

## **Warimpex: provisional operating result for 2013**

- **EBITDA up from EUR 11.3 million to EUR 14.6 million (+ 30%)**
- **6% improvement in net operating profit in the “Hotels” segment**
- **Increased focus on office property requires change to market values for measuring office property**

Vienna/Warsaw, 31 March 2014 – On the strength of the provisional operating result for the year, Warimpex Finanz- und Beteiligungs AG has continued to expand its operating activities: EBITDA was up 30% from EUR 11.3 million to EUR 14.6 million. On the one hand, this increase is due to the stable development of hotel revenues together with higher income from the sale of project companies and properties such as the angelo Hotel in Munich at the beginning of 2013. At the same time, the disposal of some hotels has resulted in a reduced number of rooms so that revenues of the fully-consolidated companies suffered a slight decline of 3% to EUR 71.6 million. This is also reflected, following proportionate consolidation of all joint ventures, in hotel revenues which declined by 4% to EUR 107.7 million due to the 5% reduction in the average number of available rooms to 3,422 following the disposal of some hotels. However, net operating profit (NOP) improved by 6% to EUR 30.8 million.

“For Warimpex, the financial year 2013 was marked by a number of operational highlights and a good strategic position was achieved. Thus Warimpex withdrew from the difficult five-star hotel segment and significantly expanded activities in the area of office property development and leasing – first and foremost, with the opening of AIRPORTCITY in St. Petersburg.

### **Changing the measurement policy for office properties to market value**

Due to the stronger focus on office property and the full occupancy of the first construction phase of AIRPORTCITY in St. Petersburg, in this financial report, Warimpex has changed the measurement policy for office property from the cost model to the fair value model in line with industry practice and based on the preferred accounting model of International Financial Reporting Standards (IFRS). The new measurement policy improves comparability with other property companies and also has a positive impact on equity. This change also has a positive impact on the result for the year, which will be published, as planned, together with the presentation of the annual report on 24 April 2014.

However, Warimpex still measures the hotel portfolio on the basis of the lower of amortised cost or market. This means value increases in hotels are recognised only when the property is sold. Any difference between the fair value and the carrying amount of the hotels is disclosed in the management report.

### **Varied market development**

Warimpex's core hotel markets continued to evolve in quite different ways throughout 2013. So while occupancy rates for the hotels in Poland remained consistent, room rates actually declined slightly. The reason for this was comparison with the relatively strong year 2012 in which the European football championship was held. The hotel

market in Prague is still in a state of excess supply so that occupancy rates rose slightly while average room rates decreased. In Russia, average occupancy rates and room rates increased with Ekaterinburg proving the primary driver.

## Transactions and developments

There were numerous positive developments to report concerning the transactions markets in 2013. At the beginning of the year under report, Warimpex sold its 50% stake in the angelo Hotel in Munich and an adjacent plot of land to the joint venture partner. In Prague, Warimpex finalised two strategically valuable deals with the sale of the two five-star hotels, the Hotel Palace and Le Palais, thus streamlining the portfolio in the luxury segment. To maximise market potential, Warimpex will intensify its focus on expansion of the four-star brands, angelo and andel's. In the year under report, Warimpex also successfully sold part of the piece of land for development adjacent to the andel's Hotel in Berlin. Planning for the development of commercial and conference space on the rest of the land acquired back in 2008 is progressing according to schedule. In St. Petersburg, a subsidiary of the Gazprom Group has been found to take the remaining office space in AIRPORTCITY. This means that 100% of the two towers, "Jupiter 1" and "Jupiter 2", of the first construction phase are now leased. And the third office building, currently still at the shell stage, should now be finished on time. In addition to the opening of the Hotel Palais Hansen Kempinski in Vienna, Le Palais office building in Warsaw was also completed and opened in 2013. In October, the property was finally sold, with the involvement of Warimpex. Also in Poland, Warimpex acquired a piece of land for development, which was previously leased by the City of Krakow, adjacent to the Hotel Chopin on which an office building is to be built.

## Outlook

*"We chalked up several significant successes in the year just ended and there are already some positive developments in view for 2014. After the reporting date, we attracted a leading Hungarian insurance group as the new long-term tenant for 12,250 m<sup>2</sup> in the Erzsébet Office in Budapest, thus concluding one of the largest rental agreements on the Hungarian office market in recent years. And in St. Petersburg, we negotiated and signed a term sheet with a Russian pension fund for the sale of two office towers in AIRPORTCITY,"* said Franz Jurkowitsch, CEO of Warimpex.

The provisional key financial figures for 2013 at a glance (reporting date: 31 December 2013) – the final and complete set of annual figures will be published on 24 April 2014 as planned:

| 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         |
| <i>Total revenues</i>                                                           | <b>71,609</b> | - 3%   | <b>73,609</b> |
| Expense directly attributable to the revenues                                   | - 47,310      | - 13%  | - 54,352      |
| <i>Gross income from revenues</i>                                               | <b>24,300</b> | 26%    | <b>19,257</b> |
| Income from the disposal of properties                                          | 2,030         | 858%   | 212           |
| EBITDA                                                                          | 14,623        | 30%    | 11,284        |
| <b>Segment information (including joint ventures on a proportionate basis):</b> |               |        |               |
| Revenues from Hotels                                                            | 107,741       | - 4%   | 112,135       |
| Net operating profit (NOP)                                                      | 30,760        | 6%     | 29,008        |
| NOP per available room                                                          | 8,989         | 12%    | 8,031         |
| Revenues from Investment Properties                                             | 7,425         | 136%   | 3,144         |
| EBITDA Investment Properties                                                    | 3,216         | 141%   | 1,336         |
| Revenues from Development & Services                                            | 10,223        | 7%     | 9,594         |
| Income from the sale of properties                                              | 4,240         | - 66%  | 12,390        |
| EBITDA Development & Services                                                   | 1,651         | - 82%  | 8,937         |