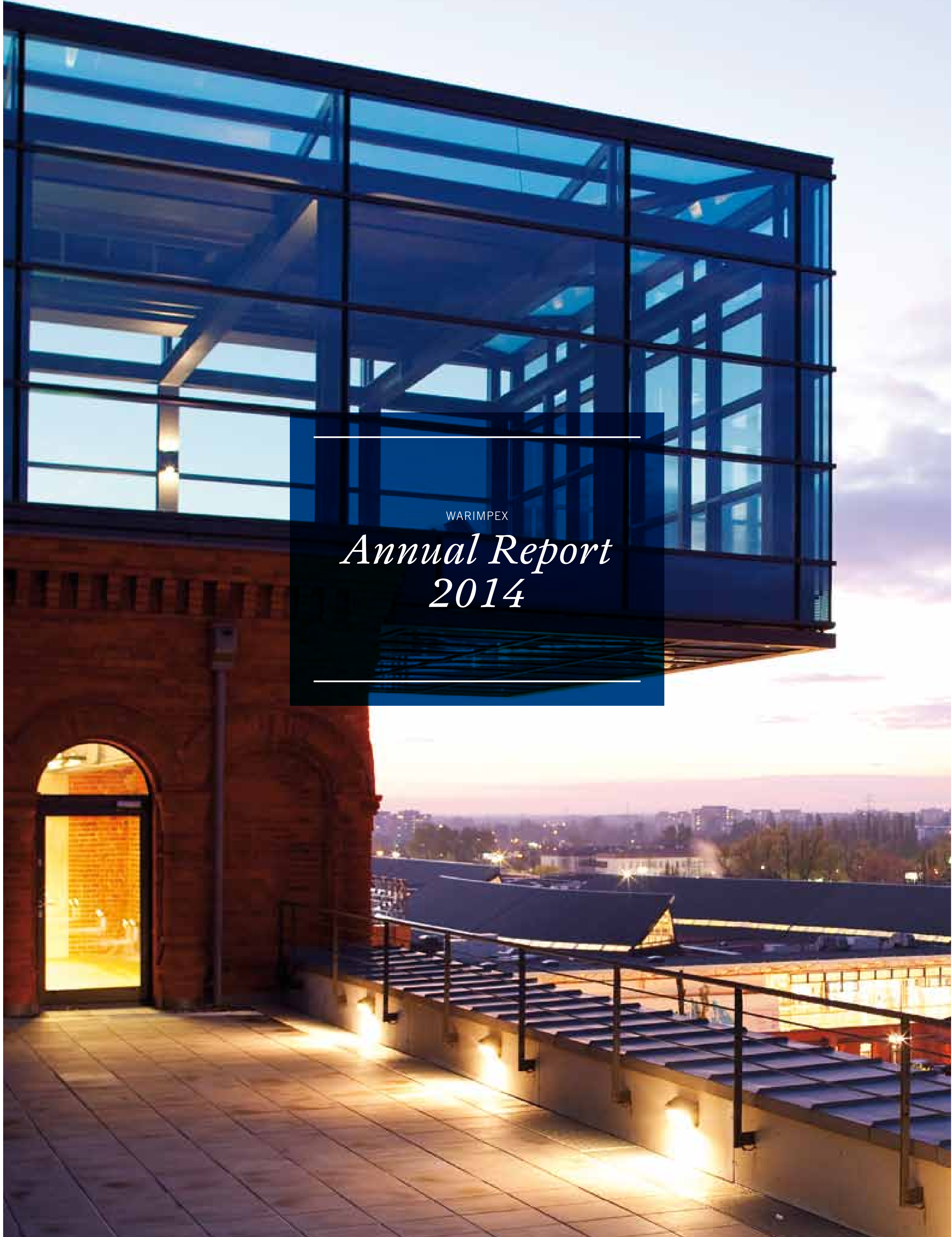
warimpex



WARIMPEX

Annual Report 2014

WARIMPEX GROUP

Key figures

in EUR '000	2014	Change	2013 adjusted
Hotels revenues	61,559	-11%	69,435
Investment Properties revenues	9,813	-9%	10,731
Development & Services revenues	2,476	-75%	10,019
Total revenues	*73,848*	*-18%*	*90,185*
Expenses directly attributable to revenues	-45,559	-25%	-60,382
Gross income from revenues	*28,289*	*-5%*	*29,803*
Gains on property disposals	-30	–	2,030
EBITDA	17,114	-9%	18,835
EBIT	-5,160	–	35,647
Earnings from joint ventures	1,531	-31%	2,213
Profit or loss for the period (for the year)	-35,306	–	7,116
Cash flow from operating activities	20,542	11%	18,448
Total assets	493,404	-2%	506,052
Equity	57,676	-35%	88,711
Share capital	54,000	–	54,000
Equity ratio	12%	-6 pp	18%
Adjusted equity ratio[1]	24%	-4 pp	28%
Average number of shares in the financial year	54,000,000	–	54,000,000
Earnings per share in EUR	-0.38	–	0.06
Number of shares as of 31/12	54,000,000	–	54,000,000
Number of hotels	18	-1	19
Number of rooms (adjusted for proportionate share of ownership)	3,169	-58	3,227
Number of office and commercial properties	5	–	5
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	106,316	-5%	112,289
Net operating profit (NOP)	30,992	-1%	31,262
NOP per available room	8,954	2%	8,796
Investment Properties revenues	10,560	-9%	11,555
EBITDA of Investment Properties	5,994	43%	4,197
Development & Services revenues	2,866	-72%	10,223
Gains or losses from the disposal of properties	367	-91%	4,240
EBITDA of Development & Services	-3,022	–	1,811
Average number of employees in the Group	1,498	-7%	1,620

	31/12/2014	Change	31/12/2013 adjusted
Gross asset value (GAV) EUR million	498.0	-2%	508.0
Triple net asset value (NNNAV) EUR million	160.1	-6%	169.4
NNNAV per share in EUR	3.0	–	3.1
End-of-period share price in EUR	0.705	-62%	1.88

[1] Assuming real estate assets are measured at fair value

WARIMPEX ANNUAL REPORT 2014

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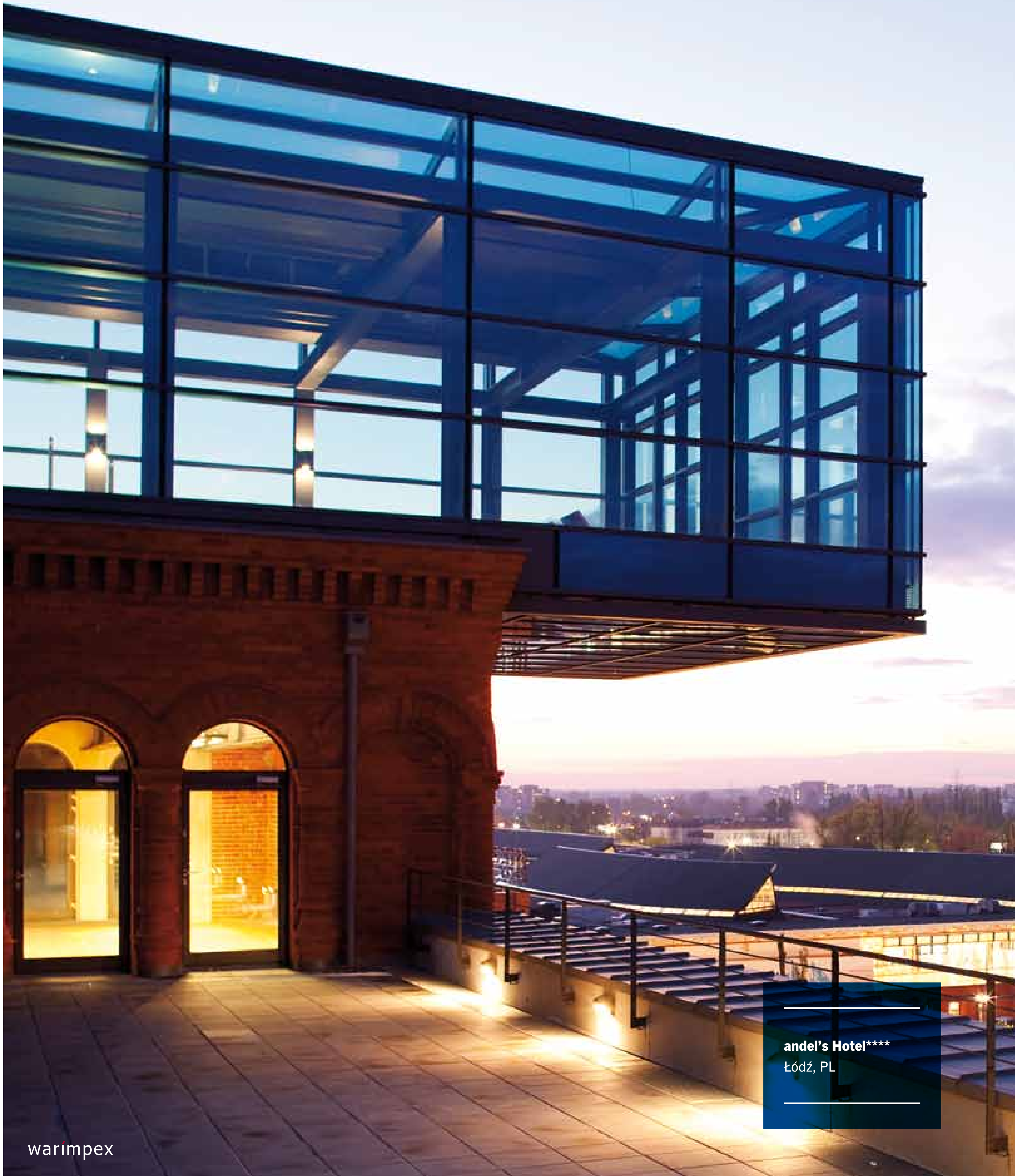


andel's Hotel****
Łódź, PL

Warimpex

Warimpex is a “hybrid” real estate company, which carries out projects itself as asset manager and property owner until the greatest added value can be generated through sale, and which develops projects with a focus on Central and Eastern Europe.

In this way, the Warimpex Group generates stable cash flows by operating hotels and leasing office space while also realising proceeds from the sale of properties.

Through property management and real estate development, Warimpex has a social, ecological and economic impact on its environment. Exercising this influence is a great responsibility, which we accept and understand as an integral part of our corporate culture, but also as the cornerstone of our success.

WARIMPEX

An overview

Development of the Warimpex Group

Warimpex was founded by Dr Stefan Folian in 1959 as an import/export and transit trade company. In 1982, the Company began specialising in real estate projects in Central and Eastern Europe under the management of Georg Folian and Dr Franz Jurkowitsch. Since then, the Warimpex Group has developed properties with investment amounting to more than a billion euros, including five-, four- and three-star hotels. Warimpex also develops office buildings and other real estate.

Development and asset management

Warimpex coordinates the development and operation of real estate projects from Vienna in cooperation with local offices in Prague, St. Petersburg and Warsaw. The majority of the hotels are managed by Vienna International Hotelmanagement AG. In addition, Warimpex is building on successful, long-standing partnerships with international hotel groups such as the InterContinental Group and Sheraton.

As of the end of 2014, Warimpex owned, co-owned or leased 18 hotels with a total of 4,600 rooms (approximately 3,200 rooms when adjusted for the proportionate share of ownership) and five commercial and office buildings with total floorspace of roughly 43,000 square metres (approximately 30,000 square metres when adjusted for the proportionate share of ownership) in Poland, Germany, the Czech Republic, Russia, Hungary, Romania, France and Austria.

andel's Hotel****
Cracow, PL

Highlights

2014

Business highlights

2/2014
AIRPORTCITY St. Petersburg:
term sheet signed for the sale of two office towers

2/2014
PLN 9.0 million (roughly EUR 2.15 million) in bonds
placed in Poland

3/2014
New tenant for Erzsébet Office in Budapest

4/2014
EUR 2.0 million in bonds placed

5/2014
Florian Petrowsky appointed as new member
of the Warimpex Management Board

5/2014
AIRPORTCITY St. Petersburg:
full leasing of Zeppelin Tower

6/2014
Warimpex sells Hotel Savoy in Prague

6/2014
EUR 5.0 million in convertible bonds placed

11/2014
AIRPORTCITY St. Petersburg:
signing for the sale of two office towers

12/2014
Bonds issued for PLN 14.0 million (roughly EUR 3.3 million)

Finanzhighlights

_Revenues down 18 per cent

_Gross income from revenues down 5 per cent

_EBITDA down from EUR 18.8 million to EUR 17.1 million

_EBIT of EUR -5.2 million

_Loss for the year of EUR 35.3 million

_Positive operating performance at hotels not hit
by rouble crisis, NOP per hotel room up by 2 per cent

_Cash flow from operating activities
increased 11 per cent to EUR 20.5 million

_Valuations put real estate assets at EUR 498.0 million

_Triple net asset value (NNNAV) per share of EUR 3.0

WARIMPEX

Corporate governance report

Commitment to the Corporate Governance Code

Warimpex is committed both to the Austrian Code of Corporate Governance and to the Polish "Best Practices in Public Companies". The Management Board declares that it complies with both sets of guidelines to the best of its ability and publishes the corporate governance report at www.warimpex.com – About us – Corporate governance. The Company fulfils all the legal requirements as well as observing virtually all the comply-or-explain rules set forth in the Austrian Code. Deviations from individual corporate governance rules relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.

Detailed explanations are available on the Company's web site at **www.warimpex.com.**

Austrian Code of Corporate Governance, as amended on 1 July 2012

The Austrian Code of Corporate Governance (as amended on 1 July 2012 and which was applied for financial year 2013, www.corporate-governance.at) contains rules that must be followed (L-Rules), rules that are not mandatory for the Company but for which justification must be provided in the event of non-compliance (C-Rules), and rules that are entirely optional for the Company and for which no justification must be provided in cases of non-compliance (R-Rules). Overall, the Company's statutes and the operating procedures of the Management Board and the Supervisory Board comply with the L-Rules in full, and with all of the C-Rules except as explained below:

- The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes, which would be required by Rule 18. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive – the implementation of Rule 18 is therefore not planned for the foreseeable future for cost reasons.

- An assessment by the financial auditor of the effectiveness of the Company's risk management system in accordance with Rule 83 did not take place because the operational risk management system is installed at the level of the Group's subsidiaries, and because equity-investment-specific risk management is an integral part of equity investment management in the Company's function as a holding company.

Poland – Code of Best Practice for WSE Listed Companies

The Company has decided to follow these Polish corporate governance rules with the following exceptions, which are due to the structure of the Company and to the provisions of Austrian law, to which the Company is subject. In particular, the Company has decided not to comply with the following rules from the Code of Best Practice for WSE Listed Companies (as amended in November 2012) for the indicated reasons:

- **Rules I.1, I.12 and IV.10:** The Company communicates with its shareholders, investors, and analysts through traditional means of communication and through modern means of communication such as the Internet. Ad hoc releases, the results of votes at Annual General Meetings and other publications can be found in the Investor Relations area of the Company's web site (www.warimpex.com). Webcasts of the Company's Annual General Meeting are currently not offered, but will be offered in future when required by law.
- **Rule I.4:** Company capital measures that entail the acquisition of shareholder's rights are executed at the same time or during the same periods in Austria and Poland; excepted from this are Annual General Meetings, which are always held at a venue in Austria.
- **Rule I.9:** The WSE recommends that listed companies and their shareholders strive to attain a balanced ratio of women to men in managerial and supervisory board functions. The ratio of women to men at the Warimpex head office is 1:1. One woman has been appointed proxy.

- **Rule II.**
- **1.:** The statutes of the Company can be viewed on its web site. Internal documents, such as operating procedures for the Company's boards, are not published.
- **2.:** Curricula vitae are published on the web site only for candidates for the Supervisory Board.
- **7.:** In accordance with Austrian law, questions from shareholders about agenda items are documented in the minutes of the Annual General Meetings, but not published by the Company on its own web site.
- **9 a.:** Audio and video recordings of the Annual General Meeting are not made, and are therefore not published on the Company's web site.
- **14.:** There is no internal guideline with regard to changing auditor

SUMMARY OF THE BOARDS AND THEIR REMUNERATION

Management Board

Franz Jurkowitsch
Chairman of the Management Board

Year of birth: 1948
First appointed: 2 September 1986
Appointed until: 2 September 2016
Responsibilities:
Strategy, investor relations
and corporate communications
Chairman of the Supervisory Board of Vienna International Hotelmanagement AG, Vienna

Georg Folian
Deputy Chairman of the Management Board

Year of birth: 1948
First appointed: 2 September 1986
Appointed until: 2 September 2016
Responsibilities:
Finance and accounting, financial management
and human resources
Deputy Chairman of the Supervisory Board of Vienna International Hotelmanagement AG, Vienna

Florian Petrowsky
Member of the Management Board

Year of birth: 1967
First appointed: 1 May 2014
Appointed until: 1 May 2017
Responsibilities:
Transaction management,
organisation and legal issues

Alexander Jurkowitsch
Member of the Management Board

Year of birth: 1973
First appointed: 31 July 2006
Appointed until: 31 July 2016
Responsibilities:
Planning, construction,
IT and information management

SUMMARY OF THE BOARDS AND THEIR REMUNERATION

Supervisory Board

Günter Korp
Chairman of the
Supervisory Board
Chairman of the Audit
Committee/finance expert
Chairman of the
Personnel Committee
Deputy Chairman
of the Project Committee

Year of birth: 1945
First appointed: 16 October 2009
Current period of
office ends in 2016

Thomas Aistleitner
Deputy Chairman of the
Supervisory Board
Deputy Chairman
of the Audit Committee
Member of the
Personnel Committee

Year of birth: 1953
First appointed: 11 June 2012
Current period of
office ends in 2016

Hannes Palfinger
Member of the Supervisory Board
Member of the Project Committee
Member of the Audit Committee

Year of birth: 1973
First appointed: 3 May 2011
Current period of
office ends in 2017
Deputy Chairman of the
Supervisory Board of Palfinger AG

All members of the Supervisory Board are independent as defined by C-Rule 53 of the Austrian Code of Corporate Governance. The guidelines for independence are the same guidelines as published in Annex 1 to the Code. A directors and officers liability insurance policy has been taken out.

For information regarding the remuneration paid to the individual members of the Supervisory Board and the individual members of the Management Board and the principles of the Company's remuneration policy, please refer to sections 9.3.2.2. and 9.3.2.3 in the Notes on the consolidated financial statements.

Information on the procedures of the Management Board and Supervisory Board

The Management Board

The operating procedures for the Management Board govern the composition and operation of the Management Board, collaboration between the Management Board and Supervisory Board, how conflicts of interest are handled, the Management Board's reporting and disclosure obligations, and what decisions require the approval of the Supervisory Board (including the material business transactions of the Company's most important subsidiaries). The Management Board generally meets at least every two weeks to exchange information and decide on resolutions.

Operation of the Supervisory Board

The Supervisory Board discusses the position and objectives of the Company and adopts resolutions to fulfil its duties, in particular the supervision and strategic assistance of the

William Henry Marie de Gelsey, KCSG
Member of the Supervisory Board

Year of birth: 1921
First appointed: 31 May 2007
Current period of office ends in 2016
Member of the Board of Directors of Gedeon Richter Ltd, Budapest

Harald Wengust
Member of the Supervisory Board
Chairman of the Project Committee
Deputy Chairman of the Personnel Committee

Year of birth: 1969
First appointed: 16 October 2009
Current period of office ends in 2016
Chairman of the Supervisory Board of Informica Real Estate AG

Tomasz Mazurczak
Member of the Supervisory Board

Year of birth: 1968
First appointed: 19 June 2013
Current period of office ends in 2017
Member of the Supervisory Board of Kredyt Inkaso S.A.
Member of the Supervisory Board of Globe Trade Centre S.A.
Member of the Supervisory Board of Tell S.A.

Management Board. In addition to the composition, operation, working principles, and responsibilities of the Supervisory Board, the operating procedures for the Supervisory Board also govern how conflicts of interest are to be handled and specify the Supervisory Board committees (Audit Committee, Personnel Committee, and Project Committee) and their responsibilities and powers. The Supervisory Board held five meetings during the reporting period. Please refer to the report by the Supervisory Board for information about the focuses of the activities and the number of meetings of the committees during the financial year.

Meetings were also held between the Supervisory Board and Management Board to discuss issues of Company management. All members of the Supervisory Board were physically present at more than half of the meetings of the Supervisory Board during the reporting period.

Committees
The Supervisory Board appoints an Audit Committee, a Project Committee, and a Personnel Committee from among its members. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. Each committee member is appointed for their respective term as member of the Supervisory Board. Each committee elects a Chairman and a Deputy Chairman from among its members. Please refer to "Boards and officers of the Company".

