013	2014	2015	2016E	2017E	2018E
Revenues	90.2	73.8	61.9	64.7	62.5	71.9
EBITDA	18.8	17.1	29.3	23.8	15.8	22.6
Net profit	3.0	-20.7	-17.8	18.4	0.1	6.0
GAV	508.0	498.0	367.1	354.2	398.4	403.0
P/BV	0.42	0.53	0.71	0.53	0.53	0.49

Source: Bloomberg, Vestor DM estimates

Company data	
Target price (EUR)	0.90
Target price (PLN)	3.88
Share price (EUR)	0.71
Share price (PLN)	3.00
Upside/downside potential	28%
Min (EUR, 52W)	0.53
Max (EUR, 52W)	0.79
No. of shares (m)	54.0
Market cap. (EURm)	38.3
Net debt (2Q16, EURm)	279.3
EV (EURm)	303.9
Avg. 3M turnover (EURm)	0.03

Shareholders	
	%
Franz Jurkowitsch	14%
Georg Folian	14%
Amber Privatstiftung	11%
Bocca Privatstiftung	11%
Aviva OFE	>5%
Amplico OFE	>5%
ING OFE	4%
Free float	36%

Company description
Warimpex is the real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realized through sale. Warimpex has one of the largest hotel portfolio in CEE, consisting of 15 hotels as of end-4Q15 with over 3,700 rooms (2,672 proportionate stake) and six office buildings (total NRA of 43,100) located in 7 countries (Czech Republic, Poland, Romania, Russia, France, Hungary, Austria).

Warimpex vs. WIG: relative performance (in PLN)

Source: Bloomberg, Vestor DM

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Warimpex

P&L (EURm)	2013	2014	2015	2016E	2017E	2018E
Revenues	90.2	73.8	61.9	64.7	62.5	71.9
Hotel revenues	69.4	61.6	54.5	54.2	50.0	50.5
Investment Properties revenues	10.7	9.8	4.4	7.7	9.7	18.5
Development and Services revenues	10.0	2.5	3.1	2.9	2.9	2.9
Gross income from revenues	29.8	28.3	23.4	26.4	26.7	33.1
Result from disposal of properties	2.0	0.0	14.2	8.2	0.0	0.0
Administrative costs	-9.9	-8.2	-9.4	-9.4	-9.4	-9.5
Other operating costs, net	-3.1	-2.9	1.1	-1.3	-1.4	-1.1
EBITDA	18.8	17.1	29.3	23.8	15.8	22.6
Depreciation, amortization and remeasurement	16.8	-22.3	-39.2	4.5	-4.0	-4.4
Scheduled D&A	-11.9	-11.5	-8.9	-6.4	-6.4	-6.4
Impairments and remeasurements	28.7	-10.8	-30.3	10.9	2.4	2.0
EBIT	35.6	-5.2	-9.9	28.4	11.9	18.2
EBIT adj.*	7.0	5.6	20.4	17.4	9.4	16.2
Finance income	1.0	4.2	2.4	1.8	1.8	1.8
Finance expenses	-23.2	-23.0	-24.4	-14.0	-14.1	-13.9
Exchange rate changes	-3.7	-14.4	-19.5	9.2	0.0	0.0
Result from JV after tax	2.2	1.5	9.6	3.8	2.1	2.1
Pre-tax profit	12.1	-36.8	-41.8	29.2	1.7	8.2
Income tax	-5.0	1.4	-0.6	-5.6	-0.3	-1.6
Minorities	4.1	-14.7	-24.5	5.2	1.3	0.6
Net income	3.0	-20.7	-17.8	18.4	0.1	6.0
Growth (%)	2013	2014	2015	2016E	2017E	2018E
Revenues growth (%)	-	-18%	-16%	5%	-3%	15%
EBITDA growth (%)	-	-9%	71%	-19%	-34%	42%
EBIT adj. growth* (%)	-	-19%	261%	-14%	-46%	71%
Profitability (%)	2013	2014	2015	2016E	2017E	2018E
Gross margin (%)	33.0%	38.3%	37.7%	40.7%	42.6%	46.1%
EBITDA margin (%)	20.9%	23.2%	47.3%	36.8%	25.3%	31.4%
Operating margin adj.* (%)	7.7%	7.6%	32.9%	26.9%	15.1%	22.5%
Balance sheet (EURm)	2013	2014	2015	2016E	2017E	2018E
Fixed assets	403.8	389.2	323.0	342.5	379.6	378.2
PP&E	281.8	249.1	195.7	180.7	177.4	174.0
Investment properties	73.1	87.8	84.6	121.6	162.6	165.1
Goodwill and intangible assets	1.0	1.0	1.0	1.0	1.0	1.0
Net investment in JV (at equity)	36.8	36.2	24.1	21.7	21.7	21.7
Other fixed assets	11.2	15.2	17.6	17.6	17.0	16.4
Current assets	102.2	104.2	27.3	38.7	31.0	38.6
Inventories	1.0	0.8	0.6	0.6	0.6	0.6
Trade receivables	10.5	21.1	8.7	8.6	8.0	8.0
Cash and cash equivalents	6.5	9.8	7.4	18.9	11.8	19.3
Other current assets	84.2	72.5	10.6	10.6	10.6	10.6
Total assets	506.1	493.4	350.2	381.2	410.6	416.7
Equity	90.2	72.1	53.8	72.2	72.3	78.3
Minorities	-1.4	-14.5	-32.0	-26.9	-25.6	-24.9
Long-term liabilities	340.1	352.4	286.7	292.6	293.6	331.1
LT debt	313.2	330.4	258.5	265.6	267.9	306.7
Other LT liabilities	26.8	22.1	28.3	27.0	25.7	24.4
Short-term liabilities	77.3	83.3	41.8	43.3	70.2	32.3
ST debt	54.2	47.0	28.2	29.8	57.5	18.7
Trade and other payables	16.4	35.3	11.5	11.5	10.7	11.6
Other ST liabilities	6.7	1.1	2.0	2.0	2.0	2.0
Equity and liabilities	506.1	493.4	350.2	381.2	410.6	416.7
Cash flow statement (EURm)	2013	2014	2015	2016E	2017E	2018E
Cash flow from operating activities	18.4	20.6	12.9	33.2	15.7	22.2
Net profit	3.0	-20.7	-17.8	18.4	0.1	6.0
D&A	11.9	11.5	8.9	6.4	6.4	6.4
Impairments and remeasurements	-28.7	10.8	30.3	-10.9	-2.4	-2.0
Change in working capital	-9.6	8.5	-11.2	0.0	-0.1	0.8
Change in inventories	1.2	0.3	0.2	0.0	0.0	0.0
Change in trade receivables	0.6	-10.6	12.4	0.0	0.7	-0.1
Change in trade payables	-11.5	18.9	-23.7	0.0	-0.7	0.9
Other	41.9	10.4	2.7	19.3	11.7	11.1
Cash flow from investing activities	-1.0	-7.2	38.8	-19.7	-41.1	-3.0
Cash receipts from the disposals	-53.1	10.5	91.8	12.5	0.6	0.6
Capex on PP&E and investment properties	78.2	-4.3	17.4	-32.2	-41.7	-3.6
Other	-26.0	-13.4	-70.4	0.0	0.0	0.0
Cash flow from financing activities	-18.9	-8.8	-54.4	-2.0	18.3	-11.7
Change of debt	-1.6	9.9	-90.7	8.7	30.0	0.0
Interest paid	-15.9	-15.9	-15.9	-10.7	-11.7	-11.7
Other	-1.3	-2.8	52.2	0.0	0.0	0.0
Cash position at the beginning of the period	8.4	6.6	9.8	7.4	18.9	11.8
Net change in cash position	-1.8	3.2	-2.4	11.5	-7.1	7.5
Cash position at the end of the period	6.6	9.8	7.4	18.9	11.8	19.3

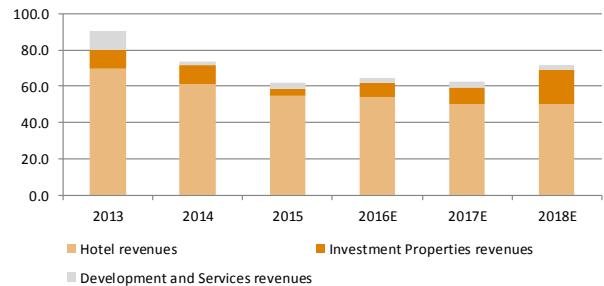
Source: Company data, Vestor DM estimates, *Adjusted for impairments and remeasurements

Valuation ratios (x)	2013	2014	2015	2016E	2017E	2018E
Number of shares (m)	54.0	54.0	54.0	54.0	54.0	54.0
P/BV (x)	0.42	0.53	0.71	0.53	0.53	0.49
GAV (EURm)	508.0	498.0	367.1	354.2	398.4	403.0
NNNAV (EURm)	169.4	160.5	98.4	100.8	n.a.	n.a.
P/NNNAV (x)	0.22	0.24	0.39	0.38	n.a.	n.a.

