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PRESS RELEASE

Warimpex records positive result for 2013

- **EBITDA and EBIT up to EUR 14.8 million and EUR 12.1 million (+ 31 % and + 53 %) respectively**
- **Profit for the year: EUR 2.4 million**
- **Increased focus on office property requires change to fair values for measuring office property**
- **Planned developments in Berlin, Krakow, St. Petersburg and Budapest**

Vienna/Warsaw, 24 April 2014 – The Warimpex Finanz- und Beteiligungs AG provisional operating result published at the end of March with EBITDA of EUR 14.6 million has now been revised upwards slightly to EUR 14.8 million in accordance with the audited financial figures. These figures showed that operating activities developed positively. However, Group revenue declined slightly by 3 per cent to EUR 71.6 million following the disposal of some hotels and the resulting 5 per cent lower average number of available rooms. EBIT improved by 53 per cent to EUR 12.1 million. The underlying reasons were the positive performance of the hotels in the portfolio, property sales in Munich and Prague and also the change in measuring office property at fair value necessitated by the expansion of activities in the area of office property development and leasing – primarily due to the AIRPORTCITY project in St. Petersburg. In conjunction with the result from joint ventures amounting to EUR 11 million, this resulted in profit for the year of EUR 2.4 million.

"Focusing on high performers in our Hotels segment has proved to be right. This is borne out in particular in the net operating profit, which we have seen increase by 6 per cent to EUR 30.7 million – this represents an increase of 12 per cent per available room. In concrete terms this means that we are operating more efficiently. Streamlining the portfolio by disposing of somewhat weaker assets has resulted in an improvement in the return of the individual available rooms in proportion to the required investment," explained Franz Jurkowitsch, CEO of Warimpex. *"The strong Russian market, where our AIRPORTCITY project in St. Petersburg posted important successes and where our hotels also performed very well, was the primary driver for the positive results of our properties. Both average occupancy levels and room rates increased."* Overall, core hotel markets continued to develop in a mixed fashion during the reporting period. Thus stable occupancy rates for the hotels in Poland were achieved, room rates actually declined slightly. This was due to the strong performance resulting from the European Football Championships in 2012. The Prague hotel market is still experiencing oversupply, and occupancy rates rose marginally while the average room price fell.

Transactions and development projects

2013 started with the sale of the 50 per cent stake in the angelo hotel in Munich and a neighbouring piece of land. This was followed by two strategically important deals in Prague with the sale of the two five-star hotels, the Hotel Palace and Le Palais, thereby streamlining the portfolio in the luxury segment. Furthermore, the Hotel Palais Hansen Kempinski in Vienna and the Le Palais office building in Warsaw were completed and opened on schedule. The latter was sold in Autumn 2013.

In addition, a piece of the development plot was sold next to the andel's hotel in Berlin. The planning for commercial and conference space on the remaining part of the site, which was acquired in 2008, is progressing well. An office building is to be built adjacent to the Hotel Chopin in Krakow, Poland. Refinancing for the Hotel Chopin was also implemented with a Polish bank, in line with the company's general strategy of relying increasingly on local financing.

The continued development of the AIRPORTCITY in St Petersburg, a joint development project with CA Immo and UBM, was of particular importance in 2013. The Jupiter 1 and Jupiter 2 towers are now fully let. The next step is a sale in the near future. A term sheet has been negotiated with a Russian pension fund and signed after the reporting date. The third office building, for which the shell has already been completed, is also to be finished in the near future. A letter of intent has been signed with a renowned tenant for the property. "*The high level of confidence that the local economy places in the AIRPORTCITY was also underscored by the agreement that was concluded with a local Russian bank in August for refinancing a EUR 60 million loan, thereby securing the project on a long-term basis,"* said Georg Folian, Deputy Chairman of the Management Board.

In order to ensure moving forward well with its development activities, Warimpex placed two bonds and two convertible bonds in Poland in 2013 with a total volume of PLN 114.6 million (EUR 27.4 million). The company also launched a new bond programme in 2014 that will have a volume of up to EUR 50 million. The bonds are to be issued in multiple tranches between February 2014 and February 2016 in accordance with the level of demand.