Measures for promoting women

Men and women completing the same tasks and having the same qualifications receive equal salaries at Warimpex, and the ratio of women to men at the Warimpex head office is 1:1. One woman has been appointed proxy. There are no concrete measures for the promotion of women in managerial positions at this time.

andelsart

Andelsart.com was founded in andel's in Łódź.

andel's in Łódź is a unique location where contemporary Polish art meets extraordinary architecture. A monument of European industrial architecture, a 19th-century textile mill that has been transformed into a one-of-a-kind hotel. Everything of historical value was left untouched in the revitalisation, so that the use redefines the building without harming it. andel's Łódź is not only a hotel. It is also a place that hosts regular contemporary art projects. Following the success of andelsart in Łódź, the project was expanded to other andel's.

andel's Berlin is a 580-room hotel in the Prenzlauer Berg district. The huge building, designed by Studio Aldo Rossi as a commercial and office centre, stood for many years unfinished and empty in the Berlin cityscape. British design duo Jestico + Whiles is responsible for the successful conversion of the object into a design hotel. The hotel houses pieces by Rivka Rinn, an artist who takes photographs from speeding planes and trains, as well as a video installation by Dominik Lejman, who combines painting with modern techniques of recording and image projection.

andel's Krakow is distinguished by its modern architecture, its sleek lines and a unique interior by the British design duo Jestico + Whiles. The hotel houses a permanent collection of pieces by renowned Polish artists, including Iwona Siwek-Front, Leszek Misiak, Teresa Tula-Pająk, Jacek Sroka, Małgorzata Borek, Leszek Bartkiewicz and Sabina Woźnica.

andel's Hotel****
Łódź, PL

Franz Jurkowitsch

CHAIRMAN OF THE MANAGEMENT BOARD

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

In the past financial year, there were essentially two worlds for us: Russian business and non-Russian business. The latter developed positively, as reflected in particular in NOP per available room, which rose by two per cent across the entire hotel portfolio – even including the negative performance of our Russian hotels. Operating cash flow from our assets also increased by eleven per cent to EUR 20.5 million.

Russia

By contrast, Russian business was dominated by losses on remeasurement and currency losses. As of the reporting date 31 December 2014 – more or less at the peak of depreciation of the rouble – the exchange rate was around 68 roubles to the euro. A year before it had been only 45 roubles and now it is at around 55 roubles. This development particularly affected our Russian hotels in Ekaterinburg and St. Petersburg in the fourth quarter of 2014: Although the occupancy rates here remained reasonably constant, the lower room rates due to the decrease in the rouble exchange rate resulted in a ten per cent decline in revenues as compared to 2013. At the same time, the crisis also impacted hotels outside Russia whose regular customers include mainly Russian and Ukrainian guests. This particularly applies to the Dvorak hotel in Karlovy Vary, Czech Republic, which suffered a decline in revenues of as much as 20 per cent. As regards measurement, we were particularly affected in Russia by write-downs on office properties, which – unlike hotels – have been accounted for at market value since 2013. Finally, the negative trend in the rouble also put pressure on the financial result.

It should be emphasised here that these foreign exchange losses do not affect cash and thus represent snapshots. A recovery in the currency – as can currently be observed – will therefore also bring about an improvement in our results. At the same time, the successful closing of the sale of parts of AIRPORTCITY St. Petersburg after the reporting date shows that successful transactions are possible in Russia even in these difficult times. We also consider the long-term lease for the “Zeppelin” office tower that we concluded with a well-known international corporation in May 2014 to be an important sign of confidence in this project.

Operating activities

The full impact of the Russia crisis is clearly reflected in the results for the year: Owing to revenue declines in the above-mentioned hotels, which could not be compensated for by increases at other hotels, and due to hotel sales in Prague resulting in a lower number of rooms, hotel revenues fell by 11 per cent to EUR 61.6 million. EBITDA declined by nine per cent to EUR 17.1 million. This was primarily due to a lack of gains on property disposals, since the sale of the Hotel Savoy in Prague in June 2014 took place at roughly its carrying amount. Due in particular to losses from the remeasurement of office properties, which have been measured at market value since 2013, EBIT decreased from EUR 35.6 million in 2013 to EUR -5.2 million. The financial result was also driven down by currency losses to a level of EUR -31.6 million, ultimately resulting in a loss for the year of EUR -35.3 million.

Transactions and developments

Since 2013, we have essentially been observing a recovery of the transaction market in CEE, although we are also seeing continuing restraint and very little flexibility among banks when it comes to providing finance. This makes it all the more gratifying that, in addition to the above-mentioned partial sale of AIRPORTCITY St. Petersburg, we also successfully completed our strategic exit from the luxury hotel industry in Prague in the first half of 2014. Following the sales of the Palace Hotel and Le Palais Hotel in 2013, the last of our five-star hotels there, the Hotel Savoy, was sold in June 2014. However, we will stay true to the market with our two strong four-star hotels, angelo and Diplomat, and expect to see a positive development here.

Our transactions are generally preceded by development and I am pleased to report that there has been progress in this area, too: In 2014 we concluded one of the largest rental agreements on the Hungarian office market in recent years with the long-term lease for 12,250 square metres in the Erzsébet office building in Budapest. On this basis, the office complex is currently being revitalised and is expected to be completed and handed over to the tenant in June 2015. In Russia, construction work for the already leased “Zeppelin” office tower and a car park at AIRPORTCITY St. Petersburg is expected to be completed this year. An office building on a building site adjacent to the Chopin Hotel in Krakow is at an early but very tangible stage of development, while in Berlin planning for the development of commercial and conference space at the free site near the andel’s hotel is progressing well.

Although we are currently also developing a number of office and commercial properties, we are still hotel industry experts. This is what enables us to implement expedient developments in the areas around hotels, because we know what infrastructure a hotel needs and, above all, what it creates – including a good environment for offices and commercial properties.

Outlook

To sum up the situation: We have been impacted by Russia, but AIRPORTCITY St. Petersburg is still an important project for us and we can see that the macroeconomic development in Russia is already starting to ease a little. Meanwhile, the quality of our assets is constantly improving – NOP per available room is up two per cent, while our operating cash flow has increased by seven per cent.

Our clear objectives for the current financial year are firstly to press ahead with the ongoing developments in Berlin, Krakow, Budapest and St. Petersburg and secondly to initiate one or two good transactions. We already signed a Memorandum of Understanding with an international investor in April. At the same time, we are constantly working to strengthen our financial basis and improve our financing conditions and we intend to further optimise operating cash flows from our assets.

On that note, I would like to thank everyone who supported us actively and energetically again in 2014 – especially our investors and employees. I look forward to continuing our journey together!

Franz Jurkowitsch

andel's Hotel**S**
Berlin, D

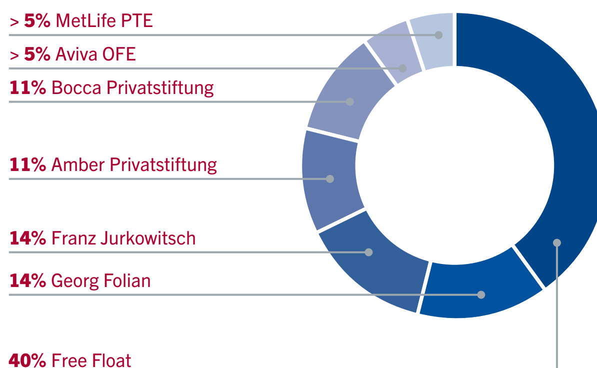
Investor Relations

The crisis in Ukraine, falling oil prices and the falling rouble, as well as the sluggish economic development in Europe are also casting a shadow over the share price. After closing 2013 at EUR 1.88 or PLN 7.99, the share price declined considerably in 2014. The closing price as of 31 December 2014 was EUR 0.705 or PLN 3.13.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences in Zürs, Warsaw, Frankfurt, Stockholm and Vienna in 2014. The following analysts analyse the Warimpex share on a regular basis: Raiffeisen Centro Bank, Wood & Company, and SRC Research und Investors.

Warimpex issued two corporate bonds and one convertible bond in 2014. The issue proceeds of approximately EUR 9 million were used firstly to refinance existing liabilities and secondly to fund future development projects.

SHAREHOLDER STRUCTURE AS OF 10 APRIL 2015

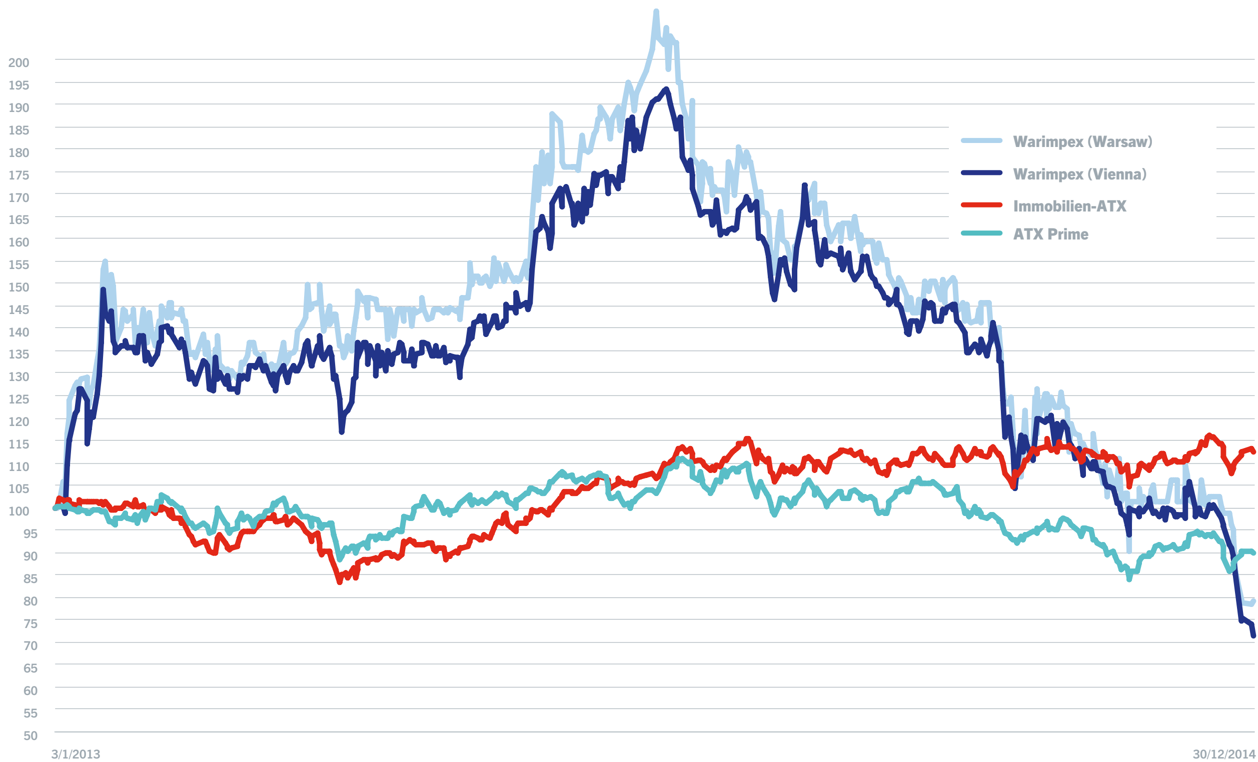


KEY SHARE DATA

ISIN	AT0000827209
Number of shares on 31/12/2014	54,000,000
Ticker symbols	Stock Exchanges WXF
	Reuters WXFB.VI
High*	EUR 1.91 | PLN 8.32
Low*	EUR 0.705 | PLN 3.10
Price on 31 December 2014	EUR 0.705 | PLN 3.13
* Last 52 weeks	

Warimpex is included in the following indices:	
Vienna	ATX Prime, Immobilien-ATX
Warsaw	Main 50 Plus, WIG,
	Real Estate Developers
100-day trading average	
approximately 32,000 shares in Vienna	
approximately 13,000 shares in Warsaw	

SHARE PRICE PERFORMANCE



OTHER WARIMPEX FINANZ- UND BETEILIGUNGS AG SECURITIES AS OF 31/12/2014

	ISIN	Conversion price	Amount outstanding
Bond 3/16	PLWRMFB00016	–	PLN 63,065,000
Convertible bond 3/16	AT0000A100Y0	PLN 7.06	PLN 26,500,000
Convertible bond 10/16	AT0000A139E0	PLN 7.65	PLN 16,500,000
Bond 10/17	AT0000A139F7	–	PLN 8,500,000
Bond 2/18	PLWRMFB00024	–	PLN 9,000,000
Bond 10/15	–	–	EUR 2,000,000
Convertible bond 6/17	AT0000A18Q78	EUR 1.80	EUR 5,000,000

Crowne Plaza****
Airportcity
St. Petersburg, RU

Group Management Report

FOR THE FINANCIAL YEAR
FROM 1 JANUARY TO 31 DECEMBER 2014

warimpex

GROUP MANAGEMENT REPORT

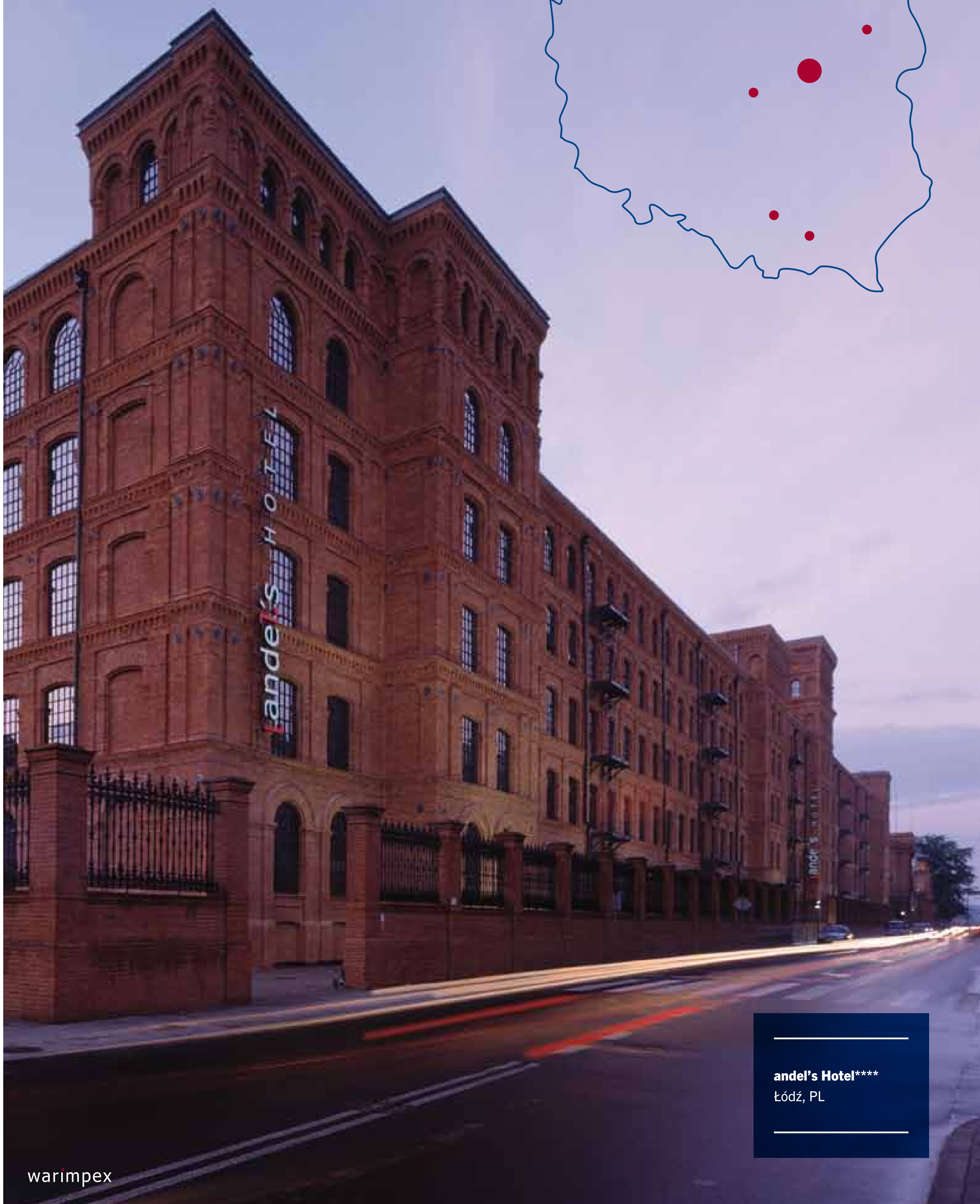
Markets

8
COUNTRIES

18
HOTELS

5
OFFICE BUILDINGS

5
PROJECTS
IN DEVELOPMENT



andel's Hotel****
Łódź, PL

MARKETS

Poland

Economic environment

Real GDP growth in Poland in 2014 was strong despite a headwind originating elsewhere. Economic growth for 2014 as a whole is estimated at 3.3 per cent, which is significantly higher than in the previous year (2013: 1.3 per cent). Growth is expected to remain robust, based on solid domestic demand thanks to an improvement in the employment market and on rising real incomes. The Russia-Ukraine crisis and weak demand in the euro zone will now have less of a negative impact than expected. For 2015 and 2016, therefore, strong economic growth is still expected at 3.2 per cent and 3.4 per cent respectively [1].

The real estate transaction volume declined by 9 per cent in 2014 to approximately EUR 3 billion [2]. Prime yields for office properties in Warsaw amounted to 6.0 per cent (2013: 6.0 per cent), the lowest level together with Prague in CEE as of the end of 2014[3]. In the hotel industry, occupancy fell by one percentage point to 78 per cent, and the average room rate declined by 3 per cent in euros to EUR 84.[4]

Existing portfolio: 6 hotels, 1 office property

Warimpex has been the 50 per cent leaseholder of the five-star InterContinental Hotel in Warsaw since the end of December 2012. Warimpex and UBM developed the hotel together, and each most recently held 50 per cent of the hotel with its 414 rooms. Warimpex and UBM sold the hotel at the end of December 2012. A lease was concluded between the purchaser and a subsidiary of Warimpex and UBM, under which it will lease the hotel back at a fixed rate and continue to run the establishment under the InterContinental brand until 2027. In Krakow, Warimpex has owned the three-star Chopin Hotel since 2006 and has operated the four-star-plus andel's hotel since 2007 (as the owner until 2009 and as the leaseholder since then). In Łódź, Warimpex opened a further andel's hotel in June 2009, and in March 2010 the first angelo hotel in Poland (a joint venture with UBM) opened in Katowice. Warimpex owns the Amber Baltic spa resort hotel in Międzyzdroje on the Baltic coast of Poland.

The occupancy rate at the InterContinental Hotel changed from 81 per cent to 80 per cent in the financial year, and the average room rate in euros declined slightly. The andel's hotel in Łódź achieved an occupancy rate of 58 per cent (2013: 55 per cent), and the average room rate in euros fell slightly. The occupancy rate at the Chopin Hotel in Krakow declined from 67 per cent to 65 per cent, while the average room rate in euros decreased slightly. Occupancy at the andel's hotel in Krakow was 75 per cent (2013: 74 per cent), and the average room rate remained the same. The occupancy rate at the Amber Baltic beachfront resort came in at 52 per cent (2013: 47 per cent), and the average room rate went up by around 10 per cent. Due to its location on the Baltic coast, occupancy rates at this hotel are subject to stronger seasonal fluctuations, and cannot be compared with those of city hotels.

In addition to the hotels listed above, Warimpex owns 50 per cent of the Parkur Tower office building in Warsaw, roughly 90 per cent of which is leased.

Under development: 2 office buildings

Warimpex is the owner of a development property next to the Chopin Hotel, which is to be the location of an office building with around 21,000 square metres of space. Planning for this project is under way.

In addition, an office building owned by Warimpex in Krakow is to be demolished and replaced by a new office building with around 15,000 square metres of space. Planning for this project is under way.

Warimpex owns a development property in Białystok. The sale of this development project is planned when the market conditions are right.