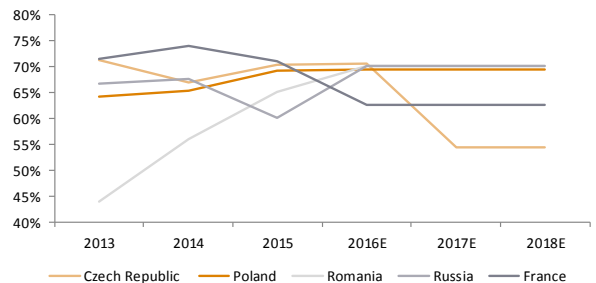
Credit ratios (EURm)	2013	2014	2015	2016E	2017E	2018E
Gross debt	367.5	377.4	286.7	295.4	325.4	325.4
Net debt	360.9	367.6	279.3	276.5	313.6	306.1
Net debt/Assets (x)	0.71	0.75	0.80	0.73	0.76	0.73
Net debt/Equity (x)	4.00	5.10	5.19	3.83	4.34	3.91
Interest coverage ratio (x)	1.33	1.26	2.52	2.84	1.68	2.39

Hotels - main assumptions	2013	2014	2015	2016E	2017E	2018E
Number of rooms	3,220	3,169	2,672	2,489	2,489	2,489
Occupancy rate (%)	66.4%	67.1%	68.6%	68.7%	64.8%	64.8%
Gross margin (%)	27.6%	28.8%	29.6%	31.3%	31.4%	31.4%
ADR (EUR)	145.1	138.9	120.3	134.2	135.8	136.9
NOPPAR (EUR)	38.9	39.7	35.6	37.0	42.6	43.0

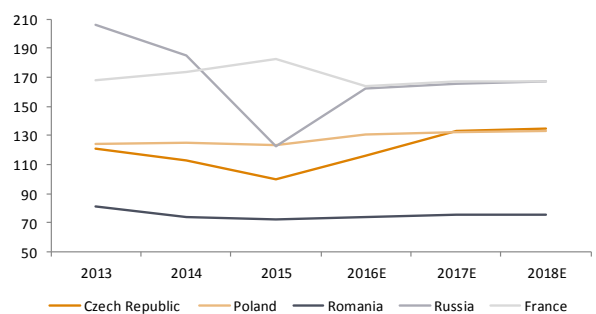
Revenues (EURm)



Occupancy rates (%)



Average daily revenues (EUR)



Risk factors

As the major risk factors to our forecasts we point at: (1) Lower occupancy levels and deteriorating ADR in hotel properties, (2) Losing tenants in the office projects, (3) Potential negative remeasurements and impairments of the existing portfolio, (4) Difficulties in refinancing debt, (5) Difficulties and delays in related to disposal of assets.

Investment summary

In 1H16 the company has reported solid financial results with EBITDA of EUR 6.3m (+7% YoY despite the disposal of three hotel assets) and net profit of EUR 7.1m (in comparison to net loss of EUR 15.9m in 1H15). Although the company has noted weaker performance of French hotels after terrorist attacks, the average occupancy rate remained stable YoY at 64%, while RevPAR decreased slightly by 3% YoY (proportionate calculation). On the other hand we point at the solid improvement of NOP in Poland and Romania (+10% and +25% YoY in 1H16, respectively). Given the abovementioned the company's NNNAV increased from EUR 1.8/share to EUR 1.9/share. As 1H16 results were supported by gain on remeasurement of investment property by EUR 7.9m and reversal of impairment of EUR 3.0m, we expect further positive revaluation in 2H16 of ca. EUR 4m. Given the recovery of KPI's in hotel segment and potential developments of investment properties (construction permits for two office projects in Poland) we increase our 12M target price from EUR 0.86/share to EUR 0.90/share (or PLN 3.88/share). The company currently trades with 62% discount to its 2Q16 NNNAV.

NNNAV recovery on improving hotels' KPI's. In 1H16 Warimpex's NNNAV increased from EUR 1.8/share to EUR 1.9/share. Although in recent 12 months the company has disposed three hotels (number of rooms available decreased by 14% YoY), the reported revenues decreased only by 7% YoY (reported RevPAR +13% YoY). We also note that the company has improved the NOP (proportionate calculation) in Poland by 10% and in Romania by 25%. Given the increasing RevPAR combined with solid occupancy rates, we expect further NNNAV recovery in the coming quarters.

Development projects in progress. The management has informed that it is currently in the course of development of Ogrodowa office project in Łódź (GLA of ca. 26k sqm) and two office buildings in Cracow (Mogilska Office with GLA of ca. 12k sqm and Chopin Office with GLA of ca. 26k sqm). In our forecasts we assume the development only of Ogrodowa and Mogilska projects, as the company has already received the construction permits for both ones (we assume capex at ca. EUR 39m for Ogrodowa and EUR 18m for Mogilska). Additionally, the company has carpark under construction in St. Petersburg with 450 car parking spaces and 4k sqm office area. We expect completion of the project mid-2017 and 2016E capex of EUR 17m.

Further deleveraging on potential disposals. As of end-2Q16 the company reported net debt position of EUR 266m (vs. EUR 279m as of end-4Q15). We remind that in 1Q16 the company has sold its stake in Parkur Tower in Warsaw (net cash inflow of ca. EUR 2.5m). We point at the potential for further deleveraging due to possible disposals. In our forecasts we assume the disposal of Angelo hotel in Prague by end-2016 (profit of ca. EUR 8m and net cash inflow of ca. EUR 10m). Additionally, the company is in negotiations regarding the disposal of its two hotels in Paris (which we do not assume in our forecasts).

We increase EBITDA forecast to EUR 23.8m in 2016E and maintain at EUR 15.8m in 2017E. Given the improving key performance factors in hotel segment we increase revenues forecast by 3% to EUR 64.7m and gross profit by 5% to EUR 26.4m in 2016E. Assuming the disposal of Angelo hotel in Prague with profit of ca. EUR 8m, we increase our EBITDA forecast to EUR 23.8m (vs. EUR 14.3m previously). At the same time we cut our 2017E revenues forecast by 5% to EUR 62.5m (due to the disposal of hotel in Prague) and maintain EBITDA forecast at EUR 15.8m.

Valuation. We value Warimpex using SOTP valuation (90% weighting) and P/NNNAV peer-comparison valuation (10% weighting). Based on current information given for company's

properties, our SOTP-method valuation amounts to EUR 0.85/share. At the same time, we note that the company currently trades with 62% discount to its 2Q16 NNNNAV and with 49% discount to European peers. We increase 12M TP for Warimpex from EUR 0.86/share to EUR 0.90/share (PLN 3.88/share).

Valuation

We value Warimpex using two valuation methods: SOTP (*sum-of-the-parts*, 90% weighting) and comparable method (based on P/NNNAV multiple, 10% weighting). Using the SOTP method we value Warimpex at EUR 0.85/share, while P/NNNAV comparative method implies EUR 1.38/share. We increase our 12M target price from EUR 0.86/share to EUR 0.90/share (or PLN 3.88/share), implying 28% upside potential.

