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

Warimpex Q1 2015:
Russia crisis still impacting profits at the beginning of the year despite the recovery of the rouble

- **Loss for the period of EUR 5.3 million considerably better than in Q1 2014 (EUR -8.8 million)**
- **Finance income improved from EUR -8 million in Q1 2014 to EUR -3.9 million in Q1 2015**
- **Revenue improvement for hotels without Russia and Karlovy Vary (+3 per cent, NOP per available room +12 per cent), revenue contraction at hotels catering to Russian clientele (-44%)**
- **Sale of two office towers at AIRPORTCITY St. Petersburg concluded in Q1 2015; sale of the andel's hotel Berlin in the pipeline**
- **Construction projects in Budapest and St. Petersburg and development work in Berlin, Krakow, and St. Petersburg proceeding according to schedule**

Vienna/Warsaw, 28 May 2015 – With the sale of both Jupiter towers at AIRPORTCITY St. Petersburg at the beginning of March, the first quarter of 2015 began on a high note for Warimpex Finanz- und Beteiligungs AG. While hotels that are not dependent on Russian clientele saw revenue growth, the crisis in Russia and the depreciation of the rouble since the first quarter of the previous year continued to have a substantial impact on business. This led to an overall revenue decrease of 21 per cent compared with the first quarter of 2014. Despite an improvement in finance income due to foreign currency gains caused by the appreciation of the rouble since the beginning of the year, this metric came in at minus EUR 5.3 million (Q1 2014: EUR -8.8 million).

"We are now seeing what we announced at the beginning of 2014 in general. The recovery of the rouble since the beginning of 2015 is quickly erasing non-cash foreign exchange losses. As after the crisis in 2008, however, it will take some time for us to return to hotel revenue levels like we saw at the beginning of 2014 in Russia, as well," said Franz Jurkowitsch, CEO of Warimpex. *"At the same time, it is important to note that the first quarter is generally the weakest of the year in the hotel industry, so the figures are not indicative of the performance for the remainder of the year."*

Hotels

Revenues at the hotels that are not dependent on Russian clientele rose by 3 per cent, and the net operating profit (NOP) per available room grew by 12 per cent. The main drivers were Poland and Berlin. The Russian hotels in Ekaterinburg and St. Petersburg suffered substantial decreases in occupancy and room rates. The Dvorak spa hotel in Karlovy Vary, which generally has a large share of Russian and Ukrainian guests, saw revenues decline by a substantial 35 per cent as many guests stayed home. Overall, revenues at hotels that cater to Russian clientèle declined by some 44 per cent in euro terms compared with the previous year. The positive developments of the non-Russian assets were not enough to offset the downtrend in Russia and Karlovy Vary, and revenues from hotels fell by 21 per cent overall to EUR 10.1 million.

Result for the quarter

Consolidated revenues contracted by 29 per cent to EUR 11 million. EBITDA declined by 16 per cent, falling from EUR 1.9 million to EUR 1.6 million, while EBIT remained stable in year-on-year comparison at EUR -0.5 million. Finance income including earnings from joint ventures improved from EUR -8 million to EUR -3.9 million, primarily due to the increase in the rouble exchange rate since the beginning of the year. All in all, this led to a loss for the period of EUR -5.3 million, a 40 per cent improvement over the previous year due to exchange rate changes.

Development

The situation in the Development segment was encouraging with two projects now nearing completion. The revitalisation of 12,250 square metres of space in the Erzsébet office tower in Budapest has entered the final phase, and the tenant is scheduled to move in around the middle of the year. The construction of the Zeppelin office building at AIRPORTCITY St. Petersburg, which has 16,000 square metres of space and which has already been let out, is also proceeding according to plan. Work here is to be completed by the middle of 2015, as well. Warimpex is also working on the development of a parking garage at this site and expects to be finished this year. An office building in Krakow is at an early but very concrete stage of development, and in Berlin, the planning for the development of commercial and conference space on the remaining part of the site next to the andel's hotel is progressing well.

Berlin and Łódź after the reporting date

As previously announced, Warimpex and its joint venture partner UBM have received a letter of intent from an investor for the purchase of the andel's in Berlin. The deal is expected to close in the third quarter of this year. After the reporting date, Warimpex was able to significantly reduce the current financing costs for the andel's hotel in the Polish city of Łódź as part of a sale-and-lease-back transaction with a Polish leasing bank. This corresponds with the general strategy shift towards local financing partners. The planned sale and the refinancing will have a positive effect on the profit for the year. At the same time, Warimpex won a bidding process for the purchase of a piece of land near the andel's hotel in Łódź.

Outlook

"Our goal for the 2015 financial year is to continue and complete the running development projects according to schedule, and to initiate a further transaction in addition to the planned sale of the andel's hotel in Berlin. We are also working continuously to strengthen our financial base, to improve our financing conditions – as we were recently able to achieve in Łódź – and to boost the earnings from our hotel assets," Jurkowitsch concluded.

The numbers for the first quarter of 2015 at a glance (reporting date 31 March 2015)

EUR '000	**1–3/2015**	**Change**	**1–3/2014 adjusted**

Hotels revenues	10,069	- 21%	12,745
Investment Properties revenues	371	- 84%	2,344
Development & Services revenues	527	41%	153
Total revenues	*10,966*	- 29%	*15,463*
Expenses directly attributable to the revenues	- 8,533	-	- 10,869
Gross profit on sales	*2,433*	- 47%	*4,594*
Income from the sale of properties	- 1,376	-	-
EBITDA	1,629	- 16%	1,938
EBIT	- 529	- 1%	- 524
Earnings from joint ventures	- 158	-	- 964
Profit for the period (annual result)	- 5,337	-	- 8,828
Net cash flow from operating activities	2,014	- 28%	2,808
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	19,383	- 10%	21,521
Hotels net operating profit (NOP)	3,712	- 19%	4,606
NOP per hotel room	1,094	- 17%	1,323
Investment Properties revenues	559	- 78%	2,524
Investment Properties EBITDA	266	- 80%	1,343
Development & Services revenues	660	44%	458
Gains or losses from the disposal of properties	- 1,376	-	-
Development & Services EBITDA	- 893	-	2,502
	31/12/2014	**Change**	**31/12/2013 adjusted**
Gross asset value (GAV) in millions of euros	498.0	-2%	508.0
NNNAV per share in EUR	3.0	-	3.1

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex Finanz- und Beteiligungs AG is a real estate investment and development company. The firm is headquartered in Vienna and is listed on the stock exchanges in Vienna and Warsaw (WXF). As one of the largest hotel investors in Central and Eastern Europe, Warimpex currently owns, partially owns, or operates eighteen business and luxury hotels with 4,600 rooms in total as well as four commercial and office buildings with a total useable area of roughly 26,000 square metres. Over the past twenty-five years, Warimpex has developed properties worth over one billion euros. Warimpex believes in quality and sustainability as the basis for strong future growth.

Warimpex is active in seven countries in Europe. The top hotels that the firm owns, partially owns, or operates include the andel's hotels in Berlin and Łódź, angelo hotels in Prague, Plzeň and Katowice, the angelo Airporthotels in Bucharest and Ekaterinburg, the Kempinski hotel in Vienna, the Crowne Plaza hotel at AIRPORTCITY in St. Petersburg, and the InterContinental hotel in Warsaw.

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