[1] European Commission "European Economic Forecast, Winter 2015"
[2] CB Richard Ellis, CEE Property Investment Market View, Q4 2014
[3] CB Richard Ellis EMEA Rents and Yields, Q4 2014
[4] HotStats European Chain Hotels – Performance Report for Warimpex

angelo Hotel****
Prague, CZ

MARKETS

Czech Republic

Economic environment

The latest data from the Czech Republic affirm the persistence of the economic recovery – largely supported by domestic demand – and GDP growth of 2.3 per cent (2013: -0.7 per cent). While consumption and investment were probably the most important sources of growth in 2014 and this trend is expected to continue, export growth, which was strong last year, is expected to decline. For 2015 and 2016, growth of 2.5 per cent and 2.6 per cent is expected respectively.[5]

Prague is the leading tourist destination in CEE and is currently in sixth place for overnight stays in Europe. After a sharp drop in overnight stays in 2009 as a result of the financial crisis, Prague returned to pre-crisis figures for overnight stays in 2011, with 13.6 million such stays in 2012.[6] Nonetheless, the Prague hotel market is still characterised by excess supply. In 2013, occupancy rates rose on average by 0.1 percentage points to 68.9 per cent, but the average room rate in euros fell by 1 per cent.[7] In 2012, room capacity began to be taken off the market. Beginning with 2013, there were again more hotel real estate transactions in Prague. In 2014, occupancy rates increased by one percentage point to 71 per cent, and the average room rate climbed by 6 per cent in euros to EUR 83.[8]

Existing portfolio: 4 hotels

In the Czech Republic, Warimpex owns the Diplomat Hotel (Prague) and the angelo hotels in Prague and Plzeň (50 per cent). Warimpex also consolidates the Dvorak spa hotel in Karlovy Vary according to the rules defined by IFRS. The five-star Palace Hotel (124 rooms) and Le Palais Hotel (72 rooms) in Prague were sold in July and in December 2013. The Hotel Savoy (61 rooms) in Prague was sold at the end of June 2014.

In the reporting period, the two hotels in Prague, Diplomat and angelo, achieved occupancy rates of 69 per cent and 68 per cent respectively (2013: 73 per cent and 67 per cent). The average room rate at both hotels increased slightly. At the Dvorak spa hotel in Karlovy Vary, the occupancy rate fell to 60 per cent (2013: 77 per cent). The average room rate declined slightly. There is a very high proportion of Russian and Ukrainian guests in Karlovy Vary, so the severe devaluation of the rouble affected travel behaviour. Occupancy at the angelo hotel in Plzeň improved from 59 per cent to 65 per cent, and the average room rate also rose.

[5] European Commission “European Economic Forecast, Winter 2015”
[6] Cushman & Wakefield, Hospitality Newsletter, Czech Hotel Market 1Q 2014
[7] HotStats European Chain Hotels – Performance Report for Warimpex
[8] HotStats European Chain Hotels – Performance Report for Warimpex

MARKETS

Hungary

Economic environment

After estimated growth of 3.3 per cent in 2014, economic expansion in Hungry is expected to slow to 2.4 per cent in 2015 and 1.9 per cent in 2016.[9]

In Budapest, prime rents remained constant year on year, prime yields fell by 25 basis points to 7.25 per cent[10], and vacancy is still very high. A positive is that there are virtually no new developments in Budapest at present.

[9] European Commission "European Economic Forecast, Winter 2015"
[10] CB Richard Ellis EMEA Rents and Yields, Q4 2014

Existing portfolio: 3 office properties

In Budapest, Warimpex owns the Erzsébet, Dioszegi and Sajka office buildings, which together have a total net floor space of around 17,000 square metres.

The Dioszegi office building has roughly 800 square metres of lettable space, most of which was occupied as of the reporting date. The Sajka office building with around 600 square metres of lettable space was partially rented out in the reporting period and is nearly fully leased again as of November 2014.
In March 2014, Warimpex gained the leading Hungarian insurance company Groupama Garancia Insurance Private Co. Ltd. – a Hungarian subsidiary of the international Groupama Group – as a new long-term tenant for 12,250 (of 14,500) square metres of space in the Erzsébet office building in Budapest. The successful conclusion of the contract by Warimpex represents one of the largest rental agreements on the Hungarian office market in recent years. Groupama is expected to move into the newly renovated building "A" in mid-2015. The remaining space is in the process of being let.

Erzsébet Offices
Budapest, HU

MARKETS

Romania

Economic environment

Economic growth in Romania is expected to remain robust in 2015 and 2016 because of strong domestic demand supported by a stable employment market. After a steep decline in 2014, inflation is likely to remain modest. For 2014, 2015 and 2016, growth of 3.0 per cent, 2.7 per cent and 2.9 per cent is expected respectively.[11]

In the hotel industry, occupancy increased by 6 percentage points to 74 per cent, and the average room rate declined by 3 per cent in euros to EUR 87.[12]

Existing portfolio: 1 hotel

At the angelo Airporthotel in Bucharest, which Warimpex acquired in 2007 and expanded by 69 rooms in 2008 along with adapting it into an angelo hotel, the occupancy rate was increased from 44 per cent to 56 per cent. The average room rate in euros was down by around 10 per cent.

[11] European Commission "European Economic Forecast, Winter 2015"
[12] HotStats European Chain Hotels – Performance Report for Warimpex

angelo airporthotel***
Bucharest, RO

MARKETS

Germany

Economic environment

For 2014, growth amounted to 1.5 per cent. Economic growth in Germany is likely to become stronger with the aid of a robust employment market and favourable financing conditions. The ongoing fall in oil prices is likely to have a positive impact on growth, pushing it back up to 1.5 per cent in 2015 and 2.0 per cent in 2016.[13]

In Berlin, occupancy increased by an average of 3 percentage points to 76 per cent, and the average room rate increased by 1 per cent to EUR 125.[14]

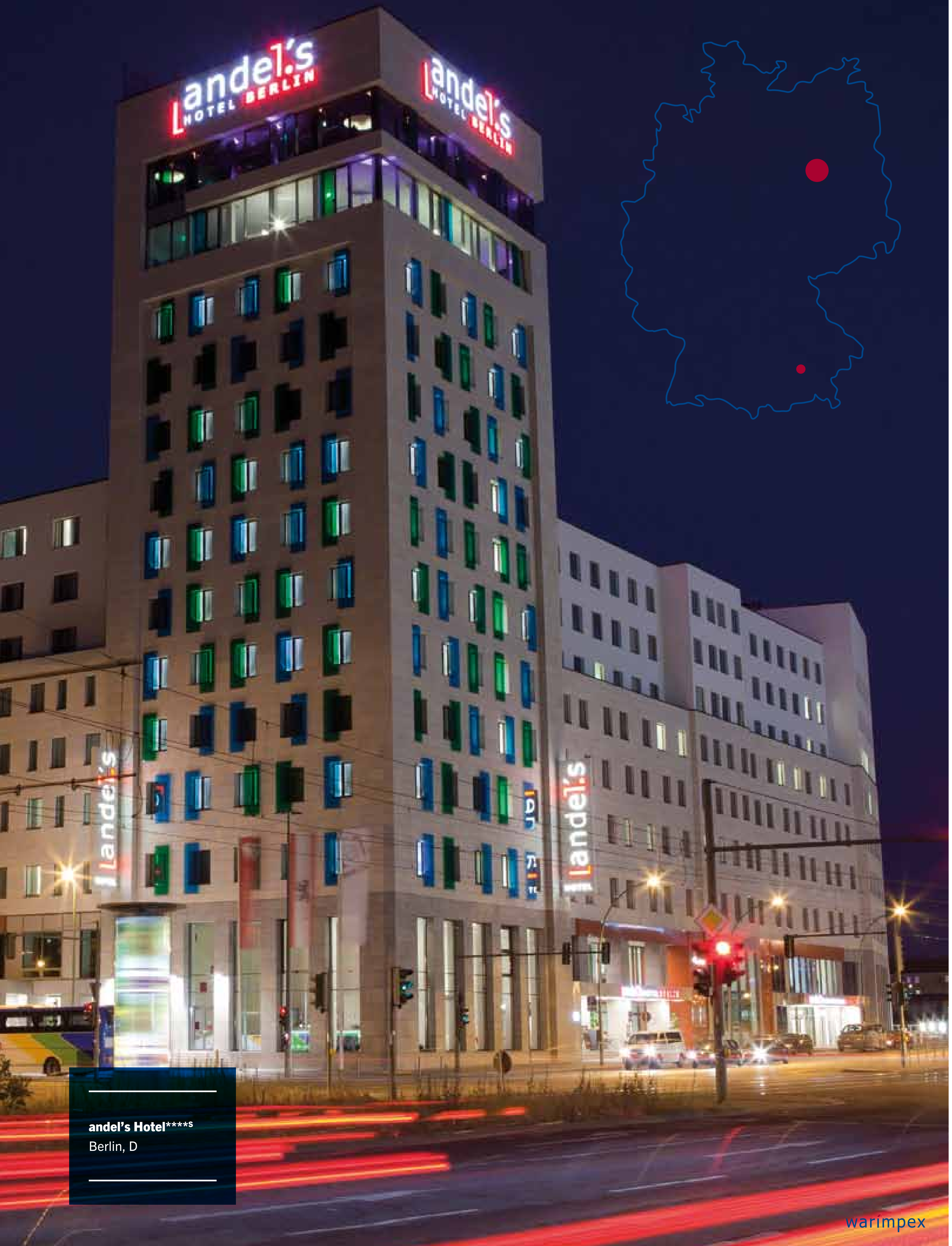
Existing portfolio: 1 hotel

In Germany, Warimpex held 50 per cent of the andel's hotel in Berlin during the reporting period. Occupancy at the andel's was 72 per cent (2013: 69 per cent). The average room rate improved slightly.

Under development: commercial space and conference centre

A piece of land adjacent to the andel's in Berlin was purchased in 2009 for the development of a conference centre and commercial space. Planning for this project is under way.

[13] European Commission "European Economic Forecast, Winter 2015"
[14] HotStats European Chain Hotels – Performance Report for Warimpex



andel's Hotel**S**
Berlin, D

MARKETS

France

Economic environment

While economic growth stagnated at 0.4 per cent in 2014, the French economy is expected to slowly pick up momentum with growth of 1.0 per cent in 2015 and 1.8 per cent in 2016. This upturn will be chiefly supported by private households.[15]

Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders (finance lease) of the four-star hotels Dream Castle and Magic Circus at Disneyland® Resort Paris, each of which has around 400 rooms. The occupancy rates at the hotels were 77 per cent and 71 per cent respectively (2013: 74 per cent and 69 per cent). The average room rate was increased slightly at both hotels.

[15] European Commission "European Economic Forecast, Winter 2015"

Dream Castle Hotel********
at Disneyland® Paris, F

MARKETS

Austria

Economic environment

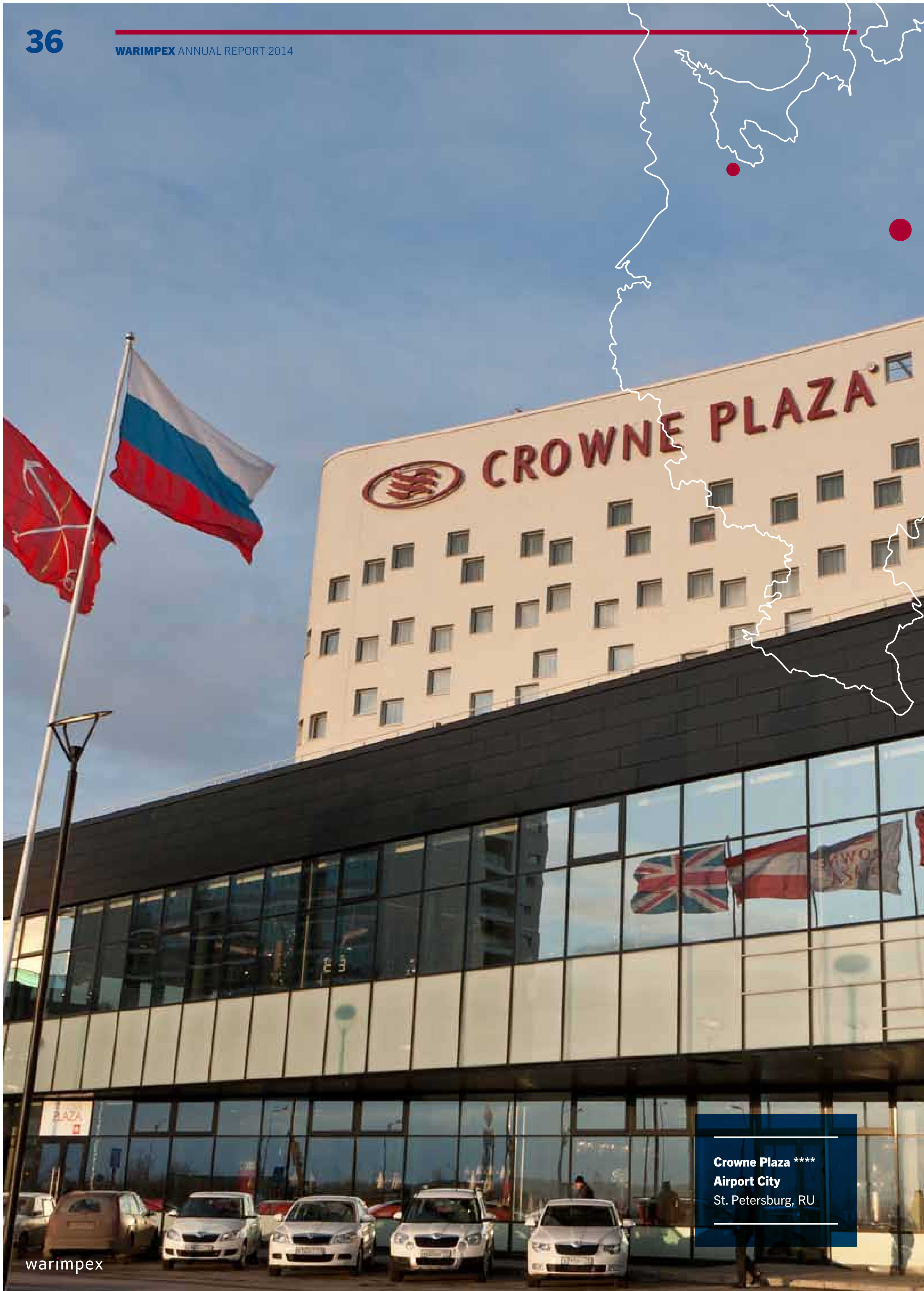
2014 as a whole saw minimal growth of 0.2 per cent. For 2015 and 2016, the economy is expected to grow by 0.8 per cent and 1.5 per cent respectively, due in particular to higher domestic demand on the basis of a stable employment market.[16]

Existing portfolio: 1 hotel

In Vienna, Warimpex holds around 10 per cent in the project company behind the Palais Hansen Kempinski hotel in Vienna, together with Wiener Städtische Versicherung/Vienna Insurance Group and Strauss & Partner. The hotel is Warimpex's first project in Austria and was opened in March 2013.

[16] European Commission "European Economic Forecast, Winter 2015"

Palais Hansen Kempinski*****
Vienna, A



Crowne Plaza ****
Airport City
St. Petersburg, RU

MARKETS

Russia

Economic environment

The Russian economy is under heavy pressure from the combined effects of the collapse in oil prices, economic sanctions and structural weaknesses. After slight growth of 0.5 per cent in 2014, Russia is expected to slide into a deep recession (-3.5 per cent) followed by a certain degree of stabilisation (0.2 per cent) in 2016. The recovery is based on the probable gradual alleviation of geopolitical tensions and slight increase in oil prices.[17]

The real estate transaction volume in Russia decreased by 57 per cent in 2014 to approximately EUR 2.3 billion.[18] Prime yields for office properties in St. Petersburg amounted to 12.25 per cent (2013: 11.00 per cent); prime rents decreased by 34% approximately EUR 438 per year per square metre.[19]

In St. Petersburg, occupancy decreased by an average of 5 percentage points to 60 per cent, and the average room rate declined by 7 per cent to EUR 88.[20] In the Ekaterinburg peer group (comp set), occupancy decreased by 0.5 percentage points to 50 per cent, and the average room rate also decreased by around 3 per cent to RUB 4,174.[21]

Existing portfolio: 3 hotels, 1 office building

In Russia, Warimpex holds 60 per cent of the Liner Hotel and of the angelo hotel at Koltsovo airport in Ekaterinburg. The angelo hotel Ekaterinburg, which has a direct link to the new terminals, was opened in 2009. In St. Petersburg, Warimpex holds 55 per cent of AIRPORTCITY St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and office buildings with 16,800 square metres of lettable space were opened at the end of December 2011. AIRPORTCITY St. Petersburg is being developed by the project company ZAO AVIELEN A.G. together with CA Immo and UBM and is directly next to Pulkovo 2 international airport in St. Petersburg. It is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

A purchase agreement for the sale of the two office towers Jupiter 1 and Jupiter 2 at AIRPORTCITY St. Petersburg was concluded in November 2014; the sale was closed in February 2015.

The Liner Hotel enjoyed a satisfactory occupancy rate of 65 per cent; occupancy at the more expensive angelo hotel increased from 56 per cent to 64 per cent, although the average room rate in euros was down by roughly 20 per cent on account of the weak rouble. The Crowne Plaza achieved an occupancy rate of 72 per cent (2013: 79 per cent), and the average room rate in euros did not change. An occupancy rate of 100 per cent was achieved for the two completed office buildings in St. Petersburg (Jupiter 1 and 2).

Under development: 1 office building

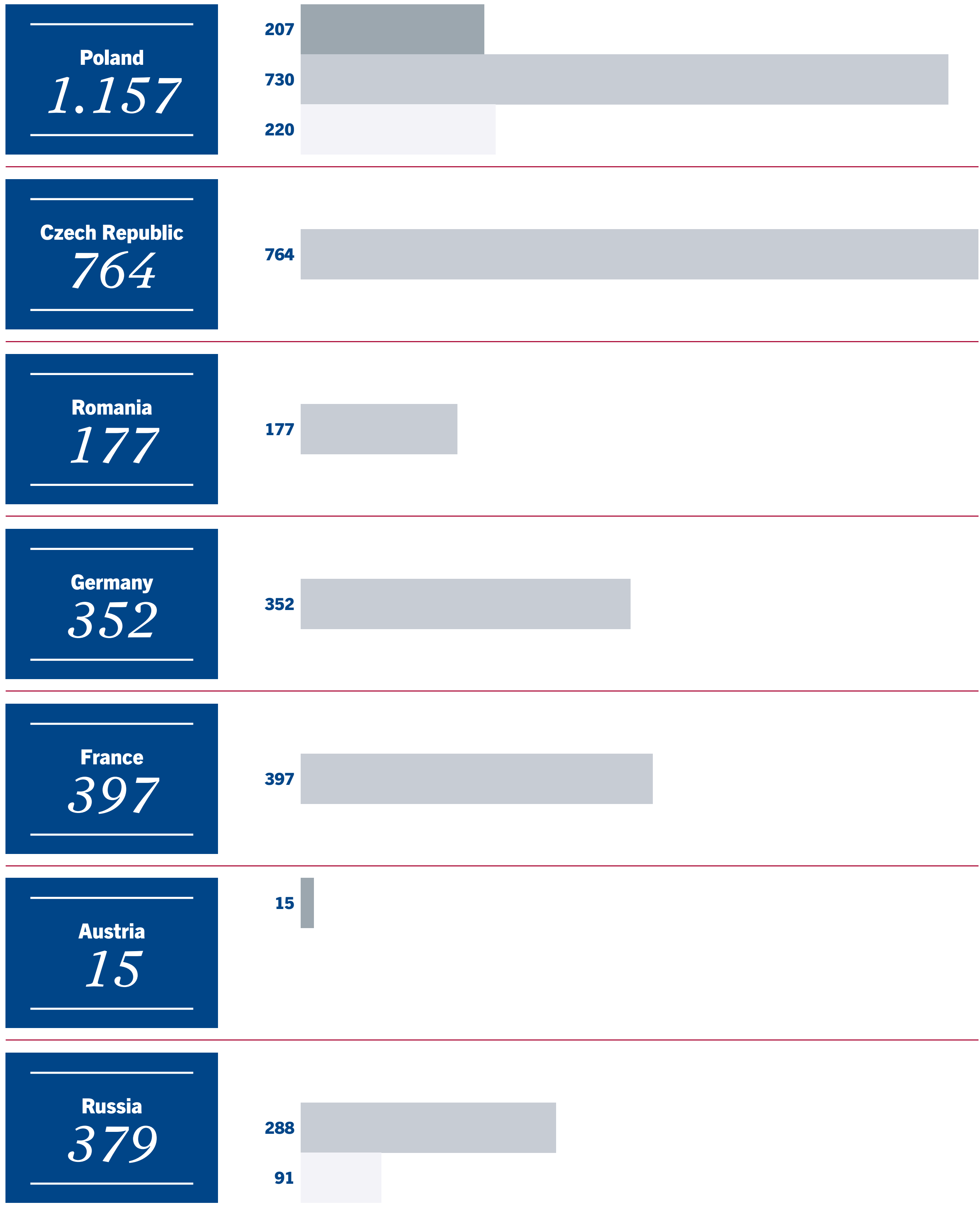
Another office building, called Zeppelin, that will have 16,000 square metres of lettable space is also under construction at AIRPORTCITY. This office tower is scheduled for completion in mid-2015. The office tower is already fully leased.