Figure 2. Warimpex: Valuation summary

	Valuation (EUR/share)	Weighting (%)
SOTP method	0.85	90%
P/NNNAV comparative method	1.38	10%
Weighted target price	0.90	
Current price (EUR)	0.71	
<i>Upside/downside potential</i>		28%

Source: Vestor DM estimates

SOTP valuation

As far as SOTP method is concerned, we value each of company's asset GAV as of end-2016 given their current results. In our valuation we assume the disposal of two hotels in Paris (please note that previous valuation assumed the disposal of two projects in Paris, while current valuation assumes disposal of Angelo hotel in Prague). We base our calculations on the following assumptions:

Figure 3. Warimpex: Valuation of owned hotel projects (as of end-2016E)

Hotel	Rooms (stake adj.)	Occ. rate (%)	ADR (EUR)	NOI (EURm)	Yield (%)	Current GAV est. (EURm)	Previous GAV est. (EURm)
Chopin, Cracow	220	75%	89	2.0	7.00%	28.4	28.1
Andel's , Łódź	278	70%	143	4.1	6.75%	60.7	60.7
Angelo , Katowice	102	65%	111	1.1	7.25%	14.8	14.8
Amber Baltic, Międzyzdroje	191	60%	118	1.5	9.75%	15.2	13.8
Angelo, Prague*	168	76%	104	1.9	7.50%	0.0	26.9
Diplomat, Prague	398	75%	104	4.6	7.25%	62.8	62.8
Dvorak, Karlovy Vary**	126	60%	118	0.7	8.00%	0.0	0.0
Angelo, Plzen	72	70%	71	0.3	7.75%	3.4	3.4
Crowne Plaza, St. Petersburg	162	75%	162	1.8	10.00%	18.0	18.0
Angelo Airporthotel, Bucharest	177	65%	74	0.9	7.75%	12.0	11.7
Dream Castle, Paris	199	70%	164	1.6	7.50%	21.2	0.0
Magic Circus, Paris	198	70%	164	1.4	7.50%	18.8	0.0
Total						255.3	240.2

Source: Company data, Vestor DM, *Assuming disposal in 2016E, **Project deconsolidated since end-4Q15

Figure 4. Warimpex: Valuation of investment properties (as of end-2016E)

Office	Country	NRA (sqm)	Stake (%)	Rental rate EUR/sqm	Occ. rate (%)	NOI (EURm)	Yield (%)	Current GAV est. (EURm)	Previous GAV est. (EURm)
Parkur Tower	Poland	9,700	50%	14.3	10%	0.1	8.0%	0.0	0.0
Erzsebet 1	Hungary	7,500	100%	12.3	90%	0.8	8.5%	9.2	9.2
Dioszegi	Hungary	800	100%	11.0	100%	0.1	10.0%	1.0	1.0
Sajka	Hungary	600	100%	11.0	100%	0.1	10.0%	0.7	0.7
Airport City (Zeppelin)	Russia	15,600	55%	30.0	100%	3.9	8.3%	26.2	26.0
Erzsebet 2	Hungary	8,000	100%	9.0	100%	0.7	8.5%	8.0	8.0
Total								45.2	45.0

Source: Company data, Vestor DM

Figure 5. Warimpex: Valuation of development projects (as of end-2016E)

Project	Country	NRA (sqm)	Stake (%)	Current GAV (EURm)	Previous GAV (EURm)
Airportcity, St. Petersburg	Russia	60,000	55%	16.6	16.6
Mogilska Office, Cracow	Poland	12,000	100%	7.5	7.5
Chopin Office, Cracow	Poland	20,000	100%	5.0	5.0
Landplot, Budapest	Hungary	n.a.	100%	3.8	3.8
Landplot, Bialystok	Poland	n.a.	100%	2.4	2.4
Landplot, Łódź	Poland	26,000	100%	18.4	22.5
Total				53.7	57.8

Source: Company data, Vestor DM

Figure 6. Warimpex: SOTP valuation summary

Hotel properties*	255.3
Investment properties*	45.2
Development projects*	53.7
GAV (EURm, end-2016E)	354.2
Net debt (EURm, end-2016E)*	313.6
SOTP (EURm, end-2016E)	40.5
Number of shares (m)	54.0
SOTP/share (EUR)	0.75
12M TP (EUR)	0.85
12M TP (PLN)	3.55

Source: Company data, Vestor DM, *including JV projects

Peer comparison (P/NNNAV)

For the valuation purpose, we compare Warimpex to the companies operating on similar geographical markets, i.e. Immofinanz, Atrium European, CA Immobilien, GTC, Echo Investment. The average P/NNNAV ratio for the peer group implies the market capitalization of Warimpex at EUR 74.7m. Due to high leverage of Warimpex, we set 10% weighting to the peer comparison method.

Figure 7. Warimpex: P/NNNAV valuation

Company	Price (EUR)	#shares (m)	mCap (EUR)	BV (EURm)	2Q16 NNNAV (EURm)	P/NNNAV* (x)
Immofinanz	2.04	976	1,991	2,886	3,204	0.62
Atrium European	3.97	377	1,496	2,046	2,017	0.74
CA Immo	17.26	99	1,705	2,154	2,252	0.76
GTC	1.86	460	854	677		1.26
Echo Investment	0.92	413	381	417		0.91
Median						0.74
Warimpex	0.71	54	38	58.9	100.8	0.38
Discount/Premium						-49%
Implied WXF mCap (EURm)						74.7
Implied WXF price/share (EUR)						1.38
Implied WXF price/share (PLN)						5.97

Source: Company data, Vestor DM, *BV reported as of end-2Q16, P/BV for GTC and Echo Investment

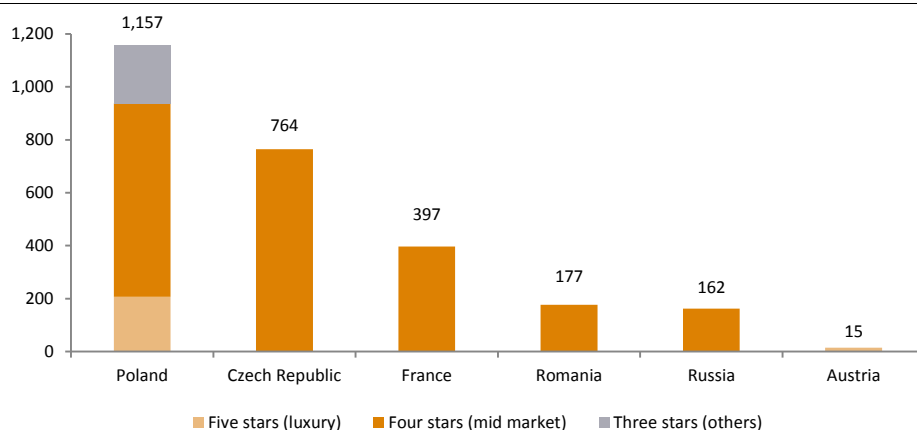
Operational highlights

Hotel segment

As of end 2Q16 Warimpex operated 15 hotels with nearly 2,700 rooms located in 6 countries. In recent 12 months the company has successfully disposed of hotel in Berlin (279 rooms attributable to Warimpex sold in July 2015) and two hotels located in Ekaterinburg (223 rooms in total attributable to Warimpex sold in September 2015).

In 1H16 hotel segment reported revenues of EUR 23.9m (-7% YoY) or EUR 37.6m on proportionate method (-21% YoY). First of all we note that the decrease of revenues mainly resulted from the disposal of hotels (number of available rooms decreased by 610 rooms or 18% YoY as of end 2Q16).

Figure 8. Warimpex: Number of hotel rooms by countries (as of end-2Q16)



Source: Company data, Vestor DM

Figure 9. Warimpex: Hotel portfolio details (as of end-2Q16)

Hotel	City	Country	Standard	WXF's stake	Rooms total
InterContinental *	Warsaw	Poland	*****	50.0%	404
Chopin	Cracow	Poland	***	100.0%	220
Andel's *	Cracow	Poland	****	100.0%	159
Andel's	Łódź	Poland	****	100.0%	278
Angelo	Katowice	Poland	****	50.0%	203
Amber Baltic	Międzyzdroje	Poland	****	100.0%	191
Angelo	Prague	Czech Republic	****	100.0%	168
Diplomat	Prague	Czech Republic	****	100.0%	398
Dvorak *	Karlovy Vary	Czech Republic	****	100.0%	126
Angelo	Plzen	Czech Republic	****	50.0%	144
Crowne Plaza	St. Petersburg	Russia	****	55.0%	294
Angelo Airpothotel	Bucharest	Romania	****	100.0%	177
Dream Castle	Paris	France	****	50.0%	397
Magic Circus	Paris	France	****	50.0%	396
Palais Hansen Kempinski	Vienna	Austria	*****	9.9%	152

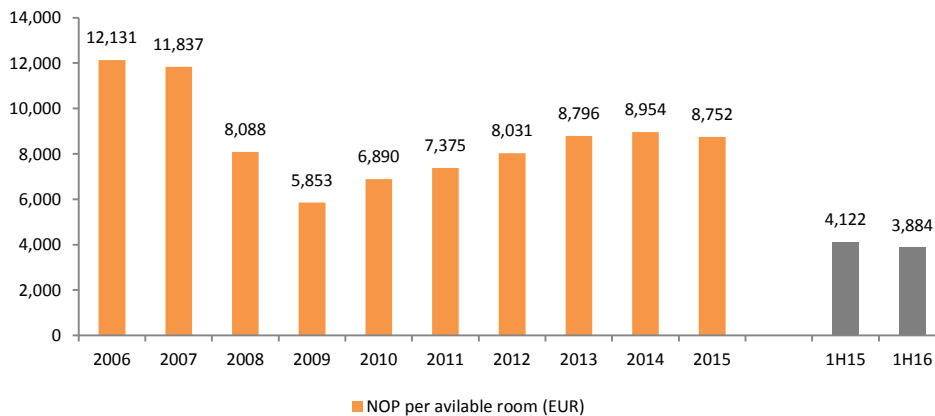
Source: Company data, Vestor DM, *Operating lease

On the other hand the company has managed to maintain occupancy rate stable on 64% (despite negative effect of Ukrainian crisis on Russian hotel and Karlovy Vary, as well as lower occupancy rates in French hotels resulting from terrorist attacks in France). We point at the strongest improvement of occupancy rates in Angelo hotels in Bucharest and Prague

(+6pp YoY and 7pp YoY in 1H16, respectively), while occupancy rates in French hotels dropped by 6pp YoY in Dream Castle and by 10pp YoY in Magic Circus.

