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

Warimpex results for first half of 2014:
Portfolio improvement offset by write-downs in Russia

- **Further improvement in the portfolio: NOP per room increased by 7 per cent**
- **Conclusion of sale of Hotel Savoy in Prague: exit from the luxury hotel industry in Prague completed**
- **Consolidated revenues down slightly due to lower number of rooms as a result of hotel sales**
- **Lower sales proceeds and loss on remeasurement of AIRPORTCITY St. Petersburg due to Ukraine crisis result in loss for the period of EUR 10.8 million**

Vienna/Warsaw, 29 August 2014 – The first half of 2014 was dominated by three key factors for Warimpex Finanz- und Beteiligungs AG: the stable development of the assets and improved earnings from them, the successful exit from the luxury hotel industry in Prague, resulting in an improvement in the hotel portfolio, and finally the political developments in Ukraine and Russia.

Taking account of the 7 per cent decrease in the number of fully consolidated rooms as a result of hotel sales, operating business developed positively in the first half of 2014. The further improvement in the performance of the existing hotels is reflected particularly in the net operating profit per available room, which increased by 7 per cent. Revenues from fully consolidated hotels declined by 9 per cent year-on-year to EUR 31 million – and by 4 per cent including all joint ventures. EBITDA fell by 5 per cent to EUR 7.7 million and EBIT dropped from EUR 5.2 million to EUR -1.4 million. These decreases are mainly due to decreased earnings from the sale of properties and losses on remeasurement in Russia, which account for a total loss of around EUR 3 million. With a slight improvement in the financial result compared to the first half of 2013 to EUR -10.7 million (first half of 2013: EUR -12.5 million), there was a loss for the period of EUR -10.8 million.

"Russia and Ukraine are keeping the world in suspense. However, our business in St. Petersburg and Ekaterinburg is largely developing in line with planning. Nonetheless, the Ukraine crisis has negative effects of the valuations of our assets in Russia", says Franz Jurkowitsch, CEO of Warimpex. *"Overall, we continued to pursue our strategy of focusing on our 'high performers' and increased the net operating profit per available room by 7 per cent."*

Focus on Russia

The lower growth of the Russian economy has not had any negative impact to date on bookings at the hotels in Ekaterinburg and St. Petersburg. However, the room rates in euros decreased as a result of the weak rouble. For example, occupancy at the angelo hotel in Ekaterinburg rose by 12 percentage points, whereas the average room rate in euros fell by 20 per cent as a result of exchange rate effects. In St. Petersburg, the effects on the room rate were much less significant.

At AIRPORTCITY St. Petersburg, a term sheet for the sale of the two office towers Jupiter 1 and Jupiter 2 was agreed with a Russian pension fund in February 2014. The political developments have not affected the sales negotiations or the purchase price to date. *"Owing to the major overall complexity of a sale of this magnitude, we currently expect to close the transaction around the end of the year. One comparable project was the sale of the InterContinental hotel in Warsaw in 2012 – for which the sales negotiations also took almost a year,"* explains Jurkowitsch. In addition to the current sale, the third office tower Zeppelin was rented out on a long-term basis in May 2014. This tower, for which the shell has already been completed, will soon be completed as a top-class office building in line with international standards. Warimpex is also in the planning phase for the further expansion of AIRPORTCITY.

Finally, the Ukraine conflict also has an impact on hotels in other European countries. For example, there has been a significant decline at locations such as the Dvorak hotel in Karlovy Vary, Czech Republic, which traditionally has a high proportion of guests from Russia and Ukraine. Revenues here recently fell by around 15 per cent.

Developments in Prague, Budapest and Krakow

The strategic exit from the luxury hotel industry in Prague was successfully completed in the first half of 2014. In addition to the sales of the Palace Hotel and Le Palais Hotel in 2013, Warimpex also sold the last of its five-star hotels in Prague, the Hotel Savoy, in June. *"However, we are staying true to the market with our two strong four-star hotels, angelo and Diplomat, and expect to see a positive development here,"* says Jurkowitsch confidently. In the Development segment, Warimpex is currently working on the further expansion of AIRPORTCITY St. Petersburg and on the revitalisation of the Erzsébet office complex in Budapest. In Krakow, we plan to develop an office property on a building site adjacent to the Chopin Hotel.

Outlook

"Overall, there are a number of positive developments, particularly the continuous improvement in our portfolio that can be seen in the NOP. We intend to continue consistently pursuing this path and to advance our development projects in line with the general conditions. If the situation in Ukraine stabilises, this will quickly be reflected in positive effects on our Company, both in terms of exchange rates and in valuations", concludes Jurkowitsch.

Key financial figures for the first half of 2014 at a glance (as at 30 June 2014)

in EUR ’000	**1–6 2014**	**Change**	**1–6 2013, adjusted**
Hotels revenues	30,977	-9%	34,162
Investment Properties revenues	4,926	19%	4,140
Development & Services revenues	802	-33%	1,193
Total revenues	*36,705*	*-7%*	*39,495*
Expenses directly attributable to the revenues	-24,192	-14%	-27,998
Gross income from revenues	*12,513*	*9%*	*11,497*
Gains on property disposals	36	-98%	1,586
EBITDA	7,672	-5%	8,090
EBIT	-1,397	-	5,238
Earnings from joint ventures	-197	82%	-108
Profit or loss for the period	-10,820	31%	-8,240
Cash flow from operating activities	6,675	70%	3,916
Segment information (including joint ventures on a proportionate basis):			
Total revenues	58,605	-3%	60,397
Hotels revenues	52,335	-4%	54,689
Net operating profit (NOP) – Hotels	15,643	2%	15,410
Investment Properties revenues	5,289	17%	4,513
EBITDA of Investment Properties	2,400	29%	1,862
Revenues – Development & Services	981	-18%	1,195
Gains or losses from the disposal of properties	36	-98%	1,635
EBITDA of Development & Services	-2,457	138%	-1,034
	30/6/2014	**Change**	**31/12/2013**
Gross asset value (GAV) in EUR million	496.1	-2%	508.0
NNNAV per share in EUR	3.0	-3%	3.1

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 eighteen business and luxury hotels with a total of over 4,600 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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