[17] European Commission "European Economic Forecast, Winter 2015"
[18] CB Richard Ellis, CEE Property Investment Market View, January 2014
[19] CB Richard Ellis EMEA Rents and Yields, Q4 2013
[20] HotStats European Chain Hotels – Performance Report for Warimpex
[21] Comp set for the angelo Airporthotel Ekaterinburg

MARKETS

Hotel portfolio

HOTEL PORTFOLIO (NUMBER OF ROOMS ADJUSTED FOR PROPORTIONATE SHARE OF OWNERSHIP) AS OF 31 DECEMBER 2014



MARKETS

Business performance

As of the end of December 2014, the portfolio of the Warimpex Groupie included a total of 23 properties, of which 18 hotels and five office buildings. There are also numerous plots of land and development projects in eight countries of Central and especially Eastern Europe. The main focus is Poland, Germany, the Czech Republic and Russia.

In order to respond efficiently to market developments, Warimpex has local employees in all countries in which it operates.

REAL ESTATE ASSETS BY COUNTRY SHARE IN GAV)

GROSS ASSET VALUE (GAV) AS OF 31 DECEMBER 2014

27% Poland

23% Russia

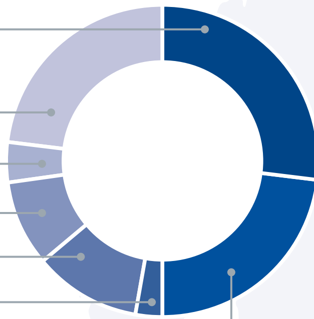
4 % Hungary

9% France

11% Germany

3% Romania

23% Czech Republic



Net assets, financial position and results of operations

For information on changes in the scope of consolidation and the resulting retrospective adjustment of the comparative periods, please refer to section 5 of the Notes on the consolidated financial statements.

Development of revenues

Operating activities in the Hotels segment were characterised in the 2014 financial year by the effects of the Russia crisis and the devaluation of the rouble. While hotels without a connection to Russia mostly reported growth in revenues in 2014, the Dvorak (Karlovy Vary), Liner (Ekaterinburg), angelo Ekaterinburg and Crowne Plaza (St. Petersburg) hotels suffered considerable losses in some cases. The Dvorak hotel in Karlovy Vary had to take a 20 per cent decline in revenues because of the absence of Russian guests. In euros, hotel revenues in the Russian hotels were around 10 per cent lower than the respective figures for the previous year.

The decline in revenues in the Hotels segment from EUR 69.4 million in 2013 to EUR 61.6 million is largely attributable to hotel sales in Prague (Palace, Le Palais, Savoy) and to the declines in revenues in Russia and Karlovy Vary that were not compensated for by revenue increases in other hotels.

Consolidated revenues declined by 18 per cent from EUR 90.2 million to EUR 73.8 million. Around 83 per cent of the revenues are generated from the operational management of hotel properties, around 13 per cent relate to the letting of office properties, and around 3 per cent are attributable to the Development and Services segment.

Revenues in the Development and Services segment fell by 75 per cent to EUR 2.5 million as a result of the completion and sale of the Le Palais office building in Warsaw in the previous year. Revenues from the leasing of office space decreased by EUR 0.9 million in the financial year.

Results of operations

Gains on property disposals

In the comparative period of the previous year, half of the share in the angelo hotel in Munich was sold (including an adjacent development property). This transaction generated a profit contribution of approximately EUR 1.6 million. In 2014, the Hotel Savoy was sold for roughly its carrying amount.

The changes to the existing portfolio in the comparative period relate mainly to the settlement of leasehold improvements for the Le Palais office building in Warsaw.

EBITDA

Earnings before interest, taxes, depreciation and amortisation and gains/losses on remeasurement (= EBITDA) fell by 9 per cent from EUR 18.8 million in 2013 to EUR 17.1 million in 2014. This decrease is due chiefly to the loss of earnings due to the sale of real estate.

EBIT

There is an element of uncertainty on the Eastern European real estate markets in connection with the crisis of the Russian economy. Impairment losses of EUR 7 million (2013: EUR 1.5 million) had to be recognised in the reporting period; scheduled depreciation amounted to EUR 11.5 million (2013: EUR 11.9 million). Gains/losses on the remeasurement of office properties (investment property) amounted to around EUR -1.4 million (2013: EUR 23.4 million). The impairments and losses on remeasurement largely concern Russian properties; gains on remeasurement result from the measurement of new development projects.

In total EBIT fell from EUR 35.6 million to EUR -5.2 million.

Financial result

Finance income (including earnings from joint ventures) went from EUR -23.6 million to EUR -31.6 million. Interest for bank overdrafts, long-term project financing and other loans and interest for convertible bonds declined slightly in the 2014 financial year compared to 2013.

The financial result in 2014 was impacted by non-cash exchange rate losses in the amount of EUR 14.4 million (2013: EUR 3.7 million).

Earnings from joint ventures went from EUR 2.2 million to EUR 1.5 million.

Profit/Loss for the year

The profit for the year for the Warimpex Group declined from EUR 7.1 million in the previous year to EUR -35.3 million. This change is primarily the result of non-cash property depreciation and from similarly non-cash exchange rate losses.

Segment reporting

For more information, see the detailed explanations in section 2. Segment reporting in the notes on the consolidated financial statements.

The Warimpex Group has defined the segments Hotels, Investment Properties and Development & Services. The joint ventures that are recognised at equity in the consolidated financial statements are included in the segment report using the proportionate consolidation method. The Hotels segment is comparable with the hotels and/or hotel rooms held by the Group as consolidated entities in the reporting year (with the joint ventures recognised on a proportionate basis). The Investment Properties segment includes rental income from office properties. The Development & Services segment contains services in the area of development, activities of the parent company and profits from the sale of real estate.

Hotels segment*

in EUR '000	**2014**	2013 adjusted
Revenues for the Group	106,316	112,289
Average number of hotel rooms for the Group**	3,461	3,554
GOP for the Group	41,351	41,859
NOP for the Group	30,992	31,262

* Including all joint ventures on a proportionate basis

** See Hotels reporting package in the consolidated financial statements

In the reporting period, the average number of available rooms declined by 2.6 per cent to 3,461 due to hotel sales, with revenues from hotel operations declining by 4 per cent from EUR 112.3 million to EUR 106.3 million.

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership after GOP such as management fees, insurance, land tax, etc.). NOP declined slightly by 1 per cent to EUR 31.0 million; NOP per available room increased by 2 per cent to EUR 8,954.

Investment Properties segment*

in EUR '000	**2014**	2013 adjusted
Revenues for the Group	10,560	11,555
Segment EBITDA	5,994	4,197

* Including all joint ventures on a proportionate basis

Revenues from the Investment Properties segment decreased by 9 per cent to EUR 10.6 million. This decrease is primarily attributable to the loss of revenues from office fit-outs in connection with the leasing of the Jupiter office towers at AIRPORTCITY St. Petersburg. Segment EBITDA rose by 43 per cent to EUR 5.9 million due to the associated lower services rendered.

Development & Services segment*

in EUR '000	**2014**	2013 adjusted
Revenues for the Group	2,866	10,223
Gains or losses from the disposal of properties	367	4,240
Segment EBITDA	-3,022	1,811

* mit quotaler Einbeziehung aller Joint Ventures

The results in this segment depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant fluctuation in year-on-year terms and during the year. In the preceding financial year 2013, 50 per cent of the stake in the angelo hotel in Munich was sold, the final accounting for the Le Palais office building in Warsaw was performed, and a plot of land in Berlin was sold. In contrast, the Savoy hotel was sold at its carrying amount in 2014 and the purchase price was subsequently improved by the sale of the InterContinental Hotel in Warsaw. Including overheads, this resulted in negative segment EBITDA of EUR -3,022 thousand.

Net assets

Consolidated Statement of Financial Position in EUR '000	31/12/2014	31/12/2013	01/01/2013
		adjusted	adjusted
ASSETS			
Non-current assets	389,247	403,825	464,535
Current assets	104,157	102,227	53,652
Total assets	**493,404**	**506,052**	**518,187**
LIABILITIES			
Share capital	54,000	54,000	54,000
Retained earnings and reserves	18,143	36,151	33,808
Minority interest	-14,467	-1,440	-5,305
Total equity	**57,676**	**88,711**	**82,503**
Non-current liabilities	352,447	340,064	302,722
Current liabilities	83,280	77,277	132,963
Total liabilities	**435,737**	**417,341**	**435,684**
Total equity and liabilities	**493,404**	**506,052**	**518,187**

As a real estate group, Warimpex's assets chiefly comprise property, plant and equipment and investment property. As properties in the Warimpex Group are usually two-thirds externally financed with long-term project loans, the liabilities are predominantly non-current.

According to the statement of financial position, the equity ratio declined by 7 percentage points year on year to 12 per cent. Because property, plant and equipment is measured at amortised cost, comparing the equity ratio with other real estate companies is possible to a limited extent only. Assuming measurement of property, plant and equipment (hotels) at fair value, the equity ratio would be 24 per cent (2013: 27 per cent) (NAV/adjusted total assets).

Financial position

Consolidated Statement of Cash Flows in EUR '000	2014	2013
		adjusted
Cash receipts from operating activities	76,073	88,066
Cash payments for operating activities	-55,531	-69,618
Net cash flows from operating activities	**20,542**	**18,448**
Net cash flows from investing activities	-7,221	-957
Net cash flows from/used in financing activities	-8,848	-18,869
Cash and cash equivalents as of 31 December	**9,765**	**6,618**

Operating cash flow

Cash flow from operating activities increased 11 per cent from EUR 18.4 million in the comparative period 2013 to EUR 20.5 million.

While operating cash outflows from the management of hotels and the leasing of office buildings are relatively in line with cash receipts from operating activities, operating cash payments for project developments can be subject to pronounced annual fluctuations.

For more information, see the detailed explanations in section 2. Segment information of the notes on the consolidated financial statements.

Cash flows from investing activities

Cash receipts from investing activities primarily relate to sales of hotel property companies in 2013 and 2014 (Le Palais and Savoy hotels, both Prague), down payments relating to the sale of Jupiter office and repayments from joint ventures. In 2014, payments made for investing activities increased considerably from EUR 13.9 million to EUR 23.7 million due to greater construction activity (Erzsébet offices in Budapest and the Zeppelin office tower in St. Petersburg).

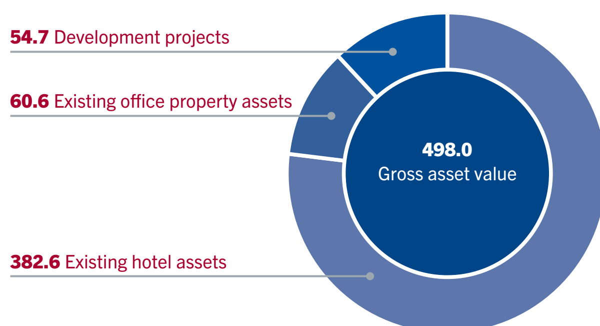
Cash flows from financing activities

The change in cash flows from financing activities is attributable mainly to lower borrowing and lower repayment of loans year on year. Cash flows for paid interest rate fell from EUR 17.6 million in the previous year to EUR 15.9 million. In total, net cash flows from financing activities amounted to EUR -8.8 million (2013: EUR -18.9 million).

Key figures for real estate assets

As of the reporting date 31 December 2014, the Warimpex Group's real estate portfolio consisted of 18 hotels with approximately 4,600 rooms in total (around 3,200 rooms when adjusted for the proportionate share of ownership) and five office properties with total lettable space of approximately 43,000 square metres (30,000 square metres when adjusted for the proportionate share of ownership).

CALCULATION OF GROSS ASSET VALUE – NET ASSET VALUE IN EUR MILLION



In accordance with IAS 16, Warimpex recognises and measures its property, plant and equipment such as hotel properties at amortised cost, as this is prescribed in IAS 40.12 with regard to owner-operated hotels. However, changes in the value of investment property (mainly office properties) are recognised in profit or loss on an annual basis using the fair value model in accordance with IAS 40.56. To allow comparison with other real estate companies, Warimpex reports the triple net asset value (NNNAV) in its group management report.

All existing properties and development projects are valued twice a year (as of 30 June and 31 December) by independent appraisers.

As of 31 December 2014, the following appraisers valued the Warimpex portfolio:

Appraiser	Fair value as of 31/12/2014 in EUR millions	in%
CB Richard Ellis	416	84%
PricewaterhouseCoopers	7	1%
Knight Frank	17	3%
Others	22	5%
Property recognised at selling price	36	7%
	498	**100%**

The fair values are determined according to the valuation standards of the Royal Institute of Chartered Surveyors. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For existing properties, the appraiser determines the fair values using the discounted cash flow (DCF) approach or the sales comparison approach. Development projects are valued according to the residual method including development profit.

For information on the capitalisation factor (yield) for the calculation of fair value, please refer to sections 6.5. (Property, plant and equipment) and 8.1.3f (Investment property) in the notes on the consolidated financial statements.

The fair values of Warimpex's real estate assets (gross asset value) as of the reporting date 31 December 2014 totalled EUR 498.0 million (previous year adjusted: EUR 508.0 million), of which EUR 130.0 million (previous year adjusted: EUR 127.2 million) from joint ventures. This decrease is due chiefly to the sale of the Hotel Savoy as well as impairment and re-measurement losses on primarily Russian properties. The triple net asset value (NNNAV) of the Warimpex Group decreased slightly year on year from EUR 169.4 million to EUR 160.1 million as of the reporting date 31 December 2014.

The triple net asset value (NNNAV) is as follows:

in EUR Mio.	**12/2014**		12/2013 adjusted	
Equity before non-controlling interests		72.1		90.1
Goodwill		-0.9		-0.9
Deferred tax assets	–		–	
Deferred tax liabilities	10.6	10.6	12.7	12.7
Book value of existing hotel assets	-242.1		-279.6	
Fair value of existing hotel assets	291.5	49.4	321.0	41.5
Book value of development projects	-75.8		-64.9	
Fair value of development projects	76.5	0.7	66.5	1.6
Book value of joint ventures	-36.2		-36.8	
Fair value of joint ventures	64.4	28.2	61.2	24.4
Triple net asset value		**160.1**		**169.4**
Number of shares on 31/12		54.0		54.0
NNNAV per share in EUR		**3.0**		**3.1**

Material risks and uncertainties to which the group is exposed and risk management

As an international group, Warimpex is exposed to various economic and financial risks as part of its daily operations.

(a) General information

As part of its risk management system, Warimpex has set internal risk management targets for the Management Board and Company staff and adapts these targets to the prevailing market conditions. These risk management targets include special regulations and define responsibilities for risk assessment, control mechanisms, monitoring, information management and communication within the Company and with external parties.

There is a clearly defined organisation within Warimpex and especially within the Management Board that governs responsibilities and authorisations in this connection to enable risks to be identified at an early stage and appropriate action to be taken. The Management Board's guidelines and the guidelines for the Supervisory Board define the responsibilities and obligations of the Company's bodies.

(b) Operating risks

In the Hotels segment, Warimpex is exposed to the general risks inherent to the tourism industry such as economic fluctuations, political risks and increasing fear of terrorist attacks. There is the risk that competitors may enter the Group's target markets, thereby increasing the number of beds available.

The Investment Properties and Development & Services segments are exposed to finance and currency risks, interest rate risks, market entry risks and the risk of delays in the completion of construction work on real estate projects. In addition, there are risks of rent default which may impact both on the current cash flow and on real estate valuation.

The Group invests in real estate in a limited number of countries, and is therefore exposed to increased risk that local conditions such as an excess supply of properties can affect the development of business. Owing to its focus on real estate development and real estate holdings, the Group's performance is heavily dependent on the current situation in the real estate markets. Price slides in the real estate market could therefore affect the Group significantly and also influence real estate financing.

Real estate maintenance is a key aspect in the sustainable economic development of the Warimpex Group. Asset management employees therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

c) Capital market risks

Refinancing on the capital market has great strategic importance for Warimpex.

To avoid the risk of insufficient capital market compliance, Warimpex has a compliance policy that ensures fulfilment of the capital market obligations and in particular prevents abuse or distribution of insider information. A permanent confidentiality area for all employees in Vienna has been established, in addition to which project-related temporary confidentiality areas are set up and retention periods and trading prohibitions are determined.

d) Legal risks

As a company that operates internationally, Warimpex is exposed to a wide range of legal risks. These include risks in connection with the acquisition and disposal of properties and legal disputes with tenants or joint venture partners.

No material legal disputes were known of at the time the financial statements were prepared.

e) Risks and risk management in connection with financial instruments

Aside from derivative forms of financing, the most significant financial instruments used by the Group are overdrafts, bank loans, bonds and convertible bonds, cash, cash equivalents and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group also enters into derivatives transactions which are intended to minimise the Group's exposure to interest rate risk and/or exchange rate risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. All major financial transactions are subject to a decision by the Management Board (and approval by the Supervisory Board in some cases).

For further information on finance risk management, especially on quantitative notes, please refer to section 8.2. in the notes on the consolidated financial statements.

1. Interest rate risk
The risk of fluctuations in market interest rates (usually the 3M EURIBOR for bank loans and the 6M WIBOR for bonds) to which the Group is exposed results primarily from its variable-rate non-current financial liabilities.

Rises in interest rates may affect the Group's earnings in the form of higher interest expenses for existing variable-rate financing. In the case of variable-rate financing, changes in the interest rate have a direct impact on the Company's financial result.

Warimpex limits the risk of rising interest rates that would lead to higher interest expenses and a negative impact on the financial result firstly by using fixed-interest financing agreements in some cases and secondly by means of derivative financial instruments (primarily interest rate swaps). These derivative financial instruments are recognised as separate transactions rather than as hedging transactions. Hedge accounting as defined in IAS 39.85 et seq. is not applied, as the conditions for this are not met. With regard to the recognition of derivative financial instruments, please refer to note 7.13.2. to the consolidated financial statements.

2. Foreign currency risk
Foreign currency risks primarily result from financial liabilities denominated in a currency other than the respective functional currency. For the Group companies whose functional currency is the euro, this means financial liabilities in the local currency or another foreign currency (CHF, PLN), or for the Group companies whose functional currency is the local currency, financial liabilities in a foreign currency (EUR).

There are no natural hedges and the Group does not systematically use derivative financial instruments to eliminate or limit foreign currency risks. To hedge against currency risks, cross currency swaps or currency forwards for a maximum of one year are concluded where necessary in relation to certain future payments in foreign currencies.

In addition to the foreign currency risk arising from financial liabilities, there are also foreign currency risks – particularly for all hotel companies in the Group whose functional currency is the euro – with regard to personnel expenses and costs for materials used and services rendered that are to be paid in the local currency, whereas income is largely tied to the euro and project financing must also largely be serviced in euros.

3. Default risk
On the assets side, the reported amounts represent the maximum credit and default risk, since there are no general netting agreements. The default risk for trade receivables can be considered relatively low, since receivables are usually paid either in advance or on site, particularly in the Hotels segment. Only receivables from tour operators generally have longer payment terms.

The default risk in connection with cash and cash equivalents can be considered low, as the Group works only with banks and financial institutions with excellent creditworthiness. The default risk for other receivables can also be considered relatively low, since the contractual partners' creditworthiness is monitored here, too. The Group also recognises precautionary write-downs where necessary.

4. Liquidity risk
The Group aims to maintain a balance between continuously covering its funding requirements and ensuring flexibility through the use of bank overdrafts and project loans. In addition, refinancing on the capital market has great strategic importance for Warimpex. In the financial year, Warimpex issued three bonds and one convertible bond.

Significant fluctuations on the capital markets may pose a risk when raising equity and borrowing debt capital. To keep refinancing risks at a low level, Warimpex ensures that it maintains a balanced mix between equity and debt capital and that its bank and capital market financing has a range of different terms.

In addition, liquidity risks are minimised using a medium-term plan for 18 months, an annual budget planned on the basis of a monthly schedule, and monthly revolving liquidity planning. Daily liquidity management ensures that the commitments undertaken in operating business are met and that funds are invested optimally. Liquidity that becomes available as a result of property sales is used mainly to repay existing credit lines or to finance acquisitions or new development projects.

The repercussions of the financial and real estate crisis that began in 2008, the sovereign debt crisis in the previous years and the slump in the Russian economy are giving rise to uncertainty regarding the future actions of market participants. If these events repeat themselves or continue, prices and value developments can be subject to higher volatility. The risk of insufficient liquidity means that it may be difficult to successfully sell properties on the market or to obtain refinancing from banks. This risk is mitigated by means of ongoing capital market activities.

It is now possible and probable again that assets can be sold at acceptable prices. Several sales are currently being planned.

As of the reporting date 31 December 2014, current financial liabilities (loans and bonds) totalling EUR 47 million (2013:

EUR 54.2 million) are reported in the consolidated financial statements.

The Group serviced, refinanced or extended current liabilities in the financial year. A convertible bond was repaid in the amount of around EUR 3 million in May.