Additionally, reported RevPAR increased by 13% YoY to EUR 39.5, while RevPAR calculated on proportionate method dropped by 3% YoY to EUR 48.6 (negative effect of French hotels, which are JV projects). Finally, we point that the company has managed to improve its NOP especially in Poland and Romania (respectively by 10% and 25% YoY), while NOP deteriorated in Russia (-31% YoY due to the disposal of two hotels in Ekaterinburg) and in France (from positive EUR 1,4m in 1H15 to negative EUR 0.3m in 1H16).

Figure 10. Warimpex: Hotel segment – RevPAR per year (EUR)



Source: Company data, Vestor DM

In the coming quarters, the company plans further disposals of hotel assets. In recent 12 months the company has completed the disposal of Andel’s Hotel in Berlin and two hotels in Ekaterinburg. Currently the company is in the course of the disposal of Angelo hotel in Prague (168 rooms, completion of the transaction might be completed by end-2016), while the disposal of two hotels in France is on hold (we do not assume the disposal of hotels in France in our forecasts).

Investment properties

Investment properties segment consists of office buildings managed by Warimpex. As of end-2Q16, the company had five completed office projects with total NRA of 33,400 sqm located in Russia and Hungary.

- **Airportcity, St. Petersburg** – Currently it is the major commercial project of Warimpex. In 1H15 the company has completed Zeppelin office building with NRA of 15,600sqm (project fully leased to Gazprom). Additionally, the company owns landplots allowing for construction of another phases with NRA of up to 170,000sqm and car park with ca. 560 car parking spaces (19,500sqm leasable area). In our forecasts we assume completion of carpark in 1H17, capex of ca. EUR 17m in 2016E and annual revenues of ca. EUR 4m.
- **Erzsebet, Budapest** – The project consists of two office buildings offering NRA of nearly 15,000sqm. As of end-4Q15 the occupancy rate of the complex amounted to ca. 90% (12,250sqm let to Hungarian insurance company Groupama).
- **Dioszegi, Budapest** – The project with NRA of ca. 800sqm (fully let).
- **Sajka, Budapest** – Office building with ca. 600sqm of NRA (fully let).

Revenues of Investment Properties segment increased from EUR 0.7m in 1H15 to EUR 4.0m mainly due to completion of Zeppelin and Erzsebet 2 projects (we assume these two projects

to generate revenues of ca. EUR 6.5m annually). We also note that 1H16 EBITDA increased to EUR 3.3m (EBITDA margin of 82%), in comparison to EUR 0.5m in 1H15.

Figure 11. Warimpex: Office projects completed and planned

	City	Country	NRA (sqm)	WXF's stake (%)	Occupancy rate (%)
Completed projects					
Parkur Tower*	Warsaw	Poland	9,700	50%	-
Zeppelin	St. Petersburg	Russia	15,600	55%	100%
Erzsebet Office	Budapest	Hungary	14,500	100%	90%
Dioszegi Office	Budapest	Hungary	800	100%	100%
Sajka Office	Budapest	Hungary	600	100%	100%
Pipeline					
Airport Car Park	St. Petersburg	Russia	20,000	55%	-
Mogilska Office	Cracow	Poland	20,000	100%	-
Ogrodowa Office	Łódź	Poland	26,000	100%	-
Chopin Office	Cracow	Poland	20,000	100%	-
Airportcity phase III	St. Petersburg	Russia	40,000	55%	-
Hotel	Budapest	Hungary	170 rooms	100%	-
Land reserves in Bialystok and St. Petersburg	-	-	Up to 110,000	-	-

Source: Company data, Vestor DM, *project sold in 1Q16

Additionally, we point at the potential for further growth of revenues of this segment, as currently the company has the carpark in St. Petersburg under construction. The project will offer 450 car parking spaces, 2,600sqm archive/storage area and 4,000sqm office space. In our forecasts we assume completion of the project mid-2017 and annual revenues of ca. EUR 4m.

Development and Services

Development and Services segment is related to services in the area of development as well as disposals of properties. We note that results of this segment are strongly related to the sale of real estate properties, thus are subject to fluctuations in YoY terms. We remind that in 1Q16 the company has sold Parkur Tower office building in Warsaw (result from the disposal of properties of EUR 0.1m in 1H16). Additionally, in our forecasts we assume the disposal of Angelo hotel in Prague (we expect profit of ca. EUR 8.2m and net cash inflow of ca. EUR 10.6m). The company is also in negotiations regarding the disposal of two hotels located in Paris: Dream Castle (397 rooms, 199 attributable to Warimpex) and Magic Circus (396 rooms, 198 attributable to Warimpex). However, due to lower probability and less favourable conditions related to terrorist attacks, we do not assume the transaction in our forecasts.

During the recent conference call after 2Q16 results, the company has informed, that in the coming quarters it might potentially start the development of the following projects:

- **Ogrodowa office project in Łódź** (NRA of ca. 26k sqm) – the company has already received the construction permit and plans to start the development in 2H16. We assume capex related to construction of ca. EUR 39m and completion of project by the end-2017.
- **Mogilska Office in Cracow** (NRA of ca. 12k sqm) – the company received the construction permit in July 2016. We assume start of construction in 2017E and completion by end 2018E, with construction capex of ca. EUR 18m
- **Chopin Office in Cracow** (NRA of ca. 20k sqm) – the company plans to start the development no earlier than in 2017.

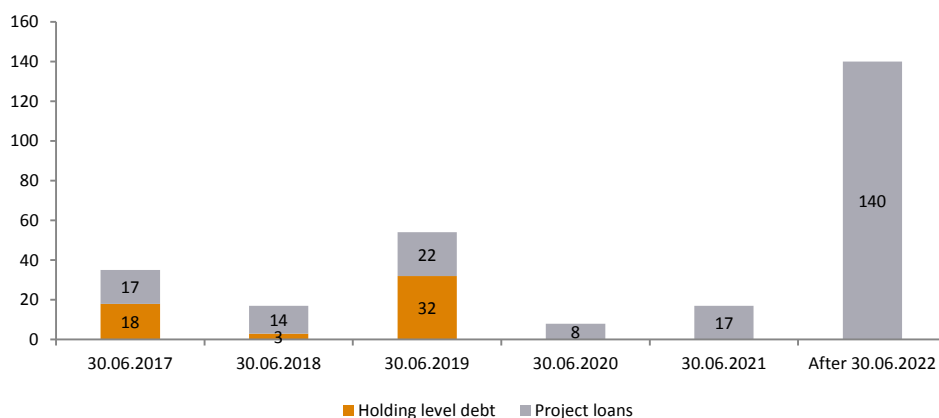
In our forecasts we assume only the development of the Ogrodowa office project in Łódź and Mogilska office project in Cracow, as the company has already received the construction permits.

Company's debt

As of end-2Q16 gross debt amounted to EUR 271.1m (vs. EUR 286.7m as of end-4Q15), with EUR 215.8m related to project loans, EUR 8.3m related to convertible bonds and EUR 46.9m related to bonds. Given the cash position of EUR 5.5m, net debt amounted to EUR 265.6m as of end-2Q16 (vs. EUR 279.3m as of end-4Q15), implying ND/Assets ratio at 0.73x.

At the same time, we note that holding level debt amounted to EUR 53m (vs. EUR 62m as of end 4Q15), while project level debt amounted to EUR 218m (debt held by SPVs, secured on project assets, mainly non-recourse to Warimpex).

