

First quarter of 2013

- Sales revenues from hotels including joint ventures up by 2 per cent
- EBITDA more than doubled in annual comparison to EUR 2.1 million
- Three development projects concluded successfully:
 - First phase of AIRPORTCITY St. Petersburg completed and fully let out
 - Le Palais Offices Warsaw completed and mostly let out
 - Palais Hansen Kempinski Vienna opened
- Outlook: completion of construction phase two at AIRPORTCITY St. Petersburg, conversion of Budapest office building

Warimpex saw major impetus in transactions, development projects and the strengthening of its financing structure in the first quarter of 2013. The performance of the hotels remained constant in the first quarter, with a slight improvement of roughly 2 per cent taking the joint ventures into account. Among the fully consolidated companies, overall revenues declined by a slight 5 per cent in annual comparison, above all due to lower development revenues as a result of the completion of the Le Palais Offices building in Warsaw. Thanks to the sale of the 50 per cent stake in the angelo hotel Munich at the beginning of the year, EBITDA more than doubled in annual comparison to EUR 2.1 million.

With the first quarter of the year typically being the weakest in the hotel industry on the one hand and with stable expenses and scheduled write-downs on the other, comprehensive income for the period came to negative EUR 4.3 million. Hotel revenues in the following two quarters are generally about one third higher than in the first quarter, and that the fourth quarter of 2012 was significantly better than the beginning of the year. This makes it likely that a good operating result will allow Warimpex to make up for the weakness of the first quarter, as has been the case in past years. The good result for the comparison quarter included one-off effects in the form of write-ups on loans, which did not take place this year.

Segment reporting

Sales revenues from the Hotels & Resorts segment grew at a marginally higher rate in the reporting period than in 2012 (plus 2 per cent). The average number of available rooms decreased due to the sale of the 50 per cent stake in the angelo in Munich. This transaction and the lack of currency gains reduced the segment's net operating profit by 5 per cent to EUR 4.6 million. Sales revenues from the Development & Asset Management segment increased by 29 per cent from EUR 1.8 million to EUR 2.3 million. This improvement can primarily be attributed to rental revenue from AIRPORTCITY St. Petersburg, which offset lower development revenue.

Strengthened financing structure

At the end of February 2013, an agreement was reached with the Russian Sberbank on the refinancing of a EUR 37 million loan for two hotels at Ekaterinburg international airport (the four-star angelo hotel and the three-star Liner Hotel). This reduced Warimpex's current liabilities from nearly EUR 80 million as of 31 December 2012 to around EUR 36 million as of 31 March 2013. A bond was also placed on the Polish market in February, and was then followed by a convertible bond in April in response to explicit investor interest. The proceeds totalled roughly EUR 21.8 million. The capital measures and the refinancing underscore Warimpex's strategy of focusing on its core business by increasing cash flows from hotel operations and optimizing its financing structure by selling equity interests and refinancing existing liabilities.

Transactions

At the beginning of the year, Warimpex sold its stake in the angelo hotel in Munich and an adjacent piece of development property to joint venture partner UBM. The sale of a buyback option for Le Palais Offices in Warsaw is expected to close, and further transactions are being negotiated.

Development projects and outlook

Three development projects were concluded successfully in the first quarter: Le Palais Offices in Warsaw opened in February and the majority of the space let out. The first phase of AIRPORTCITY St. Petersburg – a joint venture with CA Immo and UBM – was fully let out to a subsidiary of Gazprom. And the Crowne Plaza hotel St. Petersburg is performing very well. In March, the Palais Hansen Kempinski hotel in Vienna, a joint project with Strauss & Partner Development, Wiener Städtische Versicherung and Wien Holding, opened. Most luxury apartments above the hotel have been sold.

The project development focus for the coming months is the completion of AIRPORTCITY St. Petersburg. Specifically the third office tower, called Zeppelin with 15,000 square metres of space, for which the shell has already been built. A letter of intent has already signed with a renowned company for rental. In Budapest, the modernization of the second office tower in the Erzsebet complex is now beginning. A potential tenant has already been lined up here, as well.

The numbers for the first quarter of 2013 at a glance (reporting date 31 March 2013)

Key figures in thousands of euros	1–3/2013	Change	1–3/2012
Revenues from the Hotels & Resorts segment	11,888	-3%	12,238
Revenues from the Development & Asset Management segment	1,201	-25%	1,612
Total revenues	13,090	-5%	13,850
Gains from the sale of project companies	1,558	388%	319
EBITDA	2,119	127%	932
EBIT	65	-	-1,513
Profit for the period	-4,447	-	259
Comprehensive income for the period	-4,307	-	-135
Number of hotels	21	0	21
Number of rooms (adjusted for proportionate share of ownership)	3,423	-39	3,462
Number of office and commercial properties	5	0	5
Segment information (including joint ventures on a proportionate basis):			
Revenues from the Hotels & Resorts segment	22,051	2%	21,670
NOP of the Hotels & Resorts segment	4,601	-5%	4,848
Revenues from the Development & Asset Management segment	2,346	29%	1,820
EBITDA of the Development & Asset Management segment	893	-	-406