To secure the liquidity required for the company's continued existence, it will therefore still be necessary to extend or refinance operating credit lines and project loans or to convert them into long-term financing and to generate additional inflows of funds. In this context, the Management Board, with the approval of the Supervisory Board, resolved a two-year bond programme in February 2014. The first two tranches of this in the amount of PLN 9 million (EUR 2.25 million) and EUR 2 million and a convertible bond of EUR 5 million were successfully placed. Furthermore, a Group company issued a zero-coupon bond in December 2014. This zero-coupon bond and other bonds of a total amount of around EUR 8.75 million were repurchased in March 2015. The funds for this came from the issue of other bonds by Polish Group companies. The issue price of these bonds was PLN 51.5 million (around EUR 12.9 million) (see note 9.4.).

In order to cover the liquidity requirements of operating activities for the next 12 months, it is intended in the liquidity plan to increase project loans/working capital facilities by around EUR 7.5 million and to sell properties. Bonds and convertible bonds of PLN 89.57 million (around EUR 22 million) are due to mature in March 2016. They will predominantly be refinanced by issuing new bonds. Talks on this have already commenced. Regarding two current working capital facilities with an amount outstanding of around EUR 15,253 thousand, an extension until the middle of 2017 was agreed for one facility (around 50%) after the end of the reporting period; the prolongation of the other working capital facility is currently being negotiated. It is also planned to generate additional liquidity with strategic sales of properties and the placement of loans. If it is not possible to implement the planned disposals and bond issues within the planned period and to the planned extent, other sources of financing will have to be found to cover any liquidity risk.

To secure loans or be able to continue drawing on them, Warimpex must fulfil certain obligations for this financing, known as financial covenants. Warimpex permanently monitors compliance with these covenants and remains in close contact with its lenders for this purpose. If the Group fails to comply with these covenants, then in some circumstances this may result in the loan agreement being terminated by the lender. On the reporting date, interest payments of EUR 160 thousand were outstanding for loan liabilities of EUR 15,3 thousand.

To avoid cost overruns and a resulting excessive outflow of liquidity, Warimpex continuously monitors budgets and construction progress for development projects and maintenance measures.

f) Reporting on key characteristics of the internal control system and the risk management system as relevant for the accounting process

The Management Board bears overall responsibility for the Group's risk management system, while direct responsibility lies with the managers of the respective operating units.

This makes internal reporting to Group headquarters particularly important for recognising risks at an early stage and taking countermeasures. To this end, the operating units submit prompt weekly and monthly reports to the Management Board with all necessary information.

The Group has stipulated uniform standards for subsidiaries governing the implementation and documentation of the entire internal control system, and therefore especially the accounting process. This is intended to prevent risks that could lead to incomplete or erroneous financial reporting.

The internal reports prepared by the subsidiaries are also subjected to plausibility reviews at Group headquarters and compared with planning calculations in order to take suitable measures in the event of deviations. To this end, the companies are required to submit annual budgets and medium-term plans, which must be approved by the Management Board.

The correctness of accounting at subsidiaries is monitored both by the hotel manager (e.g. Vienna International, InterContinental Hotel Group) and by the Group holding company. In addition, the annual financial statements of all operating property companies are audited by external auditors.

The risk management system is monitored primarily by the Management Board. The application of risk management targets and methods to the preparation of quarterly and annual financial statements is ensured by the following units/individuals.

- Entire Management Board, especially the Chief Financial Officer
- Group accounting and accounting for the Group
- Audit Committee (only for annual financial statements)

Current business development and foreseeable opportunities and risks are discussed at regular meetings between the Management Board and local managers.

Quarterly financial statements are prepared by the Group accounting department in accordance with IAS 34, Interim Financial Reporting, reviewed by the Chief Financial Officer and then approved for publication by the Management Board as a whole. The annual financial statements and consolidated annual financial statements are reviewed by the Supervisory Board and specifically by the Audit Committee before they are published.

Employees

The Warimpex Group's employees are a key factor in its success.

Particularly in the hotel sector, qualified, service-oriented staff are crucial to an establishment's reputation and, as a consequence, for its occupancy rate. Experienced asset managers also make a significant contribution to the success of the Group. The good working atmosphere is evidenced by the very low employee turnover in the Development and Services segment over the past few years.

With a view to constantly expanding the crucial expertise of its employees, Warimpex places great emphasis on continuing education and training. The Group has particularly high expectations of its managers. It sets high requirements with regard to quality and expects well-founded specialist knowledge and flexibility.

In 2014, including Joint Ventures an average of 1,496 (previous year: 1,619) employees worked in the Hotels segment and 34 (previous year: 52) in the Development and Services segment.

Sustainability

Through property management and real estate development, Warimpex has a social, ecological and economic impact on its environment. Exercising this influence is a great responsibility, which we accept and understand as an integral part of our corporate culture, but also as the cornerstone of our success. This applies to new buildings as well as to old buildings. In the further development of existing hotel and office buildings, we attach particular importance to the requirements for the preservation of the historic features of the specific properties. Constructing energy-efficient buildings is a matter of course for us, because operating costs in these buildings are lower, so higher rents can be agreed.

In early 2013, Warimpex completed the Le Palais office building in Warsaw with a BREEAM - Good certification.

Initiatives to increase energy efficiency in hotels

In the reporting year, a technical pilot project was launched to identify energy-saving measures in hotel operations. The project is looking at electricity, heating and air conditioning technology, measurement and regulation, water consumption and waste separation.

Disclosures pursuant to section 243a of the Austrian Commercial Code

The share capital of Warimpex Finanz- und Beteiligungs AG amounts to EUR 54,000,000 and is divided into 54,000,000 no-par-value bearer shares.

The Management Board is aware of no limitations on voting rights or the transfer of shares.

The following shareholders each hold interests of more than 10 per cent of the share capital:

Georg Folian	14.3%
Franz Jurkowitsch	14.1%
Bocca Privatstiftung	10.6%
Amber Privatstiftung	10.7%

The Annual General Meeting on 11 June 2012 authorised the Management Board to increase the share capital by up to EUR 5,400,000 by issuing up to 5,400,000 new shares – including the partial or entire preclusion of subscription rights – within five years, subject to the approval of the Supervisory Board.

At the end of April and the end of May 2011, convertible bonds with a total nominal value of around PLN 66.3 million (roughly EUR 16.1 million) were successfully placed in denominations of PLN 250,000 with a term of three years and an interest rate of 8.5 per cent p.a., payable semi-annually. The conversion price was set at PLN 12.79 (roughly EUR 3.1). Accordingly, these convertible bonds entailed a conversion or subscription right to up to 5,179,828 ordinary bearer shares of the Company. The convertible bonds have since been acquired by the Company, swapped for other bonds or convertible bonds or repaid, so no more conversion or subscription rights are outstanding ("contingent capital 1").

The Annual General Meeting on 11 June 2012 authorised the Management Board to issue convertible and/or warrant bonds granting the right of conversion or subscription for up to 9 million shares within five years, subject to the approval of the Supervisory Board ("contingent capital 2"). The shareholders' subscription right was precluded.

The Annual General Meeting on 19 June 2013 authorised the Management Board to issue convertible and/or warrant bonds granting the right of conversion or subscription for up to 9 million shares within five years, subject to the approval of the Supervisory Board ("contingent capital 3"). The shareholders' subscription right was precluded.

At the end of March 2013, convertible bonds with a total nominal value of PLN 26.5 million (roughly EUR 6.4 million) were successfully placed in denominations of PLN 250,000 with a term of three years and an interest rate of 4.875 per cent p.a., payable semi-annually. The conversion price was set at PLN 7.06 (roughly EUR 1.7). Accordingly, these convertible bonds entailed a conversion or subscription right to up to 3,753,541 ordinary bearer shares of the Company ("contingent capital 2").

In October 2013, convertible bonds with a total nominal value of PLN 16.5 million (roughly EUR 4.1 million) were placed in denominations of PLN 500,000 (roughly EUR 125,000) with a term of three years and an interest rate of 3.9 per cent p.a., payable semi-annually. The conversion price was set at PLN 7.65 (roughly EUR 1.91). Accordingly, these convertible bonds entailed a conversion or subscription right to up to 2,156,863 ordinary shares of the Company ("contingent capital 3").

In June 2014, convertible bonds with a total nominal value of EUR 5 million were placed in denominations of EUR 10,000 with a term of three years and an interest rate of 4.0 per cent p.a., payable semi-annually. The conversion price was set at EUR 1.80. Accordingly, these convertible bonds entailed a conversion or subscription right to up to 2,777,778 ordinary shares of the Company ("contingent capital 3").

In total (from "contingent capital 3") convertible bonds granting the right of conversion or subscription for up to 4,065,359 shares are remaining.

A share buyback programme began on 21 July 2008 and ran until the end of 2008. The range of acquisition prices was set at EUR 3.00 to EUR 8.00. Up to 31 December 2008, a total of 66,500 were repurchased at an average price of EUR 4.53. This equates to 0.18 per cent of the share capital.

At the Annual General Meeting on 11 June 2012, the Management Board was authorised to purchase the Company's own share up to the legally permissible maximum of 10 per cent of the share capital within a period of 30 months after the resolution was passed. The possible uses for the repurchased shares were also resolved upon: In addition to retirement, treasury shares can also be sold or given to employees of the Company or of an affiliated company. The repurchased shares can also be used to service the convertible and/or warrant bonds and as consideration for the acquisition of real estate, business entities, business operations, or shares in one or more companies in Austria or abroad, or can be sold at any time on the stock market or through a public offer, and can be sold by any other legal means, including over the counter, for a period of five years after the adoption of the resolution.

Besides the above, there are no further matters that must be disclosed pursuant to section 243a of the Uniform Commercial Code.

Events after the reporting date

For information on material events after the reporting date, please refer to section 9.4 in the Notes on the consolidated financial statements.

Outlook

The following property was classified as held for short-term sale; the sale was closed in February 2015:

_**Office towers Jupiter 1 and 2**
AIRPORTCITY St. Petersburg

_In April 2015, a Memorandum of Understanding was signed for the sale of a property carried at equity to an international investor. Closing is expected in mid-2015.

The following development projects are currently under construction:

_**AIRPORTCITY, St. Petersburg**
business park and an additional 15,000 square metres of office space

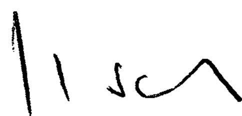
_**Erzsébet office tower A, Budapest**
Budapest, 8,000 square metres of office space

We will continue to concentrate on increasing our hotels' earnings figures and advancing ongoing development projects to market maturity.

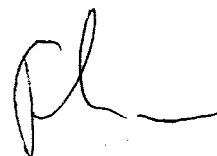
In doing so, we will maintain sufficient diversification in our portfolio in terms of property holdings and development projects.

We also anticipate great potential for new developments and property sales, which we intend to leverage in moderation.

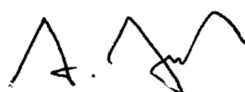
Vienna, 28 April 2015



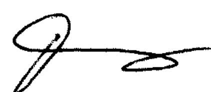
Franz Jurkowitsch
Chairman of the Management Board



Georg Folian
Vice-Chairman of the Management Board



Alexander Jurkowitsch
Member of the Management Board



Florian Petrowsky
Member of the Management Board

InterContinental Hotel*****
Warschau, PL

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AS OF 31 DECEMBER 2014

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Parkur Tower
Warschau, PL

Consolidated Income Statement

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2014

in EUR '000	Note	2014	2013
			adjusted
Hotels revenues		61,559	69,435
Investment Properties revenues		9,813	10,731
Development and Services revenues		2,476	10,019
Revenues	6.1.	**73,848**	**90,185**
Expenses from the operation of hotels		(41,773)	(48,671)
Expenses from operation of investment properties		(2,691)	(5,576)
Expenses directly attributable to development and services		(1,095)	(6,135)
Expenses directly attributable to revenues	6.2.	**(45,559)**	**(60,382)**
Gross income from revenues		**28,289**	**29,803**
Income from the sale of properties		7,588	16,379
Disposal of carrying amounts and expenses related to sales		(7,618)	(14,349)
Gains or losses from the disposal of properties	5	**(30)**	**2,030**
Changes in unfinished real estate development projects		–	(1,124)
Other operating income		584	254
Other operating income		**584**	**(870)**
Administrative expenses	6.3.	**(8,232)**	**(9,891)**
Other expenses	6.4.	**(3,498)**	**(2,236)**
Results of operating activities before financial result, taxes, depreciation, amortisation and remeasurement (EBITDA)		**17,114**	**18,835**
Scheduled depreciation and amortisation on property, plant and equipment and intangible assets		(11,471)	(11,872)
Impairments		(7,059)	(1,500)
Reversals of impairment		42	7,762
Impairment IFRS 5		(2,387)	(1,016)
Gains/losses on remeasurement of investment property		(1,399)	23,438
Depreciation, amortisation and remeasurement	6.5.	**(22,274)**	**16,812**
Earnings before interest and taxes (EBIT)		**(5,160)**	**35,647**
Finance income	6.6.	4,191	1,033
Financing expenses	6.7.	(22,958)	(23,153)
Exchange rate changes	6.8.	(14,356)	(3,671)
Losses from joint ventures (at equity) after taxes	7.4.4.	1,531	2,213
Financial result		**(31,592)**	**(23,578)**
Earnings before taxes		**(36,752)**	**12,069**
Income taxes	6.9.	(115)	(223)
Deferred income taxes	7.6.	1,561	(4,730)
Taxes		**1,446**	**(4,953)**
Profit or loss for the period		**(35,306)**	**7,116**
Profit or loss for the period attributable to:			
-Equity holders of the parent		(20,654)	2,993
-Non-controlling interests		(14,652)	4,123
		(35,306)	**7,116**
Earnings per share: in EUR**:**			
Undiluted, for the loss (profit) for the period attributable to ordinary equity holders of the parent	7.11.1.	**-0,38**	**0,06**
Diluted, for the loss (profit) for the period attributable to ordinary equity holders of the parent	7.11.1.	**-0,38**	**0,06**

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2014

in EUR '000	Note	2014	2013 adjusted
Profit or loss for the period		**(35,306)**	**7,116**
Foreign exchange differences		1,033	(902)
thereof reclassified to the income statement		*–*	*(144)*
Valuation of cash flow hedges		–	742
thereof reclassified to the income statement		*–*	*540*
Other comprehensive income from joint ventures (at equity)		304	3
Gains/losses from available-for-sale financial assets	7.9.	519	(509)
Revaluation surplus		1,624	–
(Deferred) taxes in other comprehensive income		416	29
Other comprehensive income (reclassified in profit and loss in subsequent periods)	7.11.3.	**3,896**	**(637)**
Result of remeasurement in accordance with IAS 19		(166)	(451)
(Deferred) taxes in other comprehensive income		42	113
Other comprehensive income (not reclassified in profit and loss in subsequent periods)	7.11.3.	**(125)**	**(338)**
Other comprehensive income		**3,771**	**(975)**
Total comprehensive income for the period		**(31,534)**	**6,141**
Total comprehensive income for the period attributable to:			
-Equity holders of the parent		(18,507)	2,280
-Non-controlling interests		(13,027)	3,862
		(31,534)	**6,141**

Consolidated Statement of Financial Position

ZUM 31. DEZEMBER 2014

in EUR '000	Note	**31/12/2014**	31/12/2013 adjusted	01/01/2013 adjusted
ASSETS				
Property, plant and equipment	7.1.	249,118	281,815	301,099
Investment property	7.2.	87,751	73,050	115,133
Goodwill	7.3.	921	921	921
Other intangible assets		41	53	124
Net investment in joint ventures (at equity)	7.4.3.	36,222	36,818	32,198
Financial assets, available for sale	7.9.	6,468	–	–
Other financial assets	7.5.	8,704	11,141	11,078
Deferred tax assets	7.6.	22	27	3,984
Non-current assets		**382,779**	**403,825**	**464,535**
Inventories	7.7.	759	1,032	2,270
Trade and other receivables	7.8.	21,098	10,455	11,097
Securities available for sale	7.9.	13,520	8,607	7,279
Other financial assets	7.5.	–	241	–
Cash and cash equivalents	7.10.	9,765	6,521	8,167
Non-current assets (disposal groups) held for sale	5.3.	65,483	75,371	24,839
Current assets		**110,625**	**102,227**	**53,652**
TOTAL ASSETS		**493,404**	**506,052**	**518,187**
EQUITY AND LIABILITIES				
Share capital	7.11.1.	54,000	54,000	54,000
Capital reserves	7.11.3.	30,439	17,051	17,131
Retained earnings	7.11.3.	(17,036)	16,507	13,510
Treasury shares	7.11.3.	(301)	(301)	(301)
Other reserves	7.11.3.	5,041	2,895	3,467
Equity attributable to equity holders of the parent		**72,143**	**90,151**	**87,807**
Non-controlling interests		(14,467)	(1,440)	(5,305)
Equity		**57,676**	**88,711**	**82,503**
Convertible bonds	7.12.1.	13,051	8,028	15,396
Other bonds	7.12.2.	18,953	17,120	–
Other financial liabilities	7.12.3.	298,393	288,090	264,873
Derivative financial instruments	7.13.	385	2,828	–
Other liabilities	7.14.	7,316	7,415	5,895
Provisions	7.15.	2,220	1,891	4,431
Deferred tax liabilities	7.6.	10,649	12,673	12,126
Deferred income	7.16.	1,481	2,020	–
Non-current liabilities		**352,447**	**340,064**	**302,722**
Convertible bonds	7.12.1.	–	2,980	–
Bonds	7.12.2.	5,215	–	–
Other financial liabilities	7.12.3.	41,740	51,240	88,826
Derivative financial instruments	7.13.	17	550	1,280
Trade and other payables	7.17.	35,265	16,381	27,849
Provisions	7.15.	431	705	1,214
Income tax liabilities	6.9.	73	63	143
Deferred income	7.16.	539	539	–
Liabilities directly associated with the assets classified as held for sale	5.3.	–	4,819	13,649
Current liabilities		**83,280**	**77,277**	**132,963**
Liabilities		**435,727**	**417,341**	**435,684**
TOTAL EQUITY AND LIABILITIES		**493,404**	**506,052**	**518,187**

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2014

in EUR '000	Note	**2014**	2013 Restated
Cash receipts			
from hotel operations and rent received		74,042	82,308
from real estate development projects		1,895	5,551
from interest income		136	206
Cash receipts from operating activities		**76,073**	**88,066**
Cash payments			
for real estate development projects		(1,059)	(5,292)
for materials and services received		(27,020)	(34,814)
for related personnel expenses		(18,997)	(21,919)
for other administrative expenses		(8,222)	(7,295)
for income taxes		(234)	(299)
Cash payments for operating activities		**(55,531)**	**(69,618)**
Net cash flows from operating activities		**20,542**	**18,448**
Cash receipts from			
the sale of disposal groups and property	5.1.	2,685	11,062
of cash and cash equivalents from disposal groups sold	5.1.	(67)	(249)
disposal proceeds from purchase price receivables relating to disposals in prior periods	5.4.	3,201	2,081
advances	5.3.	8,626	–
dividends from available-for-sale securities		40	–
other financial assets		279	29
returns on joint ventures		2,431	–
Cash receipts from investing activities		**17,195**	**12,922**
Cash payments for			
investments in property, plant and equipment		(2,098)	(3,816)
investments in investment property		(17,104)	(3,019)
investments in available-for-sale securities		(5,127)	(1,836)
the purchase of data processing programs		(35)	(12)
other financial assets		(52)	(974)
joint ventures		–	(3,392)
the purchase of equity investments	5.2.	–	(1,500)
less inflow of cash and cash equivalents from equity investments	5.2.	–	670
Payments made for investments		**(24,416)**	**(13,879)**
Net cash flows from investing activities		**(7,221)**	**(957)**
Cash receipts from the issue of (convertible) bonds		12,494	15,165
Payments for the redemption of convertible bonds		(2,977)	(1,700)
Payments received from loans and borrowing		23,980	114,319
Payments made for the repayment of loans and borrowing		(25,258)	(126,774)
Paid interest (for loans and borrowing)		(13,373)	(15,839)
Paid interest (for bonds and convertible bonds)		(2,528)	(1,801)
Paid financing costs		(623)	(1,699)
Payments received and made for derivatives		(563)	(540)
Net cash flows from/used in financing activities		**(8,848)**	**(18,869)**
Net change in cash and cash equivalents		**4,474**	**(1,378)**
Foreign exchange rate changes in cash and cash equivalents		(1,139)	(395)
Foreign exchange rate changes from other comprehensive income		(187)	–
Cash and cash equivalents as at 1 January		6,618	8,391
Cash and cash equivalents as at 31 December		**9,765**	**6,618**
Cash and cash equivalents as at the end of the period consist of:			
Cash and cash equivalents of the Group		9,765	6,521
Cash and cash equivalents of a disposal group classified as held for sale		–	96
		9,765	**6,618**