Figure 12. Warimpex: Debt maturity schedule (as of end-2Q16)



Source: Company data, Vestor DM

Figure 13. Warimpex: Bonds maturity table

Bonds	Value outstanding (end-2Q15)	Issue date	Maturity date	Coupon	Conv. Price
Convertible bond 06/2014 – 06/2017	EUR 4.5m	2014-06-30	2017-06-30	4.0%	EUR 1.80
Convertible bond 11/2015 – 11/2018	PLN 19.5m	2015-11-06	2018-11-03	2.5%	PLN 5.94
Bond 03/2015 – 03/2017	PLN 15.0m	-	-	-	n.a.
Bond 10/2013 – 10/2017	PLN 1.5m	2013-12-06	2017-10-29	6MWIBOR+6.4%	n.a.
Bond 02/2014 – 02/2018	PLN 3.0m	2014-02-24	2018-02-24	6MWIBOR+6.0%	n.a.
Bond 12/2015 – 12/2018	EUR 25.8m	2015-12-10	2018-12-10	6M EURIBOR+3.75%	n.a.
Bond 01/2016 – 01/2019	PLN 9.7m	2016-01-25	2019-01-25	6M WIBOR+5.0%	n.a.

Source: Company data, Vestor DM

Changes to 2016-17E forecasts

Given 1H16 results and current KPI's in hotel segment as well as Management's guidance regarding potential developments and disposals, we do the following changes in our forecasts:

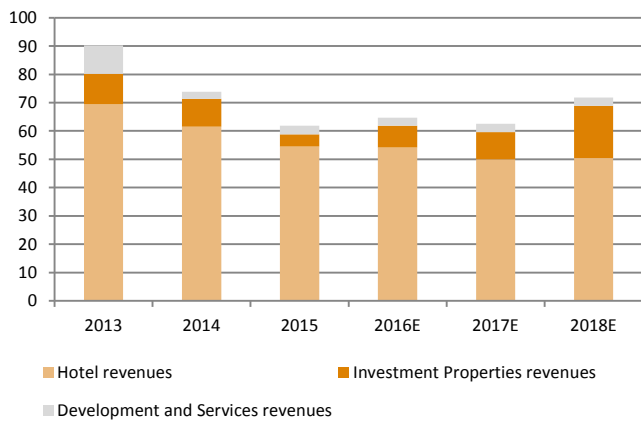
- We increase 2016E EBITDA by 67% to EUR 23.8m...** As in 1H16 the company has reported solid data regarding occupancy rates (flat YoY despite poorer performance of hotels in France) and improving NOP in majority countries, we increase our revenues forecast by 3% to EUR 64.7m and gross profit by 5% to EUR 26.4m in 2016E. Additionally, in our forecasts we assume the disposal of Angelo hotel in Prague and profit related to the transaction of EUR 8.2m (transaction not assumed in previous forecasts). As a result we increase our EBITDA forecast by 67% to EUR 23.8m. Given solid KPI's and remeasurement reported in 1H16 we estimate 2016E EBIT at EUR 28.4m (vs. EUR 11.9m previously). Assuming financial costs at EUR 14.0m (cut by 12%) and exchange rate changes of EUR 9.2m (amount reported in 1H16) and minorities of EUR 5.2m, we expect net profit of EUR 18.4m.
- ...and maintain at EUR 15.8m in 2017E.** As we assume the disposal of Angelo hotel in Prague by the end-2016, we cut our revenues forecast in 2017E by 5% to EUR 62.5m. At the same time we maintain our gross income forecast at EUR 26.7m due to improving performance of the remaining hotels and maintain EBITDA forecast at EUR 15.8m. Due to lower D&A we increase our EBIT forecast to EUR 11.9m. On the bottom line we forecast profit of EUR 0.1m (vs. EUR 0.7m previously).

Figure 14. Warimpex: Changes to 2016-17E forecasts (EURm)

	2016E			2017E		
	New	Old	Change %	New	Old	Change %
Revenues	64.7	63.1	3%	62.5	65.8	-5%
Hotel revenues	54.2	53.6	1%	50.0	54.3	-8%
Investment Properties revenues	7.7	7.8	-2%	9.7	9.8	-1%
Development and Services revenues	2.9	1.7	68%	2.9	1.7	70%
Gross income from revenues	26.4	25.0	5%	26.7	26.6	0%
Result from disposal of properties	8.2	0.0	n.m.	0.0	0.0	n.m.
Administrative costs	-9.4	-9.4	0%	-9.4	-9.4	0%
Other operating costs, net	-1.3	-1.3	-5%	-1.4	-1.3	9%
EBITDA	23.8	14.3	67%	15.8	15.9	-1%
Depreciation, amortization and remeasurement	4.5	-2.4	-292%	-4.0	-5.7	-31%
Scheduled D&A	-6.4	-8.4	-24%	-6.4	-8.4	-24%
Impairments and remeasurements	10.9	6.0	82%	2.4	2.7	-10%
EBIT	28.4	11.9	139%	11.9	10.2	16%
EBIT adj.*	17.4	5.9	197%	9.4	7.6	25%
Finance income	1.8	1.3	38%	1.8	1.3	44%
Finance expenses	-14.0	-15.8	-12%	-14.1	-16.3	-14%
Exchange rate changes	9.2	0.0	n.m.	0.0	0.0	n.m.
Result from JV after tax	3.8	12.6	-70%	2.1	0.6	245%
Pre-tax profit	29.2	10.0	193%	1.7	-4.2	-141%
Income tax	-5.6	1.9	-393%	-0.3	0.0	n.m.
Minorities	5.2	-9.8	-153%	1.3	-4.9	-126%
Net income	18.4	21.7	-15%	0.1	0.7	-84%

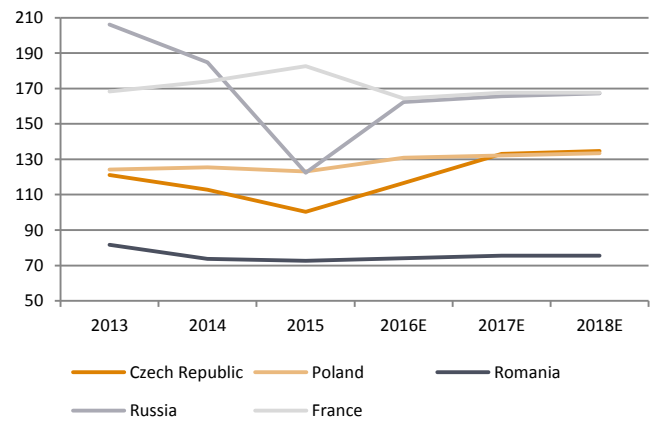
Source: Company data, Vestor DM

Figure 15. Warimpex: Revenues forecast by segments (EURm)



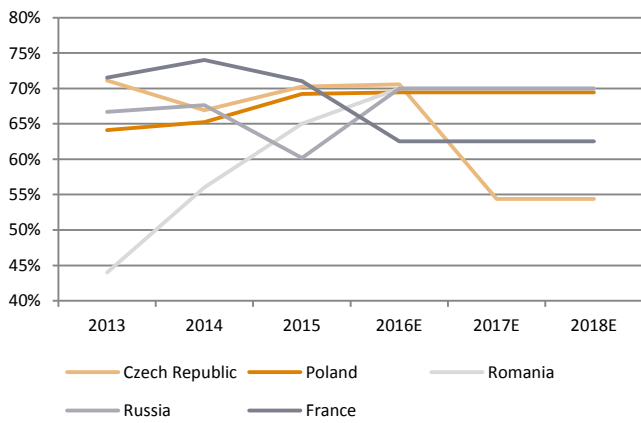
Source: Company data, Vestor DM

Figure 16. Warimpex: Average daily revenue in hotel segment (EUR)



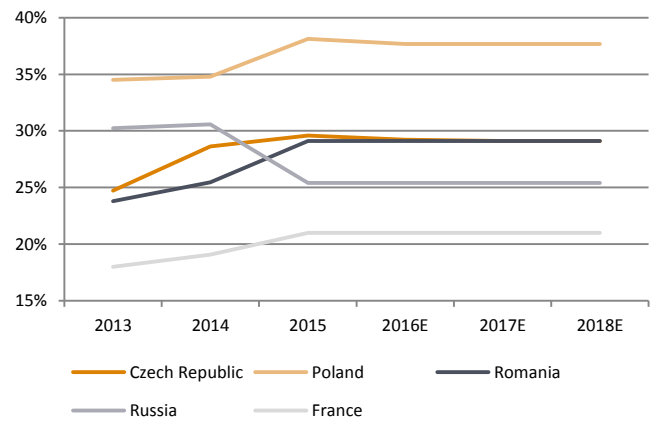
Source: Company data, Vestor DM

Figure 17. Warimpex: Occupancy rates assumptions (%)



Source: Company data, Vestor DM

Figure 18. Warimpex: Gross margin assumptions (%)



