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Warimpex Q1 - Q3 2014:

- **AIRPORTCITY St. Petersburg: Successful signing of the sale of the two Jupiter Towers after the reporting period**
- **EBITDA up 7 per cent to EUR 13.6 million, cash flow from operating activities increased from EUR 6.9 million to EUR 14.2 million**
- **Steady development at hotels: NOP per room increased by 4 per cent**
- **Consolidated revenues down slightly due to fewer rooms as a result of the sale of hotels**
- **Lower valuations in Russia and the weak rouble lead to a loss for the period of EUR -10.9 million**

Vienna/Warsaw, 28 November 2014 – The third quarter of 2014 meant a consistent continuation of the first half of the year for Warimpex Finanz- und Beteiligungs AG: On one hand, the company posted positive operating development with good hotel performance. On the other hand, a weak Russian rouble led to foreign exchange losses – but this did not affect cash – as well as lower property valuations in Russia.

Result for the first three quarters

Overall, occupancy and room rates largely remained constant in the third quarter. Due to the sale of hotels and an accompanying reduction in the number of rooms, revenues from the Hotels segment in the first three quarters fell by 10 per cent – 5 per cent when all joint ventures are included on a proportionate basis – compared to the same period of the previous year to EUR 47.4 million. The strong performance of the existing hotels is reflected particularly in the net operating profit per available room in the segment report for the first nine months, which increased by 4 per cent.

EBITDA climbed by 7 per cent to EUR 13.6 million. Cash flow from operating activities was also more than doubled from EUR 6.9 million to EUR 14.2 million. Due to lower income from the sale of property and a neutral result on remeasurement, EBIT fell from EUR 8.4 million to EUR 4.5 million. With an improvement in the financial result compared to the first three quarters of 2013 to EUR -16.2 million, there was a loss for the period of EUR -10.9 million.

Developments in Russia

After the successful signing of a contract with one of the largest private Russian pension funds for the sale of the two office towers Jupiter 1 and 2 at AIRPORTCITY St. Petersburg at a price of around EUR 70 million, Warimpex, having received the initial payments, is now working on the closing of the transaction. The deal is still subject to the standard requirements for such transactions. At the same time, Warimpex is planning the further expansion of AIRPORTCITY St. Petersburg together with its joint venture partners.

Bookings at hotels in Ekaterinburg and St. Petersburg have not yet been affected by the stagnation of the Russian economy, but the average room rate in euros at the angelo hotel in Ekaterinburg fell by around 20 per cent in the first three quarters on account of the weak rouble. At Crowne Plaza St. Petersburg, however, operating profit was maintained at the previous year’s level even in euros. Overall, the rouble has declined in value by around 40 per cent compared to the euro since the start of the year. In Karlovy Vary, there has been a steep decline in Russian and Ukrainian guests.

Development projects make progress

In the Development segment, Warimpex is focusing on projects that were already let out before completion, as is the case for the “Zeppelin” office tower at AIRPORTCITY St. Petersburg and in Budapest. The Erzsébet office complex is being revitalised in Budapest, where Warimpex has concluded one of the largest rental agreements on the Hungarian office market in recent years with the long-term lease to the Hungarian subsidiary of a major French insurer in the first half of 2014. In Krakow, Warimpex is working on two office projects, which are to be got ready for construction by the end of 2015.

Outlook

We are currently experiencing a good environment for new developments as well as property sales, and we intend to use this in moderation. It is important here that the market has adequate confidence in our projects – as most recently in St. Petersburg – and that our portfolio is diversified between existing properties and development projects. So we will continue to advance ongoing projects to market maturity and at the same time focus on stability and steadily increasing cash flows at our hotels.

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Financial key figures for the first three quarters of 2014 at a glance (as at 30 September 2014)

in EUR ’000	**1–9 2014**	**Change**	**1–9 2013 adjusted**
Hotels revenues	47,446	-10%	52,581
Investment Properties revenues	7,381	21%	6,110
Development & Services revenues	1,078	-38%	1,739
Total revenues	*55,905*	-7%	*60,429*
Expenses directly attributable to the revenues	-34,541	-16%	-41,182
Gross income from revenues	*21,364*	11%	*19,248*
Gains on property disposals	6	-99%	1,586
EBITDA	13,636	7%	12,803
EBIT	4,524	-46%	8,429
Earnings from joint ventures	1,139	68%	680
Financial result	-16,216	-10%	-17,996
Profit or loss for the period	-10,906	38%	-7,917
Cash flow from operating activities	14,184	105%	6,929
Segment information (including joint ventures on a proportionate basis):			
Total revenues	90,225	-3%	93,368
Hotels revenues	80,924	-5%	84,968
Net operating profit (NOP) – Hotels	25,119	2%	24,556
NOP per hotel room	7,214	4%	6,921
Investment Properties revenues	7,944	19%	6,660
EBITDA of Investment Properties	4,539	86%	2,435
Revenues – Development & Services	1,358	-22%	1,740
Gains or losses from the disposal of properties	6	-99%	1,634
EBITDA of Development & Services	-3,262	67%	-1,951
	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