Consolidated Statement of Changes In Equity

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2014

in EUR '000	Equity attributable to shareholders of the parent							
	Share capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	**TOTAL**	**Non-controlling interests**	**Total Equity**
As at 1 January 2013		**17,131**	**17,229**	**(301)**	**3,467**	**91,526**	**(664)**	**90,862**
Changes in accounting policies		–	(3,719)	–	–	**(3,719)**	(4,641)	**(8,359)**
As at 1 January 2013, adjusted		**17,131**	**13,510**	**(301)**	**3,467**	**87,807**	**(5,305)**	**82,503**
Changes in the scope of consolidation		–	–	–	144	**144**	–	**144**
Repurchase of convertible bond		(81)	–	–	–	**(81)**	–	**(81)**
Total comprehensive income for the period		–	2,996	–	(717)	**2,280**	3,862	**6,141**
thereof profit for the period		*–*	*2,996*	*–*	*–*	***2,996***	*4,123*	***7,116***
thereof other comprehensive income		*–*	*–*	*–*	*(717)*	***(717)***	*(258)*	***(975)***
As at 31 December 2013 = **As at 1 January 2014, adjusted**	**54.000**	**17,051**	**16,507**	**(301)**	**2,895**	**90,151**	**(1,440)**	**88,711**
Issue of convertible bonds		500	–	–	–	**500**	–	**500**
Total comprehensive income for the period		–	(20,654)	–	2,147	**(18,507)**	(13,027)	**(31,534)**
thereof loss for the period		*–*	*(20,654)*	*–*	*–*	***(20,654)***	*(14,652)*	***(35,306)***
thereof other comprehensive income		*–*	*–*	*–*	*2,147*	***2,147***	*1,625*	***3,771***
Reversal of capital reserves		12,889	(12,889)	–	–	–	–	–
As at 31 December 2014		**30,439**	**(17,036)**	**(301)**	**5,041**	**72,143**	**(14,467)**	**57,676**

Consolidated Segment Information

THE FIGURES FOR THE PREVIOUS YEARS WERE ADJUSTED.

in EUR '000	Hotels		Investment Properties	
	2014	2013	**2014**	2013
SEGMENT OVERVIEW PROFIT OR LOSS FOR THE PERIOD				
External revenues	106,316	112,289	10,560	11,555
Intragroup services	–	–	–	–
Expenses directly attributable to revenues	(75,324)	(81,027)	(3,125)	(5,930)
Gross income from revenues	**30,992**	**31,262**	**7,435**	**5,626**
Gains or losses from the disposal of properties	–	–	–	–
Changes in real estate projects under development	–	–	–	–
Other operating income	194	–	–	–
Expenses for development projects	–	–	–	–
Personnel expenses	(1,416)	(1,248)	–	–
Other/miscellaneous expenses	(6,641)	(6,904)	(1,346)	(1,381)
Intragroup services	(667)	(966)	(95)	(48)
Segment EBITDA	**22,462**	**22,144**	**5,994**	**4,197**
Scheduled depreciation and amortisation	(16,825)	(16,922)	–	(41)
Impairments	(6,804)	(1,016)	(2,387)	–
Reversals of impairment	–	7,556	–	–
Measurement gains	–	–	–	15,839
Measurement losses	–	–	(1,113)	(155)
Segment EBIT	**(1,167)**	**11,761**	**2,494**	**19,840**
Finance income	59	116	27	24
Financing expenses	(13,580)	(15,362)	(2,533)	(2,322)
Changes in foreign exchange rates	(14,543)	(3,881)	–	–
Earnings from joint ventures	–	–	–	–
Income taxes	(33)	(48)	–	(46)
Deferred income taxes	831	(836)	1,028	(396)
Segment overview – profit or loss for the period	**(28,433)**	**(8,250)**	**1,016**	**17,100**

	Development & Services		Segment total as at 31 December		Reconciliation		Group total as at 31 December	
	2014	2013	2014	2013	2014	2013	2014	2013
	2,866	10,223	119,742	134,067	(45,894)	(43,882)	73,848	90,185
	762	1,013	762	1,013	(762)	(1,013)	–	–
	(1,237)	(6,171)	(79,687)	(93,128)	34,128	32,746	(45,559)	(60,382)
	2,390	**5,065**	**40,817**	**41,952**	**(12,528)**	**(12,149)**	**28,289**	**29,803**
	367	4,240	367	4,240	(396)	(2,210)	(30)	2,030
	–	(1,124)	–	(1,124)	–	–	–	(1,124)
	584	254	778	254	(194)	–	584	254
	(109)	(128)	(109)	(128)	6	19	(104)	(109)
	(3,633)	(4,002)	(5,049)	(5,250)	508	407	(4,542)	(4,843)
	(2,621)	(2,493)	(10,607)	(10,778)	3,524	3,602	(7,084)	(7,175)
	–	–	(762)	(1,013)	762	1,013	–	–
	(3,022)	**1,811**	**25,434**	**28,152**	**(8,319)**	**(9,317)**	**17,114**	**18,835**
							–	–
	(78)	(135)	(16,903)	(17,099)	5,432	5,227	(11,471)	(11,872)
	(139)	(1,500)	(9,330)	(2,516)	(116)	–	(9,446)	(2,516)
	42	665	42	8,220	–	(458)	42	7,762
	8,300	8,237	8,300	24,077	(1,589)	(484)	6,711	23,593
	(7,414)	–	(8,527)	(155)	417	–	(8,110)	(155)
	(2,311)	**9,078**	**(984)**	**40,680**	**(4,176)**	**(5,032)**	**(5,160)**	**35,647**
							–	–
	4,117	925	4,203	1,065	(12)	(32)	4,191	1,033
	(10,147)	(8,854)	(26,260)	(26,538)	3,302	3,385	(22,958)	(23,153)
	187	210	(14,356)	(3,671)	–	–	(14,356)	(3,671)
	702	598	702	598	829	1,615	1,531	2,213
	(80)	(179)	(113)	(273)	(2)	50	(115)	(223)
	(358)	(3,516)	1,501	(4,748)	60	18	1,561	(4,730)
	(7,890)	**(1,737)**	**(35,308)**	**7,113**	**2**	**3**	**(35,306)**	**7,116**

in EUR '000	Hotels			Investment Properties		
	31/12/14	31/12/13	1/1/13	**31/12/14**	31/12/13	1/1/13
SEGMENT OVERVIEW – STATEMENT OF FINANCIAL POSITION						
Property and goodwill	333,411	366,976	389,579	18,343	16,972	68,822
thereof additions	*4,215*	*7,049*	*5,430*	*310*	*413*	*115*
Joint ventures	–	–	–	–	–	–
Financial assets	540	689	5,375	–	–	–
Deferred tax assets	92	92	1,615	10	18	1,182
Non-current assets	**334,042**	**367,757**	**396,568**	**18,353**	**16,991**	**70,004**
Inventories and receivables	8,733	9,891	14,737	1,280	1,482	1,084
Securities and other financial assets	–	241	–	–	–	–
Cash and cash equivalents	7,154	7,205	7,723	1,861	1,603	535
Assets in accordance with IFRS 5	–	7,501	20,640	65,483	67,870	–
Current assets	**15,887**	**24,839**	**43,100**	**68,623**	**70,955**	**1,619**
Segment overview – assets	**349,929**	**392,596**	**439,669**	**86,977**	**87,945**	**71,622**
Segment overview – equity	**(34,516)**	**(6,534)**	**(2,203)**	**(93)**	**9,085**	**(4,881)**
Financial liabilities	274,323	285,104	294,177	45,429	48,083	47,965
Other liabilities, deferred revenues and intragroup settlements	110,122	109,206	134,045	41,640	30,777	28,538
Liabilities in accordance with IFRS 5	–	4,819	13,649	–	–	–
Segment overview – liabilities	**384,445**	**399,130**	**441,871**	**87,069**	**78,860**	**76,503**

Development & Services			Segment total			Reconciliation			Total group		
31/12/14	31/12/13	1/1/13	**31/12/14**	31/12/13	1/1/13	**31/12/14**	31/12/13	1/1/13	**31/12/14**	31/12/13	1/1/13
87,471	74,731	65,170	**439,225**	458,679	523,571	**(101,394)**	(102,840)	(106,295)	**337,831**	355,839	417,276
9,667	*2,153*	*1,827*	**14,193**	*9,615*	*7,372*	**(2,322)**	*(482)*	*(4,836)*	**11,870**	*9,134*	*2,536*
(295)	(124)	1,982	**(295)**	(124)	1,982	**36,517**	36,942	30,215	**36,222**	36,818	32,198
14,632	10,451	9,578	**15,172**	11,141	14,953	–	–	(3,875)	**15,172**	11,141	11,078
12	13	1,279	**113**	123	4,075	**(92)**	(96)	(92)	**22**	27	3,984
101,820	**85,071**	**78,009**	**454,216**	**469,819**	**544,581**	**(64,969)**	**(65,994)**	**(80,046)**	**389,247**	**403,825**	**464,535**
16,095	6,914	3,320	**26,108**	18,287	19,141	**(4,251)**	(6,801)	(5,775)	**21,857**	11,487	13,366
7,052	8,607	7,279	**7,052**	8,848	7,279	–	–	–	**7,052**	8,848	7,279
4,101	1,073	3,351	**13,116**	9,882	11,608	**(3,351)**	(3,360)	(3,441)	**9,765**	6,521	8,167
–	–	19,356	**65,483**	75,371	39,996	–	–	(15,157)	**65,483**	75,371	24,839
27,248	**16,595**	**33,306**	**111,759**	**112,388**	**78,025**	**(7,602)**	**(10,161)**	**(24,373)**	**104,419**	**102,227**	**53,652**
129,068	**101,666**	**111,315**	**565,975**	**582,206**	**622,606**	**(72,571)**	**(76,155)**	**(104,419)**	**493,404**	**506,052**	**518,187**
92,491	**86,160**	**105,992**	**57,883**	**88,711**	**98,909**	**(206)**	–	**(16,406)**	**57,676**	**88,711**	**82,503**
128,063	108,311	106,947	**447,815**	441,498	449,089	**(70,464)**	(74,041)	(79,994)	**377,352**	367,457	369,096
(91,485)	(92,805)	(101,624)	**60,277**	47,178	60,959	**(1,901)**	(2,114)	(8,020)	**58,376**	45,065	52,940
–	–	–	**–**	4,819	13,649	–	–	–	**–**	4,819	13,649
36,578	**15,506**	**5,323**	**508,092**	**493,495**	**523,698**	**(72,365)**	**(76,155)**	**(88,013)**	**435,727**	**417,341**	**435,684**

In the segment overview of profit or loss for the period, the business segments are presented in line with their breakdown in the income statement and reconciled with consolidated profit or loss.
Because the Hotels segment is subject to different criteria from the other segment in terms of its management, the corresponding information for the Hotels segment is shown below.

A detailed description of the scope and management criteria of the individual segments is provided in section 2.

	Segment total		Reconciliation		Group sub-total	
in EUR '000	**2014**	2013	**2014**	2013	**2014**	2013
HOTELS SEGMENT PROFIT OR LOSS OVERVIEW						
Revenues – Hotels	**105,920**	111,970	**(44,757)**	(42,854)	**61,163**	69,116
Cost of materials	**(40,191)**	(42,863)	**18,926**	18,147	**(21,265)**	(24,715)
Personnel expenses	**(24,378)**	(27,248)	**10,198**	10,358	**(14,180)**	(16,890)
Gross operating profit (GOP)	**41,351**	**41,859**	**(15,633)**	**(14,349)**	**25,718**	**27,511**
Income after GOP	**590**	319	**(194)**	–	**396**	319
Management fees	**(6,403)**	(6,608)	**5,962**	2,603	**(441)**	(4,005)
Exchange rate differences	**(394)**	(355)	**45**	(41)	**(349)**	(396)
Property costs	**(4,151)**	(3,954)	**(1,386)**	1,290	**(5,538)**	(2,664)
Net operating profit (NOP)	**30,992**	**31,262**	**(11,206)**	**(10,498)**	**19,786**	**20,764**
Other costs after NOP	**(2,610)**	(3,431)	**503**	1,427	**(2,107)**	(2,004)
Leases/rent	**(5,253)**	(4,721)	**3,106**	2,495	**(2,147)**	(2,226)
Scheduled depreciation and amortisation on fixed assets	**(16,825)**	(16,922)	**5,427**	5,184	**(11,398)**	(11,738)
Impairment of fixed assets	**(6,804)**	–	**(116)**	–	**(6,920)**	–
Other impairments	–	(1,016)	–	–	–	(1,016)
Reversals of impairment	–	7,556	–	(458)	–	7,098
Contribution to the operating result for the Hotels segment	**(500)**	**12,727**	**(2,287)**	**(1,849)**	**(2,787)**	**10,877**
Less intragroup services	**(667)**	(966)	**667**	966	–	–
Segment EBIT	**(1,167)**	**11,761**	**(1,620)**	**(884)**	**(2,787)**	**10,877**
Key operating figures in the Hotels segment						
Employees – Hotels	**1,466**	1,586	**–364**	–378	**1,102**	1,208
Total rooms	**3,486**	3,618	**–1,051**	–1,051	**2,435**	2,567
Rooms available	**3,461**	3,554	**–1,055**	–1,055	**2,406**	2,499
Rooms sold	**2,348**	2,375	**–764**	–738	**1,584**	1,637
Occupancy	**68%**	67%	**–2%**	–1%	**66%**	65%
REVPAR (in EUR)	**53**	53	**–14**	–11	**40**	42
Composition of NOP (geographic):						
• Czech Republic	**6,273**	7,179	**(273)**	(131)	**6,000**	7,048
• Poland	**12,012**	11,592	**(4,273)**	(4,270)	**7,739**	7,322
• Romania	**679**	552	–	–	**679**	552
• Russia	**5,368**	5,842	–	–	**5,368**	5,842
• Germany	**3,103**	2,957	**(3,103)**	(2,957)	–	–
• France	**3,557**	3,140	**(3,557)**	(3,140)	–	–

ENT DISCLOSURES AT GROUP LEVEL(GEOGRAPHIC)

	Hotels		Investment Properties		Development & Services		Group total	
	31/12/14	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13
Composition of non-current assets (geographic):								
• Austria	–	–	–	–	**328**	37	**328**	37
• Czech Republic	**78,682**	88,706	–	–	–	–	**78,682**	88,706
• Poland	**87,512**	92,971	**362**	–	**16,402**	7,610	**104,277**	100,581
• Romania	**12,774**	13,740	–	–	–	–	**12,774**	13,740
• Russia	**63,687**	85,319	**65,483**	67,870	**56,846**	54,227	**186,016**	207,416
• Hungary	–	–	**10,946**	10,207	**10,291**	10,524	**21,237**	20,731
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Composition of revenues (geographic):								
• Austria	–	–	–	–	**354**	228	**354**	228
• Czech Republic	**20,720**	28,007	**360**	352	–	–	**21,080**	28,359
• Poland	**20,617**	19,785	–	–	**2,122**	9,790	**22,739**	29,575
• Romania	**2,668**	2,320	–	–	–	–	**2,668**	2,320
• Russia	**17,554**	19,323	**8,273**	9,178	–	–	**25,827**	28,501
• Hungary	–	–	**1,180**	1,201	–	–	**1,180**	1,201
Average number of employees	**1,132**	1,240	**1**	–	**34**	52	**1,167**	1,292

Notes on the Consolidated Financial Statements

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2014

[01] Corporate information

Warimpex Finanz- und Beteiligungs AG (the "Company" or "Warimpex") is registered with the Commercial Court of Vienna under the registration number FN 78485w and has its registered address at Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria.

The consolidated financial statements of Warimpex Finanz- und Beteiligungs AG for the financial year ended 31 December 2014 were approved for submission to the Supervisory Board by the Management Board of Warimpex Finanz- und Beteiligungs AG on 28 April 2015. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them.

The main activities of the Group are described below under the business segments.

[02] Segment information

2.1. General

Reporting within the Group is based on the following reportable business segments:

- Hotels
- Investment Properties
- Development und Services

The business segments are differentiated from one another in line with the criteria of IFRS 8.5 et seq. The individual segments are identified based on their different products/services. Individual hotels and individual managed properties („investment properties") also represent individual business segments based on the Group's reporting structure and are consolidated under the reportable segments Hotels and Investment Properties in accordance with IFRS 8.12.

Transactions between the segments include recharging intragroup services and development project services. Transactions with external customers do not exceed 10 per cent of consolidated revenues for any individual customer. Revenues with customers are allocated geographically in the segment report based on the place where the service is provided.

Internal reporting and segment reporting are performed in accordance with the provisions of IFRS as applicable in the EU. Some of the activities of all segments are operated via joint ventures. The income, expenses, assets and liabilities of joint ventures are included using the proportionate consolidation method for the purposes of segment reporting. The Reconciliation column shows the effects from the reconciliation between proportionate consolidation as used in segment reporting and the recognition of joint ventures using the equity method in the consolidated financial statements.

2.2. Information on the individual business segments

Hotels:

This business segment comprises all activities, assets and liabilities relating to hotel operations. The hotels are either wholly owned by the Group, partly owned via joint ventures, or leased. Apart from a few exceptions, they are 4-star hotels. The following hotels are included in segment reporting in full or on a pro rata basis:

Czech Republic:	Palace (until 1 July 2013), Le Palais (until 10 December 2013), Diplomat, Savoy (until 30 June 2014), angelo Prague, angelo Pilsen, Dvorak spa hotel
Poland:	Intercontinental Hotel, andel's Krakow, Chopin, andel's Łódź, angelo Katowice, Amber Baltic
Romania:	angelo Bucharest
Russia:	Liner Ekaterinburg, angelo Ekaterinburg, Crowne Plaza St. Petersburg
Germany:	andel's Berlin
France:	Magic Circus, Dream Castle

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership such as management fees, insurance, land tax, etc.). A reconciliation of NOP with the profit from operating activities (EBIT) is shown in the statement of financial performance of the Hotels segment. Other key figures specific to hotel operations include occupancy and the average revenue per available room (REVPAR).

The Hotels segment is examined within the Group using the function of expense method. GOP includes all revenues, costs of materials and service costs directly attributable to hotel operations and staff costs resulting directly from hotel operations. NOP also includes directly attributable costs of ownership.

Hotel revenues chiefly consist of revenues from lodgings and from food and beverages. The hotels are managed by external service providers; the management fee is generally calculated as a certain percentage of revenues and of GOP. Property costs include insurance and land tax, among other items.

Other costs after NOP include staff costs for administration and expenses of the respective hotel property company that are not directly attributable to hotel operations.

Investment Properties:
The Investment Properties segment comprises the business activities, assets and liabilities for the properties (except for hotels) that are currently managed by the Group. These consist of mainly office buildings. The properties are either wholly owned by the Group or partly owned via joint ventures. In the financial year, the Investment Properties segment included the following properties:

Czech Republic:	Various office and commercial spaces, Prague (leased)
Poland:	Parkur Tower, Warsaw; Multidevelopment, Krakow
Russia:	Airport City, St. Petersburg (rented portion)
Hungary:	Elsbet office building (rented portion), Dioszegi, Sajka (all in Budapest)

This segment is managed based on the earnings figures in accordance with IFRS, particularly EBITDA (operating result before financial expenses and gains/losses on remeasurement). Its revenues include mainly rental income and revenues for leasehold improvements.

Development & Services:
The Development & Services segment comprises development activities and other services and related assets and liabilities, including activities at the Group holding company. The revenues in this segment are generated either from the sale of developed properties, from developments or from services for third parties, and are subject to significant annual fluctuations. Prior to a sale, properties allocated to other segments are reclassified to the Development & Services business segment.

In the financial year, the segment assets included development properties in Poland, Hungary and Germany and buildings under construction/renovation in Russia and Hungary.

This business segment is managed primarily on the basis of sales results, with revenues, EBITDA and the segment result calculated in accordance with IFRS representing the main key figures.

[03] Accounting policies

3.1. Basis for preparation of the financial statements

The consolidated financial statements of Warimpex Finanz- und Beteiligungs AG and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. The additional requirements of section 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch, UGB) were also fulfilled.

The consolidated financial statements are generally prepared using the (amortised) cost principle, with the exception of investment property, derivative financial instruments and available-for-sale financial assets, which are carried at fair value.

The consolidated financial statements are prepared on a going concern basis. The continuation of the company's business operations is still dependent on ongoing refinancing of current financial liabilities and other liquidity-generating measures such as sales transactions, the implementation of which involves substantial uncertainty. The Management Board of Warimpex expects to be able to secure the liquidity required for the company's continued existence by means of suitable measures. For further information, please refer to section 8.2.4.

The consolidated financial statements are prepared in EUR. Unless indicated otherwise, all figures are shown to the closest thousand euros (EUR '000) The summation of rounded amounts may result in rounding differences.