Source: Company data, Vestor DM

Appendix: Forecasts and assumptions

Figure 19. Warimpex: P&L

	2013	2014	2015	2016E	2017E	2018E
Revenues	90.2	73.8	61.9	64.7	62.5	71.9
Hotel revenues	69.4	61.6	54.5	54.2	50.0	50.5
Investment Properties revenues	10.7	9.8	4.4	7.7	9.7	18.5
Development and Services revenues	10.0	2.5	3.1	2.9	2.9	2.9
Gross income from revenues	29.8	28.3	23.4	26.4	26.7	33.1
Result from disposal of properties	2.0	0.0	14.2	8.2	0.0	0.0
Administrative costs	-9.9	-8.2	-9.4	-9.4	-9.4	-9.5
Other operating costs, net	-3.1	-2.9	1.1	-1.3	-1.4	-1.1
EBITDA	18.8	17.1	29.3	23.8	15.8	22.6
Depreciation, amortization and remeasurements	16.8	-22.3	-39.2	4.5	-4.0	-4.4
Scheduled D&A	-11.9	-11.5	-8.9	-6.4	-6.4	-6.4
Impairments and remeasurements	28.7	-10.8	-30.3	10.9	2.4	2.0
EBIT	35.6	-5.2	-9.9	28.4	11.9	18.2
EBIT adj.	7.0	5.6	20.4	17.4	9.4	16.2
Finance income	1.0	4.2	2.4	1.8	1.8	1.8
Finance expenses	-23.2	-23.0	-24.4	-14.0	-14.1	-13.9
Exchange rate changes	-3.7	-14.4	-19.5	9.2	0.0	0.0
Result from JV after tax	2.2	1.5	9.6	3.8	2.1	2.1
Pre-tax profit	12.1	-36.8	-41.8	29.2	1.7	8.2
Income tax	-5.0	1.4	-0.6	-5.6	-0.3	-1.6
Minorities	4.1	-14.7	-24.5	5.2	1.3	0.6
Net income	3.0	-20.7	-17.8	18.4	0.1	6.0

Source: Company data, Vestor DM

Figure 20. Warimpex: Balance sheet

	2013	2014	2015	2016E	2017E	2018E
Fixed assets	403.8	389.2	323.0	342.5	379.6	378.2
PP&E	281.8	249.1	195.7	180.7	177.4	174.0
Investment properties	73.1	87.8	84.6	121.6	162.6	165.1
Goodwill and intangible assets	1.0	1.0	1.0	1.0	1.0	1.0
Net investment in JV (at equity)	36.8	36.2	24.1	21.7	21.7	21.7
Other fixed assets	11.2	15.2	17.6	17.6	17.0	16.4
Current assets	102.2	104.2	27.3	38.7	31.0	38.6
Inventories	1.0	0.8	0.6	0.6	0.6	0.6
Trade receivables	10.5	21.1	8.7	8.6	8.0	8.0
Cash and cash equivalents	6.5	9.8	7.4	18.9	11.8	19.3
Other current assets	84.2	72.5	10.6	10.6	10.6	10.6
Total assets	506.1	493.4	350.2	381.2	410.6	416.7
Equity	90.2	72.1	53.8	72.2	72.3	78.3
Minorities	-1.4	-14.5	-32.0	-26.9	-25.6	-24.9
Long-term liabilities	340.1	352.4	286.7	292.6	293.6	331.1
LT debt	313.2	330.4	258.5	265.6	267.9	306.7
Other LT liabilities	26.8	22.1	28.3	27.0	25.7	24.4
Short-term liabilities	77.3	83.3	41.8	43.3	70.2	32.3
ST debt	54.2	47.0	28.2	29.8	57.5	18.7
Trade and other payables	16.4	35.3	11.5	11.5	10.7	11.6
Other ST liabilities	6.7	1.1	2.0	2.0	2.0	2.0
Equity and liabilities	506.1	493.4	350.2	381.2	410.6	416.7

Source: Company data, Vestor DM

Figure 21. Warimpex: Cash flow statement

	2013	2014	2015	2016E	2017E	2018E
Cash flow from operating activities	18.4	20.6	12.9	33.2	15.7	22.2
Net profit	3.0	-20.7	-17.8	18.4	0.1	6.0
D&A	11.9	11.5	8.9	6.4	6.4	6.4
Impairments and remeasurements	-28.7	10.8	30.3	-10.9	-2.4	-2.0
Change in working capital	-9.6	8.5	-11.2	0.0	-0.1	0.8
Change in inventories	1.2	0.3	0.2	0.0	0.0	0.0
Change in trade receivables	0.6	-10.6	12.4	0.0	0.7	-0.1
Change in trade payables	-11.5	18.9	-23.7	0.0	-0.7	0.9
Other	41.9	10.4	2.7	19.3	11.7	11.1
Cash flow from investing activities	-1.0	-7.2	38.8	-19.7	-41.1	-3.0
Cash receipts from the disposals	-53.1	10.5	91.8	12.5	0.6	0.6
Capex on PP&E and investment properties	78.2	-4.3	17.4	-32.2	-41.7	-3.6
Other	-26.0	-13.4	-70.4	0.0	0.0	0.0
Cash flow from financing activities	-18.9	-8.8	-54.4	-2.0	18.3	-11.7
Change of debt	-1.6	9.9	-90.7	8.7	30.0	0.0
Interest paid	-15.9	-15.9	-15.9	-10.7	-11.7	-11.7
Other	-1.3	-2.8	52.2	0.0	0.0	0.0
Cash position at the beginning of the period	8.4	6.6	9.8	7.4	18.9	11.8
Net change in cash position	-1.8	3.2	-2.4	11.5	-7.1	7.5
Cash position at the end of the period	6.6	9.8	7.4	18.9	11.8	19.3

Source: Company data, Vestor DM

Figure 22. Warimpex: Hotel segment assumptions

	2013	2014	2015	2016E	2017E	2018E
Occupancy rates (%)						
Czech Republic	71%	67%	70%	71%	54%	54%
Poland	64%	65%	69%	69%	69%	69%
Romania	44%	56%	65%	70%	70%	70%
Russia	67%	68%	60%	70%	70%	70%
France	72%	74%	71%	63%	63%	63%
ADR (EUR)						
Czech Republic	121.2	112.9	100.3	116.5	133.0	134.6
Poland	124.1	125.4	123.2	130.8	132.2	133.5
Romania	81.6	73.7	72.6	74.1	75.6	75.6
Russia	206.2	184.7	122.5	162.4	165.6	167.3
France	168.4	173.9	182.6	164.3	167.6	167.6
Gross margin (%)						
Czech Republic	25%	29%	30%	29%	29%	29%
Poland	35%	35%	38%	38%	38%	38%
Romania	24%	25%	29%	29%	29%	29%
Russia	30%	31%	25%	25%	25%	25%
France	18%	19%	21%	21%	21%	21%

Source: Company data, Vestor DM

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Over the last three months, excluding recommendation contained in this report, Vestor issued 5 Buy recommendations, 0 Accumulate recommendations, 9 Neutral recommendations, 7 Reduce recommendations and 1 Sell recommendation. The proportion of issuers number corresponding to each of the above directions of recommendation, for which Vestor has rendered investment banking services within last 12 months is 25%. Over the last three months, excluding recommendation contained in this report, Vestor issued 6 reports (recommendations) acting within the Equity Research Partner service for the Issuers without pointing the investment direction or target price.

The date indicated on the first page of this document constitutes a day of its preparation and publication.

In the case where recommendation refers to several companies, the name "Issuer" will apply to all of them.

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A description of the organization mechanisms of Chinese walls aimed to prevent the conflicts of interest:

Vestor has adopted "Procedure of managing conflicts of interest in Vestor Dom Maklerski SA", which defines the procedure for the prevention and effective management of conflicts of interest by eliminating the risk of the possible damage relating to interest of the customer, as well as specify the means and procedures for managing such conflicts of interest. Responsibilities in the matter of prevention, management and monitoring in the event of a conflict of interest are performed by designated organizational entity whose employees have the following tools that ensure proper execution of these tasks: (i) access to all documents of both the Company and the subsidiary company, (ii) the right to request provide explanations for all employees, (iii) the ability to analyze own transactions concluded by the Related persons.