New method for measurement of office property at fair value

The overall stronger focus on office properties and the full letting of the first construction phase of the AIRPORTCITY St. Petersburg necessitated a change in how we measure office properties, from the historical cost model to the industry-standard method of recognition at fair value, as preferred by the IFRS. *"This new measurement model makes it easier to compare our figures with those of other real estate companies, strengthens our equity, and also has a positive effect on the profit for the year,"* added Franz Jurkowitsch.The hotel portfolio is still recognized at the lower of amortized cost or fair value. Under this model, increases in the value of hotel assets cannot be recognized until the asset is sold, as was the case in the past.The difference between fair value and the carrying amount of the hotels is shown in the management report.

Earnings and assets situation

EBITDA rose by 31 per cent from EUR 11.3 million to EUR 14.8 million in the financial year 2013. This increase was due to stable revenue development in the Hotels segment and higher income from the sale of project companies and properties. The hotel sales resulted in the average number of rooms declining by 5 per cent. Revenues for fully consolidated holdings decreased by 3 per cent year on year to EUR 71.6 million. EBIT improved from EUR 7.9 million to EUR 12.1 million, accounting for a large share of the profit for the year of EUR 2.4 million. The fact that the result was lower than in the previous year (2012: EUR 10 million) is a consequence primarily of the sale of the InterContinental Hotel in Warsaw in December 2012 and the associated higher income in that year.

Revenues fell by 4 per cent to EUR 107.7 million based on the proportionate recognition of all joint ventures.

Outlook

After the reporting date, Warimpex gained a leading Hungarian insurance company as a long-term tenant for 12,250 square metres of space in the Erzsébet office building in Budapest, securing one of the largest leases on the Hungarian office market in recent years.

“With the solid financial basis shown in these annual financial statements and the further sale of successful projects, we anticipate great potential for new development activities. We will continue focusing on our good hotel brands, and will invest in promising synergies between hotels and neighbouring office and residential space. In doing so we will maintain sufficient diversification both in geographical terms as well as in terms of asset classes and intend to improve existing land reserves and development properties to the point that they generate sustainable cash flows,” concluded Franz Jurkowitsch.

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Key financial figures for 2013 at a glance (reporting date: 31 December 2013)

Key figures EUR ’000	**2013**	**Change**	**2012 adjusted**
Revenues from Hotels	60,038	- 4 %	62,382
Revenues from Investment Properties	1,553	- 1 %	1,567
Revenues from Development & Services	10,019	4 %	9,659
Total revenues	*71,609*	*- 3 %*	*73,609*
Expenses directly attributable to the revenues	-47,310	- 13 %	-54,352
Gross income from revenues	*24,300*	*26 %*	*19,257*
Income from the disposal of properties	2,030	858 %	212
EBITDA	14,784	31 %	11,284
EBIT	12,107	53 %	7,924
Result from joint ventures	11,043	- 40 %	18,413
Profit for the period (profit for the year)	2,425	- 76 %	10,030
Cash flow from operating activities	11,670	- 29 %	16,324
Segment information (including joint ventures on a proportionate basis):			
Revenues from Hotels	107,741	- 4 %	112,135
Net Operating Profit (NOP)	30,749	6 %	29,008
Average number of available rooms	3,422	- 5 %	3,612
NOP per available room	8,986	12 %	8,031
Revenues from Investment Properties	7,425	136 %	3,144
EBITDA of Investment Properties	3,216	141 %	1,336
Revenues from Development & Services	10,223	7 %	9,594
Result from the disposal of properties	4,240	- 66 %	12,390
EBITDA from Development & Services	1,811	- 80 %	8,937
	31.12.2013	**Change**	**31.12.2012**
Gross Asset Value (GAV) in EUR million	525.1	-6 %	558.5
NNNAV per share in EUR	3.2	-	3.2

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex Finanz- und Beteiligungs AG is a real estate investment and development company. The company is headquartered in Vienna and 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 nineteen business and luxury hotels with a total of over 4,700 rooms as well as five commercial and office buildings with a total useable area of roughly 43,000 square metres. Over the past twenty-five years, Warimpex has developed properties worth over EUR 1 billion. Warimpex believes in quality and sustainability as the basis for strong future growth.

The firm's top properties include the andel's hotels in Berlin and Łódź, as well as angelo hotels in Prague, Plzen, Katowice, Bucharest and Ekaterinburg, the Kempinski hotel in Vienna and the InterContinental hotel in Warsaw, which was sold and leased back in 2012.

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