The reconciliation of the investees' financial accounts prepared in accordance with local accounting standards with the IFRS separate financial statements prepared in accordance with uniform Group guidelines was performed entirely at the Group headquarters in Vienna. In general, the balance sheet date for all companies included in the consolidated financial statements is 31 December. Due to historical reasons, one company (an intermediate holding company with no operating activities) has a balance sheet date of 30 September. Interim financial statements are prepared as at 31 December.

All companies included in the consolidated financial statements are presented in section 4.1.1.

3.2. Changes in accounting policies and financial reporting regulations

3.2.1. Change in presentation

To improve the comprehensibility of the consolidated financial statements, the expenses previously subsumed under administrative expenses are presented in more detail and shown separately as administrative expenses (in a narrower sense) and other expenses in the income statement. This corresponds to the breakdown proposed in IAS 1. The figures for the previous year were adjusted.

3.2.2. New and amended standards and interpretations — first-time application

The following new or amended standards were applied for the first time in the financial year:

IFRS 10: Consolidated Financial Statements, IAS 27: Separate Financial Statements

IFRS 10 replaces the provisions of the previous IAS 27 Consolidated and Separate Financial Statements on group accounting and includes issues from SIC-12. IFRS 10 redefines the term „control", which entails significant judgements by the management with regard to full consolidation of companies. Control exists if the following criteria are met:

- A company must be able to exercise power over the investee,

- it must be exposed to variable returns from its involvement with the investee and

- the company must be able to use its power to affect the amount of the returns.

Control was previously defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 provides guidance on when a company can exercise control over an investee. This includes guidance on the question of whether or when a company that owns less than 50 per cent of the voting rights can nonetheless exercise control. The judgements made within the Group in this context are described in section 3.4.4. and do not result in any changes in the consolidated financial statements.

For one company previously accounted for using the equity method in which the Group has an interest together with two other partners, the Group reassessed whether it controls this as defined in IFRS 10/IAS 27 (2009).

The Group came to the conclusion that it controls this company and that it should have been consolidated sooner. This gave rise to a change in the consolidated group and restatements of prior periods in accordance with IAS 8.42. The effects of these changes are described in section 5.2.

IFRS 10 introduces the term "investment entity". A parent must determine whether it is an investment entity.

Warimpex has examined the question of the existence of an investment entity and determined that the Group parent company does not meet the criteria of an investment entity.

IFRS 11: Joint Arrangements

IFRS 11 replaces IAS 31 and SIC 13. The standard governs the accounting treatment of joint ventures and joint operations. Both of these types of arrangement involve joint control.

Joint arrangements are either joint operations or joint ventures:

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have direct rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. An entity determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances.

Regardless of the purpose, structure or form of the arrangement, the classification of joint arrangements depends upon the parties' rights and obligations arising from the arrangement. A joint arrangement in which the assets and liabilities relating to the arrangement are held in a separate vehicle can be either a joint venture or a joint operation.

A joint arrangement that is not structured by way of a separate vehicle is a joint operation. In such cases, the contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses.

The Group has examined the joint arrangements and determined that they constitute joint ventures as defined in IFRS 11, since each of the joint arrangements is managed in the form of a separate entity and there are no direct rights to assets or obligations for liabilities.

Joint ventures are to be accounted for using the equity method in accordance with the provisions of IFRS 11. Since the Group already recognised its joint ventures at equity, this does not result in any change in the consolidated financial statements.

IFRS 12: Disclosure of Interests in Other Entities

This standard combines the disclosure requirements previously covered in IAS 27, IAS 28 and IAS 31 and defines new disclosures. The application of IFRS 12 results in new and more extensive disclosures on significant judgements, interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities. The corresponding disclosures are made in sections 4, 5 and 7.4. in the consolidated financial statements.

Amendments to IAS 36: Impairment of Assets

The amendments to IAS 36 set out new provisions governing the disclosures in the notes that were adjusted by IFRS 13. As such, existing disclosure requirements with regard to the recoverable amount are applicable only to non-financial assets for which an impairment loss or a reversal of an impairment loss was recognised in the current reporting period. Disclosure of the recoverable amount is therefore no longer required for non-impaired assets that are tested for impairment only on an annual basis. In addition, extended disclosure requirements must be observed if impairment losses or reversals of impairment losses on assets have been recognised and the recoverable amount was determined on the basis of fair value less costs to sell. Entities should apply the amendments retrospectively for annual periods beginning on or after 1 January 2014. The amendments were endorsed by the EU in December 2013. The Group decided to apply them early in the 2013 financial year.

• The following amendments to standards are applicable in the EU from 1 January 2014, but do not affect the consolidated financial statements:

- Amendments to IAS 32:
  Offsetting Financial Assets and Liabilities
- Amendments to IAS 39:
  Novation of Derivatives and Continuation of Hedge Accounting

3.2.3. New and amended standards and interpretations – not yet applied

- The following interpretations and amendments to standards have been endorsed by the EU following their publication by the IASB:

Annual Improvements to IFRS 2010 – 2012 and 2011 – 2013

The annual improvements shown below are applicable to annual periods beginning on or after 1 July 2014.

Standard	Type of amendments	Note
IFRS 2: Share-based Payment	Definition of vesting conditions	Warimpex does not expect this to have any effect on the consolidated financial statements, since there is no share-based payment in the Group
IFRS 3: Business Combinations	Recognition of contingent consideration	Contingent consideration that is classified as an asset or liability is measured at fair value at the end of each reporting period. At present, no contingent consideration is recognised within the Group. This does not result in any significant changes for the consolidated financial statements.
	Scope of the exception for joint ventures	In the financial statements of a joint venture, the formation of this joint venture cannot be accounted for in accordance with IFRS 3.
IFRS 8: Operating Segments	Aggregation of operating segments	Judgements made by the management when aggregating operating segments must be disclosed in the future. This results in additional disclosures in the consolidated financial statements.
	Reconciliation of the sum of the operating segments' assets to assets at the level of the entity	Disclosure of these reconciliations is mandatory only if the segment's assets are reported regularly. The Group is not planning any changes in segment reporting in this context.
IFRS 13: Fair Value Measurement	Short-term receivables and payables	Current non-interest-bearing receivables and liabilities can still be measured at the invoice amount without discounts, provided the effects of discounting are not material. This does not result in any changes for the consolidated financial statements.
IAS 16: Property, Plant and Equipment	Revaluation method – proportionate restatement of accumulated depreciation	Warimpex does not expect this to have any effect on the consolidated financial statements, since the Group accounts for property, plant and equipment at amortised cost.
IAS 38: Intangible Assets	Revaluation method – proportionate restatement of accumulated amortisation	Warimpex does not expect this to have any effect on the consolidated financial statements, since the Group accounts for intangible assets at amortised cost.
IAS 24: Related Party Disclosures	Members of the management	Entities that provide key management personnel services to the reporting entity or to the parent of the reporting entity constitute related parties. Warimpex does not expect this to have any effect on the consolidated financial statements.
IAS 40: Investment Property	Clarification of the relationship between IFRS 3 and IAS 40 with regard to the classification of a property as investment property or as owner-occupied	In determining whether a certain transaction fulfils both the definition of a business combination in accordance with IFRS 3 and the definition of investment property in accordance with IAS 40, the two standards are to be applied independently of one another. This clarification may be relevant to future transactions of the Group.

Amendments to IAS 19: Defined Benefit Plans – Employee Contributions

The amendment clarifies how contributions to defined benefit plans from employees or third parties are to be accounted for. The accounting treatment depends on whether the contributions depend on the number of years of service or not. The amendment is applicable to annual periods beginning on or after 1 July 2014. This change is not relevant to Warimpex from the current perspective.

• The following standards and amendments to standards have already been published by the IASB, but have not yet been endorsed by the EU:

- IFRS 9: Financial Instruments

IFRS 9 contains requirements for the recognition, measurement and derecognition of financial instruments and for hedge accounting. The new IFRS 9 replaces IAS 39 in its entirety. The key points of IFRS 9 are:

- There are no significant changes as against IAS 39 with regard to the scope of the recognition and derecognition of financial instruments.
- IFRS 9 stipulates a new classification model for financial assets.
- In future, subsequent measurement of financial assets will be based on three categories with different measures of value and different recognition of changes in value. The categorisation will depend on both the contractual cash flows of the instrument and the business model in which the instrument is held. Therefore, these are essentially mandatory categories. In addition, options are provided for in a few cases.
- For financial liabilities, the provisions from IAS 39 have largely been adopted. The main change relates to financial liabilities in the fair value option, for which changes in value due to changes in the entity's own credit risk are to be recognised in other comprehensive income.
- IFRS 9 stipulates three levels that will determine the amount of the losses to be recognised and the recognition of interest in the future. According to this system, losses that are already expected on acquisition are to be recognised in the amount of the present value of an expected 12-month loss (level 1). If the credit risk has increased significantly, risk provisioning must be increased up to the amount of the expected losses for the entire remaining term (level 2). If there is an objective indication of impairment, interest is to be recognised on the basis of the net carrying amount (carrying amount less risk provisioning) (level 3).

IFRS 9 is applicable to annual periods beginning on or after 1 January 2018. Following an initial analysis, Warimpex expects that IFRS 9 will result in changes in the classification of financial assets and changes and additions in the notes to the consolidated financial statements. Owing to the Group's business model, significant effects on the income statement are not currently anticipated. However, this requires more in-depth examination.

- IFRS 15: Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 and IAS 18 and the associated interpretations. IFRS 15 stipulates when and in what amount revenue is to be recognised. In addition, more informative and relevant information must be provided than previously. IFRS 15 generally applies to all contracts with customers except for certain non-monetary exchanges and contracts that are covered in following standards: IAS 17, IFRS 9, IFRS 10, IFRS 11, IAS 27, IAS 28 and IFRS 4.

The new standard now stipulates a uniform five-step model within its scope of application. The individual steps of the model can be summarised as follows:

- Identify the contract with a customer• Identify the individual performance obligations in the contract• Determine the consideration• Allocate the consideration to the individual performance obligations in the contract• Recognise revenue when the entity satisfies a performance obligation (criterion: transfer of control)

When concluding a contract, IFRS 15 stipulates that it must be determined whether the revenue resulting from the contract is to be recognised at a certain date or over a certain period of time. This initially involves applying certain criteria to clarify whether control over the performance obligation is transferred over a period of time. If this is not the case, the revenue is to be recognised at the date when control is transferred to the customer. Indicators of a transfer of control may include transfer of legal ownership, transfer of risks and rewards, or formal acceptance. By contrast, if control is transferred over a period of time, then the revenue can be recognised over a period of time only if the stage of completion of the contract can be reliably determined using input- or output-oriented methods.

In addition to general revenue recognition principles, the standard also includes detailed implementation guidance on certain topics such as sales with a right of return, customer options for additional goods or services, principal versus agent considerations and bill-and-hold arrangements. Furthermore, the costs to obtain and fulfil a contract and the capitalisation of such costs are also discussed. Costs that do not meet the necessary criteria are to be recognised as an expense when they are incurred.

With regard to disclosures on revenue, there are more extensive provisions that include qualitative and quantitative provisions on the following aspects:

- contracts with customers
- significant judgements, and changes in the judgements, made in applying the provisions on revenue
- assets resulting from capitalised costs to obtain or fulfil a contract with a customer.

The standard is applicable to annual periods beginning on or after 1 January 2017. Earlier application is permitted. Based on an initial assessment, Warimpex anticipates isolated effects on the consolidated financial statements, particularly in the case of future development services for third parties and property sales. Significant additions to the disclosures in the notes are also expected. Following a more detailed analysis, the Group will determine the date of initial application and the transition method depending on the adoption of the standard into EU law.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments include a clarification regarding a conflict between IFRS 10 and IAS 28. This clarifies that in transactions with an associate or joint venture the extent of recognition of gains and losses depends on whether the sold or contributed assets constitute an operation in accordance with IFRS 3. Entities should apply the amendments for annual periods beginning on or after 1 January 2016. This provision will be applied within the Group when such transactions occur.

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

These amendments include guidance on how the acquisition of interests in a joint operation is to be accounted for if this joint operation constitutes an operation in accordance with IFRS 3. In this case, all principles in relation to accounting for business combinations from IFRS 3 and other IFRSs are to be applied, provided they do not conflict with the guidance in IFRS 11. The amendments are applicable to acquisitions of interests in an existing joint operation and acquisitions of interests in a joint operation on its formation, provided the establishment of the joint operation does not involve the establishment of the operation. Entities should apply the amendments for annual periods beginning on or after 1 January 2016. This provision will be applied within the Group when such transactions occur.

- Annual Improvements to IFRS: 2012 – 2014 cycle

The 2012 – 2014 annual improvements are applicable to annual period beginning on or after 1 January 2016. The Group does not intend to apply them early.

Standard	Type of amendments	Note
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal	The amendments relate to the adoption of separate guidelines in IFRS 5 in connection with assets held for distribution purposes. The Group does not expect this to have any effect on the consolidated financial statements.
IFRS 7: Financial Instruments: Disclosures	Servicing contracts	There is a clarification of the circumstances under which a servicing contract represents a continuing involvement in relation to a transferred asset (for determining the required disclosures). The Group does not expect this to have any significant effect on the consolidated financial statements.
	Applicability of the amendments to IFRS 7 to condensed interim financial statements	This amendment clarifies the applicability of the disclosures on offsetting to condensed interim financial statements. The Group does not expect this to have any significant effect on the consolidated financial statements.
IAS 19: Employee Benefits	Discount rate: regional market issue	High-quality corporate bonds that are used in determining the discount rate for post-employment benefits must be denominated in the same currency as the payments to be made. This is not expected to have any effect on the consolidated financial statements from the Group's perspective.
IAS 34: Interim Financial Reporting	Disclosure of information elsewhere in the interim financial report	The meaning of „elsewhere" is clarified; a reference to the position it refers to must be included in the interim financial report. The Group will include this reference in the interim financial report where appropriate.

3.3. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Warimpex Finanz- und Beteiligungs AG and its direct and indirect subsidiaries. The financial statements of the subsidiaries are prepared using uniform accounting policies at the same balance sheet date as the parent company's financial statements.

All receivables and liabilities, revenues, other income and expenses from offsetting between companies within the scope of consolidation are eliminated. Discounts and other entries in the profit or loss of one party are cancelled in profit or loss. Intragroup profits in current and non-current assets resulting from intragroup goods and services transactions are eliminated.

Subsidiaries are fully consolidated from the acquisition date, i.e. from the date on which the Group obtains control. Inclusion in the consolidated financial statements ends when the parent company no longer exercises control.

Capital consolidation is carried out in line with the acquisition method. All companies subject to consolidation are included in the consolidated financial statements. For information on the recognition of joint ventures, please refer to section 3.5.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. These interests are reported separately for profit or loss for the period, total comprehensive income for the period, in the consolidated statement of financial position and in the statement of reconciliation for shareholders' equity. They are reported in the consolidated statement of financial position under equity, separately from equity attributable to shareholders of the parent. Losses are allocated to the non-controlling interests even if this results in a negative balance. Changes in the amount of the equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.4. Significant judgements and estimation uncertainty

In the consolidated financial statements, estimates and assumptions are made that affect the recognition of assets and liabilities, the disclosure of other obligations at the balance sheet date and the reporting of income and expenses during the reporting period. The actual amounts may differ from the estimates without impairing the provision of a true and fair view of the financial position, financial performance and cash flows.

For information on the liquidity-generating measures required for the Company's continued existence, see section 3.1. and section 8.2.4.

The main assumptions concerning the future and other major sources of estimation uncertainty at the end of the reporting period, on the basis of which there is a significant risk that a material adjustment to the carrying amounts of assets and liabilities will be required within the next financial year, are discussed below:

Fair value measurement (IFRS 13)

The Group measures financial instruments such as derivatives and non-financial assets such as investment property at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value, it is assumed that the transaction takes place in the principal market or – in the absence of a principal market – the most advantageous market.

Fair value is measured based on assumptions that market participants would use when fixing prices. In measuring the fair value of a non-financial asset, the ability of the market participants to generate economic benefits through the highest and best use, or through sale to another market participant that finds the highest and best use for the asset, is taken into account.

All assets and liabilities whose fair value is determined or reported in the consolidated financial statements are categorised in line with the following measurement hierarchy for determining fair value (fair value hierarchy):

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Measurement method under which the lowest-level input parameter that is significant to the fair value measurement in its entirety is observable on the market, either directly or indirectly

Level 3: Measurement method under which the lowest-level input parameter that is significant to the fair value measurement in its entirety is not observable on the market

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether there have been reclassifications between the levels of the hierarchy by reviewing the classification at the end of each reporting period (based on the lowest-level input parameter that is significant to the fair value measurement in its entirety).

Reclassifications between the individual hierarchy levels

3.4.2. Measurement of financial instruments

If the fair values of recognised financial instruments cannot be measured on the basis of quoted prices in active markets, they are determined using measurement methods, including the discounted cash flow method. The input parameters included in measurement models in hierarchy level 3 are based on observable market data where possible. If there are no such data, the determination of fair value is based to a large extent on judgements by the management. These judgements relate to input parameters such as liquidity risk, credit risk and volatility. Changes in the assumptions made for these factors may affect the fair values recognised for the financial instruments.

Available-for-sale securities and derivative financial instruments are recognised at fair value in the consolidated statement of financial position. Further disclosures on this are made in sections 7.9 and 7.13. For further information on financial instruments and fair values, please refer to sections 3.6. and 8.1.

3.4.3. Valuation of properties

Due to the importance of properties for the Group, their value is generally determined by independent external appraisers who have relevant professional qualifications and recent experience in the location and category of the property, using recognised valuation methods. In cases where there is a binding purchase offer or a purchase agreement, this is used for the measurement (Level 1 of the fair value hierarchy). Other properties are measured at Level 3 of the fair value hierarchy.

The valuation method used by the appraiser varies depending on the type of property. A distinction is made between existing properties that generate regular returns (hotels or office properties), properties under development and undeveloped land.

The fair values of existing properties are usually determined using the discounted cash flow (DCF) approach, which involves discounting the expected cash flows to the measurement date.

This corresponds to Level 3 of the fair value hierarchy. The discount rate reflects current market assessments regarding the uncertainty of the amount and timing of future cash flows. The planning period is generally ten years plus the terminal value (residual value in year 10), which is determined using the capitalisation rate (exit yield). The measurement includes a country-specific inflation rate.

For development properties, the residual value method is used in most cases. Under this method, the fair value is initially determined based on the expected cash flows. The outstanding investment costs and an appropriate project profit for the developer are then deducted from this. The project profit is calculated as a percentage of the outstanding investment costs and covers the development risk, among other factors.

The fair value of undeveloped land (land reserves) is determined using the sales comparison approach, under which the standard market prices per square metre are recognised. At the discretion of the external appraisers, the sales comparison approach is also incorporated in the valuation of existing properties.

Impairment and reversal of impairment losses on hotel properties (see also sections 6.4. and 7.1.):
The Group accounts for hotel properties as property, plant and equipment and regularly tests them for impairment. This requires an estimate of the recoverable amount. The recoverable amount is equivalent to the higher of value in use and fair value less costs to sell. The recoverable amount is determined on the basis of external valuation appraisals.

If the carrying amount of an asset is higher than its recoverable amount, the asset is written down to its recoverable amount. A previously recognised impairment loss is reversed if there has been a change in the estimates since the last impairment loss was recognised and this change results in a higher recoverable amount. If this is the case, the carrying amount of the asset is written up to its higher recoverable amount. However, this amount must not exceed the carrying amount that would have been determined after taking account of depreciation if no impairment loss had been recognised for the asset in prior years.

The recoverable amount is highly dependent on the capitalisation rate (exit yield) used and on the expected future cash inflows. Owing to various geopolitical and financial upheavals, there is increased uncertainty with regard to planning. This particularly affects the markets in Eastern Europe, especially Russia. Associated uncertainties may also result in significant adjustments of the carrying amount in the financial years ahead.
Impairment losses and reversals of impairment losses are presented in section 6.4. For information on the carrying amount of these assets, please refer to section 7.1.

Gains/losses on remeasurement of investment property:
Warimpex accounts for investment property using the fair value model on the basis of external property appraisals. Gains or losses on remeasurement resulting from changes in fair value are recognised in profit or loss in the income statement.

In the case of investment property, the Group distinguishes between existing properties, development properties and land reserves, for whose measurement different input factors are used. Further disclosures on this are made in section 8.1.3. For information on the development of investment property, please refer to section 7.2. The gain/loss on remeasurement is shown in section 6.4.

3.4.4. Control of other companies without a majority of voting rights

Two structured companies in which there is no direct or indirect equity interest are consolidated in the consolidated financial statements. In the opinion of the Group, they meet the criteria defined in IFRS 10.7 with regard to the existence of control, the risk exposure from and rights to variable returns, and the ability to use this control to affect the returns. This is based in particular on contractual pre-emption and drag-along rights that give the Group control and variable returns.