Vestor applies the following mechanisms to prevent conflicts of interest, and in the case of such a conflict - to manage and monitor them in order to prevent potential negative effects on the interests of customers:

- a) Independence of managing: to ensure operational independence of each organizational unit Vestor, which means in particular that (i) there is no possibility of negative affecting by third parties on the exercise of employee actions related to the conduct of the Vestor activity, (ii) the scope of tasks the organizational unit is assigned to the organizational unit, and as a rule does not intersect with the scope of other organizational units;
- b) Independence of remuneration: Vestor prevents a direct relationship between the amount of salaries of employees performing specific activities in the field of brokerage activity, with remuneration or profits achieved by persons performing another kind that constitute or may constitute a source of conflict of interest;
- c) Effective supervision: providing supervision of employees performing as part of its core brokerages activities tasks for and on behalf of clients in the field of activities Vestor, activities which cause or may result in a conflict of interest between clients, or the interests of the client and Vestor in including:
- the internal reporting system is to provide immediate information to the persons responsible for overseeing compliance with the principles set out in the Regulations for the event of a conflict of interest or risk of its origin;
 - supervising their own transactions made by individuals, periodic inspection and assessment of the effectiveness of implemented by Vestor control systems and procedures; conducting the legally required registers and records, primarily registry conflicts of interest associated with a significant risk of damage to client interests;
 - Refusal of action: the right to refuse the Vestor activity to the client, if given the commitment to specific activity on behalf of another client Vestor cannot effectively manage potential conflicts of interest, or prevent this regulatory restrictions or internal regulations;
- e) The division of functions: the organization of employees' tasks are aimed at eliminating cases simultaneously or one after the other following the exercise of the employee's duties within the various services provided by the Vestor, if that could have a negative impact on the proper management of conflicts of interest;
- f) Chinese walls: Vestor take any action to prevent the flow of information between related persons performing as part of the activities carried out by Vestor which cause or may cause a conflict of interest, if such exchanges of information may harm the interests of the client or clients, or provide oversight of the information flow when the flow of such is required.

Note on what the evaluation of equities is based:

Buy/Accumulate/Neutral/Reduce/Sell – means that, according to the authors of this document, the stock price may perform materially better/better/neutrally/worse/materially worse than the cost of equity of the respective stock.

The recommendation system of Vestor is based on determination of target prices and their relations to current prices of financial instruments; in addition, when recommendations are addressed to a wide range of recipients, two methods of valuation are required.

In preparing this document Vestor applied at least two of the following valuation methods:

- 1) discounted cash flows (DCF),
- 2) comparative,
- 3) target multiple,
- 4) scenario analysis,
- 5) dividend discount model (DDM),
- 6) NAV,
- 7) Sum of the parts,
- 8) Discounted residual income model.

The discounted cash flows (DCF) valuation method is based on discounting expected future cash flows. The main advantage of the DCF valuation is the fact that this method takes into account all cash streams the issuer is expected to reach and the cost of money over time. From the other hand, DCF valuation method requires a number of assumptions and is very sensitive to changes in parameters used in the model. Small changes in inputs can result in large changes in the value of a company.

The comparative valuation method is based on the rule of "one price". The advantages of this method are small number of parameters that need to be estimated, the fact that there is a relatively large number of indicators for companies being compared, the method is well-known among investors and the valuation is based on current market conditions. From the other hand a valuation derived from the comparative valuation method is considerably sensitive to the valuation of the companies classified as peers and can lead to simplification of the picture of the company.

The target multiple valuation approach is based on the assumption that the value of the company should be equal to pre-specified values of selected price multiples. The advantage of this method is its applicability to each company. From the other hand the target multiple approach is a highly subjective method.

The scenario analysis approach is based on the probability weighted valuation for three sets of assumptions: Bear case (20% probability), base case (60% probability) and bull case (20% probability). The base case is based on the assumptions and estimates which we have included in our financial forecasts and DCF valuation. In the bear/bull case scenarios we have analyzed the valuation sensitivity towards negative/positive changes in various assumptions including market size, market shares, profitability, growth, capex, valuation multiples etc. The advantage of this method is presentation of various scenarios and valuation sensitivity. As an disadvantage we find its complication and sensitivity towards probability weights assumption.

The dividend discount model (DDM) valuation uses predicted dividends that are expected to be paid out by the company and discounts them back to present value. The advantages of the DDM valuation method are its applicability to companies with long-term dividend payout history and the fact that it takes into account real cash streams that are expected to receive by equity-owners. From the other side the DDM valuation method requires a number of assumptions regarding dividend payouts.

The net asset value approach considers the underlying value of the company's individual assets net of its liabilities. Some of the advantages of the NAV approach are its applicability to asset holding companies and the fact that data required to perform the valuation are usually easily available. From the other hand the valuation derived from net asset value approach does not take into account future changes in sales or income and can understate the value of intangible assets.

The sum of the parts approach values a company by determining what its divisions would be worth if it was broken up and spun off or acquired by another company. The advantage of this method is a possibility to apply different valuation methods to different divisions. As an disadvantage we find scarcity of comparable basis for the respective business lines.

The discounted residual income model valuation is based on discounted excess equity flows the company is able to deliver. The main advantage of this method is that it is based on return on equity adjusted by cost of equity. The important disadvantage is that it is based on the income statement so does not include actual cash flows, but may fluctuate depending on accounting method.

Terminology used in the recommendation:

- P/E – price-earnings ratio
- PEG - P/E to growth ratio
- EPS - earnings per share
- P/BV – price-book value
- BV – book value
- EV/EBITDA – enterprise value to EBITDA
- EV – enterprise value (market capitalization plus net debt)
- EBITDA – earnings before interest, taxes, depreciation, and amortization
- EBIT – earnings before interest and tax
- NOPAT – net operational profit after taxation
- FCF - free cash flows
- ROE – return on equity
- WACC - weighted average cost of capital
- CAGR – cumulative average annual growth
- CPI – consumer price index
- COE – cost of equity
- L-F-L – like for like

Recommendation definitions:

- Buy - indicates a stock's total return to exceed more than 1.5x respective cost of equity over the next twelve months.
- Accumulate - indicates a stock's total return to exceed more than respective cost of equity over the next twelve months.
- Neutral - indicates a stock's total return to be in range of 0% to respective cost of equity over the next twelve months.
- Reduce - indicates a stock's total return to be in range of minus respective cost of equity to 0% over the next twelve months.
- Sell - indicates a stock's total return to be less than minus respective cost of equity over the next twelve months.

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List of all recommendations issued by Vestor in the last 12 months:

Company	Report date	Analyst	TP	Current pr	Recommendation	Time
Polmed	2015-09-24	Michał Mordel	4.2	3.0	None	12M
Warimpex	2015-10-02	Marek Szymański	3.7	2.8	None	12M
Altus	2015-10-09	Michał Fidelus	12.6	10.7	Buy	12M
Quercus	2015-10-09	Michał Fidelus	6.6	6.5	Neutral	12M
Dom Development	2015-10-27	Marek Szymański	53.0	53.0	Neutral	12M
LC Corp	2015-10-27	Marek Szymański	2.5	1.9	Buy	12M
Robyg	2015-10-27	Marek Szymański	3.0	2.5	Buy	12M
PKO BP	2015-10-28	Michał Fidelus	30.0	29.5	Neutral	12M
Pekao	2015-10-28	Michał Fidelus	170.0	155.1	Accumulate	12M
BZWBK	2015-10-28	Michał Fidelus	302.0	318.0	Reduce	12M
mBank	2015-10-28	Michał Fidelus	323.0	370.1	Sell	12M
ING	2015-10-28	Michał Fidelus	138.0	125.3	Accumulate	12M
Handlowy	2015-10-28	Michał Fidelus	91.0	83.0	Accumulate	12M
Millennium	2015-10-28	Michał Fidelus	6.3	6.2	Neutral	12M
Getin Noble	2015-10-28	Michał Fidelus	0.74	0.85	Sell	12M
Alior Bank	2015-10-28	Michał Fidelus	85.0	83.3	Neutral	12M
PKP Cargo	2015-11-02	Piotr Nawrocki	60.0	66.4	Reduce	12M
KGHM	2015-11-04	Piotr Nawrocki	107.0	92.0	Buy	12M
Selvita	2015-11-04	Beata Szparaga	24.0	22.5	None	12M
AAT Holding	2015-11-06	Wojciech Wozniak	31.3	22.0	Buy	12M

