Warimpex Q1 2014: stable development in hotel operations

- **Performance of hotel portfolio improves – net operating profit (NOP) increases by 1 per cent, NOP per room plus 8 percent despite 6 per cent drop in hotel rooms and corresponding decrease in Hotels revenues**
- **Loss for the period of EUR -7.6 million due to non-cash exchange rate losses for the Russian rouble, a decreased result from joint ventures and lower income on project company disposals (Q1 2013: disposal of angelo Munich)**
- **AIRPORTCITY project in St. Petersburg progresses according to schedule, Zeppelin office tower let**

Vienna/Warsaw, 28 May 2014 – In the first quarter of 2014, Warimpex Finanz- und Beteiligungs AG enjoyed stable development in its hotel operations – occupancy rates and room rates remained constant, and the NOP per room rose by 8 per cent.However, following the disposal of some hotels last year and the resulting 6 per cent lower average number of available rooms in the reporting period, consolidated Hotels revenues decreased by 9 per cent to EUR 10.8 million.Total revenues of the fully-consolidated companies declined by 12 per cent to EUR 11.6 million.

The first three months of the year are traditionally weakest in terms of revenues and are not representative of the further development over the financial year.Warimpex started the new year with some good news and, in addition to a stronger focus on office property, will continue to work on improving its hotel portfolio.Taking into account the overall asset portfolio including joint ventures, the net operating profit increased by 1 per cent compared with the same quarter of the previous year.This demonstrates the good performance of the hotels.

Revenues fell by 7 per cent overall to EUR 22.8 million based on the proportionate recognition of all joint ventures.Unlike the first quarter of 2013, in which Warimpex sold the angelo Hotel in Munich, no sales were recorded in the first quarter of 2014 that will be recognised in profit or loss.Accordingly, EBITDA dropped by 55 per cent to EUR 1 million, while EBIT declined to EUR -1.1 million (Q1 2013: EUR 0.1 million).The result from joint ventures changed from EUR -0.7 million to EUR -1.5 million.
Overall, a loss for the period of EUR -7.6 million was recorded for the first quarter, mainly influenced by non-cash exchange rate losses for the Russian rouble amounting to around EUR 3.1 million.

Key impetus in the first quarter

Despite the current and closely linked political developments in Ukraine and Russia, the AIRPORTCITY project in St. Petersburg is still on schedule: in the first quarter, Warimpex negotiated a term sheet for the sale of the Jupiter I and Jupiter II office towers.The sales negotiations are proving constructive and the transaction is still expected to conclude in summer 2014.The third office building (Zeppelin), for which the shell has already been completed, was also finished after the reporting period.Following the signature of the agreement, the building will be finished in accordance with the tenant's requirements.

In Development and Services, the further revitalisation of the Erzsébet Office complex in Budapest is set for completion by mid-2015.In March, Warimpex gained a leading Hungarian insurance company as a long-term tenant for 12,250 square metres of space.This represents one of the largest rental agreements on the Hungarian office market in recent years.A hotel sale is also being negotiated.

To move the development activities forward and to aid the ongoing refinancing, Warimpex launched a new bond programme at the start of the year with a volume of up to EUR 50 million.The bonds will be issued in multiple tranches between February 2014 and February 2016 in accordance with the level of demand.

Outlook

"In the next few months, the emphasis will be on completing ongoing sales negotiations.In accordance with our strategy, we will continue focusing on our good hotel brands, angelo and andel's, and envisage promising development projects," concludes Franz Jurkowitsch, CEO of Warimpex.

Key financial figures for the first quarter of 2014 at a glance (reporting date: 31 March 2014)

EUR ’000	**1–3/2014**	**Change**	**1–3/2013 adjusted**
Hotels revenues	10,788	-9%	11,888
Investment Properties revenues	389	-21%	494
Development and Services revenues	374	-47%	707
Total revenues	*11,551*	-12%	*13,089*
Expenses directly attributable to revenues	-8,471	-22%	-10,862
Gross income	*3,080*	38%	*2,227*
Income on property disposals	-	-	1,558
EBITDA	958	-55%	2,130
EBIT	-1,109	-	95
Result from joint ventures	-1,458	110%	-694
Loss for the period	-7,617	80%	-4,242
Cash flow from operating activities	1,307	-	-1,545
Segment information (including joint ventures on a proportionate basis):			
Total revenues	22,793	-7%	24,397
Number of hotel rooms (adjusted for stake)	3,227	-196	3,423
Hotels revenues	20,640	-6%	22,021
Hotels net operating profit (NOP)	4,487	1%	4,434
Investment Properties revenues	1,644	-	1,637
EBITDA of Investment Properties	870	-1%	879
Development and Services revenues	458	-35%	709
Result from property disposals	-	-	1,607
EBITDA from Development & Services	-893	-	220
	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