Arteria	2015-11-10	Piotr Raciborski	23.3	14.9	None	12M
Alior Bank	2015-11-12	Michał Fidelus	83.0	75.5	Accumulate	12M
Impel	2015-11-17	Piotr Raciborski	38.0	26.0	None	12M
DTP	2015-11-19	Michał Fidelus	6.4	4.2	None	12M
Polmed	2015-11-23	Michał Mordel	4.1	3.0	None	12M
PKN Orlen	2015-11-27	Beata Szparaga	83.0	68.9	Buy	12M
Lotos	2015-11-27	Beata Szparaga	34.0	28.9	Accumulate	12M
Vigo	2015-12-04	Piotr Nawrocki	306.0	249.0	None	12M
Marvipol	2015-12-09	Marek Szymański	10.5	5.8	None	12M
PKO BP	2015-12-11	Michał Fidelus	28.6	25.8	Accumulate	12M
BZWBK	2015-12-11	Michał Fidelus	288.0	268.7	Neutral	12M
mBank	2015-12-11	Michał Fidelus	318.0	313.3	Neutral	12M
Millennium	2015-12-11	Michał Fidelus	5.8	5.2	Buy	12M
Getin Noble	2015-12-11	Michał Fidelus	0.60	0.56	Neutral	12M
PGNIG	2015-12-16	Beata Szparaga	4.6	5.0	Reduce	12M
Sfinks	2015-12-18	Piotr Raciborski	5.3	3.9	None	12M
The Farm 51	2015-12-21	Michał Mordel	17.9	12.7	None	12M
OT Logistics	2015-12-29	Piotr Nawrocki	275.0	166.0	None	12M
PKO BP	2016-01-11	Michał Fidelus	27.0	25.7	Neutral	12M
Pekao	2016-01-11	Michał Fidelus	148.0	133.5	Accumulate	12M
BZWBK	2016-01-11	Michał Fidelus	269.0	260.1	Neutral	12M
mBank	2016-01-11	Michał Fidelus	302.0	295.8	Neutral	12M
ING	2016-01-11	Michał Fidelus	123.0	116.0	Neutral	12M
Handlowy	2016-01-11	Michał Fidelus	74.0	67.6	Accumulate	12M
Millennium	2016-01-11	Michał Fidelus	5.6	5.5	Neutral	12M
Getin Noble	2016-01-11	Michał Fidelus	0.60	0.57	Neutral	12M
Alior Bank	2016-01-11	Michał Fidelus	71.0	62.5	Buy	12M
KGHM	2016-01-12	Piotr Nawrocki	63.0	53.0	Accumulate	12M
Vigo	2016-01-12	Piotr Nawrocki	279.0	229.0	None	12M
Serinus	2016-01-14	Beata Szparaga	2.6	1.6	Buy	12M
Pekabex	2016-01-14	Piotr Nawrocki	14.0	10.3	Buy	12M
KGHM	2016-02-08	Piotr Nawrocki	64.0	62.0	Neutral	12M
Handlowy	2016-02-09	Michał Fidelus	75.0	78.0	Reduce	12M
Kredyt Inkaso	2016-02-16	Michał Fidelus	27.8	21.8	Buy	12M
PGNIG	2016-02-18	Beata Szparaga	4.4	5.2	Sell	12M
Sfinks	2016-03-01	Piotr Raciborski	5.0	4.3	None	12M
PGNIG	2016-03-07	Beata Szparaga	4.4	4.8	Reduce	12M
Kruk	2016-03-08	Michał Fidelus	204.0	189.0	Neutral	12M
KGHM	2016-03-09	Piotr Nawrocki	68.0	73.0	Reduce	12M
Selvita	2016-03-10	Beata Szparaga	26.0	21.2	None	12M
Bumec	2016-03-16	Wojciech Wozniak	1.1	0.68	None	12M
mBank	2016-03-17	Michał Fidelus	317.0	354.0	Sell	12M
Polwax	2016-03-23	Wojciech Wozniak	26.1	17.6	None	12M
Impel	2016-03-31	Piotr Raciborski	32.5	27.8	None	12M
JHM	2016-03-31	Marek Szymański	2.3	1.2	None	12M
Vantage	2016-04-01	Marek Szymański	4.1	2.6	None	12M
K2 Internet	2016-04-01	Adam Siniarski	29.2	19.7	None	12M
Selvita	2016-04-04	Beata Szparaga	27.0	22.9	None	12M
Pekao	2016-04-06	Michał Fidelus	148.0	158.0	Reduce	12M
Marvipol	2016-04-12	Marek Szymański	10.5	7.0	None	12M
PKO BP	2016-04-21	Michał Fidelus	28.0	26.3	Neutral	12M
Pekao	2016-04-21	Michał Fidelus	147.0	160.6	Reduce	12M
BZWBK	2016-04-21	Michał Fidelus	304.0	288.0	Neutral	12M
mBank	2016-04-21	Michał Fidelus	316.0	331.7	Reduce	12M
ING	2016-04-21	Michał Fidelus	135.0	121.8	Accumulate	12M
Handlowy	2016-04-21	Michał Fidelus	73.0	82.1	Sell	12M
Millennium	2016-04-21	Michał Fidelus	5.3	5.5	Reduce	12M
Getin Noble	2016-04-21	Michał Fidelus	0.58	0.54	Neutral	12M
Alior Bank	2016-04-21	Michał Fidelus	74.0	69.8	Neutral	12M
PKP Cargo	2016-04-21	Piotr Nawrocki	37.0	44.0	Reduce	12M
PKN Orlen	2016-04-26	Beata Szparaga	76.0	70.0	Neutral	12M
Lotos	2016-04-26	Beata Szparaga	33.0	28.9	Accumulate	12M
Soho Development	2016-04-27	Marek Szymański	3.0	1.4	None	12M
Archicom	2016-05-11	Marek Szymański	22.5	15.0	None	12M
Handlowy	2016-05-16	Michał Fidelus	73.0	72.0	Neutral	12M
Warimpex	2016-05-19	Marek Szymański	3.8	2.5	None	12M
OT Logistics	2016-05-22	Piotr Nawrocki	275.0	220.0	None	12M
Altus	2016-05-24	Michał Fidelus	17.3	14.0	Buy	12M
Mex Polska	2016-05-30	Piotr Raciborski	11.2	5.7	None	12M
Vigo	2016-06-01	Piotr Nawrocki	277.0	226.0	None	12M
Pekao	2016-06-14	Michał Fidelus	156.0	146.5	Neutral	12M
Marvipol	2016-06-16	Marek Szymański	10.5	6.9	None	12M
mBank	2016-06-24	Michał Fidelus	293.0	333.4	Sell	12M
PKP Cargo	2016-06-28	Piotr Nawrocki	36.0	33.0	Neutral	12M
Alior Bank	2016-06-30	Michał Fidelus	62.0	52.2	Buy	12M
The Farm 51	2016-07-08	Michał Mordel	13.8	12.5	None	12M
PGNIG	2016-07-20	Beata Szparaga	5.1	5.6	Reduce	12M
PKN Orlen	2016-07-27	Beata Szparaga	72.0	65.7	Neutral	12M
LC Corp	2016-08-01	Marek Szymański	2.6	2.0	Buy	12M
Robyg	2016-08-01	Marek Szymański	3.7	2.9	Buy	12M
Dom Development	2016-08-01	Marek Szymański	59	54.0	Accumulate	12M
mBank	2016-08-02	Michał Fidelus	293.0	310.8	Reduce	12M
Mercator Medical	2016-08-02	Piotr Nawrocki	22.9	14.0	None	12M
ING BSK	2016-08-08	Michał Fidelus	142.0	139.9	Neutral	12M
Eurocash	2016-08-11	Jakub Rafał	50	54	Reduce	12M
Quercus TFI	2016-08-18	Michał Fidelus	6.2	5.2	Buy	12M
Eurocash	2016-08-22	Jakub Rafał	43	46.3	Reduce	12M
Marvipol	2016-08-26	Marek Szymański	11.4	6.5	None	12M
K2 Internet	2016-09-09	Adam Siniarski	21.5	13.6	None	12M
Vantage Development	2016-09-14	Marek Szymański	4.3	2.7	None	12M
Archicom	2016-09-15	Marek Szymański	22.5	14.7	None	12M
PKO BP	2016-09-19	Michał Fidelus	28.0	27.0	Neutral	12M
BZ WBK	2016-09-19	Michał Fidelus	314.0	310.5	Neutral	12M
mBank	2016-09-19	Michał Fidelus	308.0	344.1	Reduce	12M
Millennium	2016-09-19	Michał Fidelus	5.1	5.6	Reduce	12M
Getin Noble Bank	2016-09-19	Michał Fidelus	0.46	0.49	Neutral	12M
Pekao	2016-09-19	Michał Fidelus	147.3	126.2	Neutral	12M
ING BSK	2016-09-19	Michał Fidelus	142	139	Neutral	12M
Handlowy	2016-09-19	Michał Fidelus	73	75	Neutral	12M
Alior Bank	2016-09-19	Michał Fidelus	62	48	Buy	12M