3.4.5. Determination of the functional currency of foreign operations

In some cases, the functional currency of subsidiaries is not the local currency. For hotels within the EU, revenues are determined in euros. Rental income from office properties within the Group is also determined in euros. The materials used and services rendered for these hotel and office properties are paid for partly in the local currency and partly in euros. Most of the financing throughout the Group is in euros. Exercising the optional provisions in accordance with IAS 21.12, the euro is therefore defined as the functional currency for subsidiaries whose revenues are determined in euros.

3.4.6. Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that taxable income will be available for this, meaning that the loss carryforwards can actually be used. To determine the amount of deferred tax assets, a significant judgement by the management is required based on the expected timing and amount of future taxable income and future tax planning strategies.

Other deferred tax assets are also recognised only if the tax planning for the individual taxable entity indicates that actual usability is likely.

Please also refer to the information in section 6.8. Income taxes and section 7.6. Deferred taxes (deferred tax assets and liabilities).

3.5. Recognition of joint ventures

Equity interests are qualified as joint ventures if there is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement (see information in section 3.2.2.). The Group accounts for its net investments in joint ventures in accordance with IFRS 11 using the equity method.

Under the equity method, joint ventures are recognised in the statement of financial position at cost plus any changes in the Group's share of the net assets of the joint venture that occur after the acquisition. In addition to cost, the net investments also include loans granted to joint ventures for which settlement is neither planned nor likely to occur in the foreseeable future. Goodwill relating to a joint venture is included in the carrying amount of the investment. It is not amortised and is not tested for impairment separately. The income statement includes the Group's share of the profit or loss of the joint venture.

Changes reported directly in other comprehensive income of the joint ventures are recognised by the Group in the amount of its interest and – where applicable – shown in other comprehensive income of the Group. Gains and losses from transactions between the Group and joint ventures are eliminated to the extent of the interest in the joint venture.

The reporting date and accounting policies for similar transactions and events in similar circumstances are the same for the joint ventures and for the Group.

After applying the equity method, the Group determines whether it is necessary to recognise an additional impairment loss for the Group's interests in joint ventures. At each reporting date, the Group determines whether there are objective indications that the interest in a joint venture may be impaired. If this is the case, the difference between the recoverable amount of the interest in the joint venture and its carrying amount is recognised in profit or loss as an impairment loss.

Allocated profits from a joint venture increase the measurement of the respective equity holding, while negative earnings allocations decrease its measurement to the amount of the net investment in the joint venture.

If the net investment in a joint venture is fully written off due to negative earnings allocations and if the pro rata equity of the joint venture shows a negative value in excess of this, then the Group examines whether there is a need for provisions arising from liabilities or from guarantees given.

The financial statements of the joint ventures are prepared using uniform accounting policies for the same reporting year as the parent company's financial statements. Any differences in accounting policies are eliminated by means of corresponding adjustments.

Adjustments are made in the consolidated financial statements to eliminate the Group's share of unrealised gains and losses from transactions between the Group and joint ventures. When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party.

Joint ventures are included in the financial statements of the Group using the equity method until the date when joint control by the Group ends.

The composition and development of net investments in joint ventures are described in detail in section 7.4.

3.6. Financial Instruments

3.6.1. Financial assets

Financial assets as defined in IAS 39 are classified either as financial assets at fair value through profit and loss, as loans and receivables or as available-for-sale financial assets. Financial assets are measured at fair value on initial recognition. In the case of financial assets other than those classified as financial assets at fair value through profit or loss, transaction costs directly attributable to the acquisition of the asset are also taken into account. Financial assets are designated to the measurement categories on their initial recognition.

Financial assets at fair value through profit or loss:

The group of financial assets at fair value through profit or loss consists of all derivative financial instruments with positive fair values that are not in a hedging relationship. As at the balance sheet date, there are no derivative financial instruments in hedging relationships.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss for the period when the loans and receivables are derecognised or impaired and in the context of amortisation.

Available-for-sale financial assets:

Available for sale financial assets are non-derivative financial assets that are classified as available for sale and are not allocated to one of the above categories. After initial measurement, they are measured at fair value. Unrealised gains or losses are recognised in other comprehensive income. If a financial asset of this kind is derecognised or impaired, the cumulative gain or loss that had previously been recognised directly in equity is recognised in profit or loss.

3.6.2. Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights cash flows have expired or been transferred.

If the Group transfers its contractual rights to cash flows from an asset and retains substantially all risks and rewards associated with ownership of this asset, the Group still recognises the transferred asset to the extent of its continuing involvement.

A financial liability is derecognised when the underlying obligation is discharged or cancelled or expires.

If an existing financial liability is replaced by another financial liability to the same lender with substantially different terms, or if the terms of an existing liability are changed significantly, this replacement or change is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognised in profit or loss for the period.

3.6.3. Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. This is the case if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may exist if there are indications that a debtor is in significant financial difficulty.

Loans and receivables (financial assets recognised at amortised cost):

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The loss is recognised in profit or loss.

The management of the company first assesses whether objective evidence of impairment exists individually or collectively for financial assets that are individually significant and for financial assets that are not individually significant. If the management of the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Trade receivables, which generally have a maturity of 10 to 90 days, are recognised at the original invoice amount less a valuation allowance for impairment. A valuation allowance is recognised if there is objective evidence that the Group will not be able to collect the receivables. Receivables are derecognised as soon as they are deemed uncollectible.

If, in a subsequent reporting period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. A reversal of an impairment loss is recognised in profit or loss provided the carrying amount of the asset does not exceed its amortised cost at the time of the reversal.

Available-for-sale financial assets:
The Group tests available-for-sale financial assets for evidence of impairment at each reporting date. In the case of equity instruments classified as available for sale, a significant or prolonged decline in their fair value below their cost would constitute evidence of this kind. The criterion "significant" is assessed based on the original cost, while the assessment of the criterion "prolonged" relates to the period in which the fair value was lower than the original cost.

In determining the impairment of debt instruments classified as available for sale, the same criteria are used as for financial assets measured at amortised cost.
If an asset is impaired, the cumulative loss is recognised in profit or loss under financial expenses and derecognised from the reserve for changes in the value of available-for-sale financial assets.

Reversals of impairment losses on equity instruments classified as available for sale are not recognised in profit or loss for the period. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in the fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

3.6.4. Financial liabilities
On initial recognition, financial liabilities are categorised either as financial liabilities at amortised cost or as financial liabilities at fair value through profit or loss.

Financial liabilities are recognised at fair value on initial recognition, less directly attributable transaction costs in the case of financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss:
The group of financial liabilities at fair value through profit or loss consists of all derivative financial instruments with negative fair values (including embedded derivatives accounted for separately) that are not in a hedging relationship. Gains and losses from financial liabilities measured at fair value are recognised in the income statement.

Financial liabilities at amortised cost:
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and in the context of amortisation.

3.6.5. Convertible bonds
When issuing a convertible bond, the future cash flows are discounted to the contractual term at the agreed interest rate plus a premium that would have been incurred if a bond without conversion rights had been issued. The difference is recognised directly in the capital reserve as the value of the conversion right.

In the case of convertible bonds that are not issued in the functional currency of the Group, no equity component is recognised; instead, the liabilities and the embedded derivative are accounted for separately. The transaction costs attributable to the bond components are distributed over the term in accordance with the effective interest method.

The non-derivative portion of the convertible bonds is allocated to the category of liabilities at amortised cost in accordance with IAS 39 and accounted for at amortised cost. Embedded derivatives are measured at fair value on subsequent measurement. Changes in value are recognised in profit or loss in the income statement.

3.6.6. Leases
The determination of whether an arrangement is or contains a lease is made on the basis of the economic substance of the arrangement and requires an assessment as to whether the fulfilment of the contractual arrangement depends on the use of a certain asset or certain assets and whether the arrangement grants a right to use the asset.

Group as lessee:
Finance leases, under which substantially all the risks and rewards of ownership of the transferred asset are transferred to the Group, lead to the capitalisation of the leased asset at the commencement of the lease term at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

Lease payments are divided into financial expenses and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the lease liability. If it is planned that the Group will obtain ownership by the end of the lease term, the capitalised leased items are fully depreciated over the expected useful life in accordance with IAS 16.

If there is not sufficient certainty that the Group will obtain ownership by the end of the lease term, the capitalised leased items are fully depreciated over the shorter of the expected useful life and the lease term.

Lease payments for operating leases are recognised as an expense in the income statement over the term of the lease.

Group as lessor:
Leases that do not involve the transfer of substantially all the

risks and rewards of ownership from the Group to the lessee are classified as operating leases.

The Group has concluded leases for commercial letting of its investment property. These were classified as operating leases.

Please refer to the disclosures on leases in section 9.2.

3.6.7. Derivative financial instruments and hedges

The Group uses derivative financial instruments. These are initially recognised at fair value at the date at which the corresponding contract is concluded and are subsequently measured at fair value. Derivative financial instruments that are in a hedging relationship and meet the conditions for hedge accounting in accordance with IAS 39 are designated in the context of the hedging relationship and accounted for in accordance with the provisions of hedge accounting (cash flow hedges). Derivative financial instruments are recognised as assets if their fair value is positive and as liabilities if their fair value is negative.

Embedded derivatives from convertible bonds were accounted for in the financial year. As at the balance sheet date, there are no derivative financial instruments in hedging relationships.

3.7. Non-current assets held for sale

If individual disposal groups are classified as held for sale, all assets and liabilities are reclassified in accordance with IFRS 5. They are classified as held for sale if their carrying amount will be recovered principally through a sale transaction. The sale must be highly probable and the asset or disposal group must be available for immediate sale in its present condition. Further criteria for classification as held for sale include associated Management Board resolutions, the start of the search for a buyer or of the implementation of the plan, and expected sales success within one year.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Detailed information on assets (disposal groups) held for sale is provided in section 5.3.

3.8. Foreign currency transactions and balances

The annual financial statements of foreign companies are translated into EUR in accordance with the concept of the functional currency. The functional currency is defined for each company within the Group in line with the relevant criteria (see section 3.4.5.). The items included in the financial statements of the respective company are translated using this functional currency.

If the transactions that are significant in determining the functional currency change, this may result in a change in the functional currency for individual companies included in the consolidated financial statements. An overview of the functional currencies is presented in section 4.1.1.

Foreign currency transactions and balances:

Foreign currency transactions are initially translated into the functional currency by the Group companies at the spot exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are translated into the functional currency at each reporting date using the spot exchange rate at the reporting date.

If the functional currency in foreign operations is not the respective local currency, current income and expenses are translated at the respective weighted average rate on the basis of monthly interim financial statements, or at the current rate for major transactions on a case-by-case basis. All translation differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Translation of the financial statements of companies included in the consolidated financial statements (foreign operations):

Assets and liabilities of foreign operations are translated into EUR at the closing rate. Income and expenses are translated at the closing rate at the date of the transaction or at average rates on a simplified basis. The resulting exchange differences are recognised in other comprehensive income. The amount recognised in other comprehensive income for a foreign operation is reclassified to profit or loss when this foreign operation is sold. When eliminating intragroup monetary assets or liabilities, translation differences are recognised in profit or loss unless they represent translation differences from monetary items that form part of the net investment in a foreign operation. These differences are initially recognised in other comprehensive income and are reclassified from equity to profit or loss if the net investment is sold.

Exchange rates::

The following exchange rates are used in the consolidated financial statements as at 31 December 2014 for translating the items that are to be translated at the closing rate:

		31/12/2014	31/12/2013
Polish zloty	(PLN/EURO)	4,2623	4,1472
Czech koruna	(CZK/EURO)	27,7250	27,425
Hungarian forint	(HUF/EURO)	314,89	296,91
Swiss franc	(CHF/EURO)	1,2024	1,2259
US dollar	(USD/EURO)	1,2141	1,3783
Russian rouble	(RUB/EURO)	68,3427	44,9699
Romanian leu	(RON/EURO)	4,4821	4,4847

3.9. Property, plant and equipment

Depreciable non-current assets are recognised in accordance with IAS 16 at cost less scheduled depreciation and any impairment plus any reversals of impairment. Scheduled depreciation is recognised on a straight-line basis and is based on the expected useful lives of the assets. If individual components have different useful lives, depreciation is recognised in line with the useful lives of these components. The expected useful lives are also recognised for capitalised replacement investments.

When capitalising hotels, the main components (land and equivalent rights, building fabric, building services and fixtures and fittings) are recognised and depreciated separately. For information on useful lives, please refer to section 7.1.

Straight-line depreciation is based on the expected useful lives of the assets. The carrying amounts of property, plant and equipment are assessed for impairment when there are indications that the carrying amount of an asset may exceed its recoverable amount.

The cost of internally generated assets includes both direct material and production costs and appropriate material and production overheads. Interest on borrowed capital that is directly attributable, for instance through dedicated project finance or loans from joint venture partners or minority shareholders, is capitalised on the corresponding asset in accordance with IAS 23 and is also amortised over the respective useful life.

Property, plant and equipment is derecognised when it is disposed of or when economic benefits are no longer expected from further use or sale of the asset. The gain or loss arising from the derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the period in which the asset is derecognised.

3.10. Investment property

Investment property is accounted for using the fair value model in accordance with IAS 40. Changes in fair value result in net measurement gains or losses in the financial year.

Investment property is classified as such if the owner does not intend to use it itself or sell it and if it is held for the purposes of generating rental income or capital appreciation.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the disposal of investment property are recognised in profit or loss in the year of the sale.

3.11. Goodwill

On initial recognition, goodwill is measured at cost, which is calculated as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed by the Group. If this consideration is lower than the fair value of the acquired subsidiary's net assets, the difference is recognised in profit or loss for the period.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of the impairment test, the goodwill acquired in a business combination is allocated – starting from the acquisition date – to the cash-generating units or groups of cash-generating units that benefit from the synergies arising from the business combination. This applies irrespective of whether other assets or liabilities of the acquirer are allocated to these cash-generating units or groups of cash-generating units. A cash-generating unit or a group of cash-generating units to which goodwill is allocated

- represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and
- is not larger than an operating segment as determined in accordance with IFRS 8.

In cases where the goodwill represents part of the cash-generating unit (or group of cash-generating units) and part of this unit's operation is disposed of, the goodwill attributable to the operation disposed of is included as a component of the carrying amount of the operation when determining the result from the disposal of the operation. The value of the portion of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Disclosures on the measurement of goodwill are shown in section 7.3.

3.12. Other intangible assets

The Group accounts for purchased data processing programs only as intangible assets with an estimated useful life of five years subject to straight-line amortisation. Internally generated intangible assets are not recognised, as they do not meet the criteria.

In the context of business combinations, the Group examines whether other intangible assets such as trademarks or customer bases have been acquired. No such intangible assets have been identified in the case of the properties acquired to data (either hotels or investment property).

3.13. Impairment of non-financial assets

All assets are tested for indications of impairment at least once a year. If such indications are found, the Group makes an estimate of the recoverable amount. The recoverable amount is equivalent to the higher of value in use and fair value less costs to sell. If the carrying amount of an asset is higher than its recoverable amount, the asset is written down to its recoverable amount. To determine the value in use, the estimated future cash flows are discounted to their present value using a discount rate before taxes and taking account of appropriate risk components. An appropriate measurement model is used to determine the fair value less costs to sell (see section 3.4.3.).

A previously recognised impairment loss is reversed, except in the case of goodwill, if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. However, this amount must not exceed the carrying amount that would have been determined after taking account of depreciation if no impairment loss had been recognised for the asset in prior years. Such reversals of impairment losses are recognised immediately in profit or loss for the period.

For properties in project development, the progress of project development is compared with current market values and future earnings forecasts on an annual basis. An impairment loss is recognised if there has been a negative change in the original project development expectations and the carrying amount is higher than the recoverable amount.

3.14. Other financial assets

Other financial assets include other loans. For information on their measurement, please refer to section 3.6.3.

In addition, it is the Group's policy to collateralise guarantees or liabilities assumed with blocked deposits. Such blocked deposits at Austrian banks are accounted for at amortised cost.

3.15. Inventories

Inventories are measured at the lower of cost or net realisable value. Merchandise relates exclusively to consumables and sales materials (mainly food and beverages) from the Hotels segment. Consumption is measured using the FIFO method (first in, first out).

Unfinished real estate development projects are measured at the lower of cost or net realisable value.

3.16. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, bank balances and short-term deposits with remaining terms of less than three months from the acquisition date.

3.17. Provisions

A provision is recognised if as a result of a past event the Group has a present obligation that is likely to lead to an outflow of resources. If the Group expects at least a partial reimbursement for a provision recognised as a liability (e.g. in the case of an insurance contract), the reimbursement is recognised as a separate asset only if it is virtually certain. The expense relating to the provision is reported in profit or loss for the period after deducting the reimbursement. If the effect of the time value of money is material, provisions are discounted using an interest rate before taxes. Where discounting is used, the increase in the provisions due to the passage of time is recognised as an interest expense.

3.18. Pensions and other employee benefits

Provisions for employee and Management Board rights to termination payments and anniversary benefits are recognised primarily for staff employed in Austria, since the statutory requirements either do not apply or apply only to a very limited extent to employees in Poland, the Czech Republic and Hungary.

The amounts of the provisions are measured using the projected unit credit method. The expected benefit obligations are allocated in line with the employees' length of service until they reach retirement age. The amounts of the provisions are calculated by an external actuary as at the reporting date in the form of an actuarial report.

Changes in measurement are recognised in other comprehensive income in the period in which they arise in accordance with IAS 19. The interest component is recognised under finance costs. The provisions for social capital relate exclusively to the Development & Services segment.

As at the balance sheet date, there is a pension commitment for a member of the parent company's Management Board. A reinsurance policy has been taken out for this pension commitment. This item is endowed with funds on an annual basis, is earmarked and is considered to be non-current with regard to its remaining term. This does not constitute a pension asset as defined in IAS 19, but rather is to be capitalised separately. The pension plan is an unfunded defined benefit plan.

Claims from this reinsurance policy are included in other non-current assets in the amount of EUR 323 thousand (previous year: EUR 266 thousand). The reinsurance policy comprises the coverage capital including the profit share.

Due to the amount of the pension commitment, which is secured by the reinsurance policy, there is no significant risk in connection with the pension plan.

3.19. Revenues recognition

Revenue recognition in accordance with IAS 18:
Revenue from the sale of goods and products, from the rendering of services and from rental and leasing is recognised when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer or when the service has been rendered.

Interest income is recognised when the interest receivables arise.

Dividend income is recognised when the right to receive payment is established.

Revenue in connection with the sale of subsidiaries (IFRS 10):
On the loss of control of a subsidiary, revenue is recognised in accordance with IFRS 10.25. When a subsidiary is sold, the difference between the selling price and the net assets plus cumulative foreign exchange differences recognised in other comprehensive income and plus goodwill is recognised in profit or loss when the significant risks and rewards are transferred.

3.20. Deferred tax

Deferred tax is recognised using the balance sheet liability method for all temporary differences as at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of deferred tax liabilities from the initial recognition of goodwill or of an asset or a liability from a transaction which is not a business combination and which, at the transaction date, affects neither accounting profit before taxes nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences, unused tax loss carryforwards and unused tax credits can be used.

The carrying amount of the deferred tax assets is reviewed at each reporting date and reduced to the extent that it is not (or no longer) probable that sufficient taxable income will be available against which the deferred tax asset can be used. Unrecognised deferred tax assets are reviewed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income taxes relating to items that are recognised either in other comprehensive income or directly in equity are not recognised in profit or loss for the period.

Deferred tax assets and deferred tax liabilities are set off against one another if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes of the same taxable entity that are levied by the same taxation authority.

[04] Disclosures on companies included in the consolidated financial statements and interests in other entities

4.1. Disclosures on consolidated subsidiaries

4.1.1. Overview of subsidiaries

The following subsidiaries are fully consolidated in the consolidated financial statements:

Included equity holdings	Domicile/countr	Voting rights share and equity interest		Share capital	Currency of capital	Functional currency[5]	Activity/ segment
		direct	indirect				
				in thousand			
Wholly owned equity holdings:							
Grassi Hotelbeteiligungs- und Errichtungs GesmbH	Vienna, A	100%	–	2,943	EUR	EUR	H
→ Grassi H1 Hotel-beteiligungs GmbH	Vienna, A	–	100%	35	EUR	EUR	H
→ Recoop Tour a.s.	Prague, CZ	–	100%	24,000	CZK	EUR	H
Warimpex Leasing GmbH	Vienna, A	100%	–	500	EUR	EUR	H
→ Amber Baltic Sp. z o.o.	PL-Miedzyzdroje	–	100%	38,325	PLN	EUR	H
→ Evropský Investicni Holding a.s. (sold)[1]							
WX Leuchtenbergring GmbH	Munich, D	100%	–	25	EUR	EUR	DS
REVITÁL ZRt.	Budapest, HU	100%	–	220,500	HUF	HUF	DS
BÉCSINVESTOR Kft.	Budapest, HU	100%	–	35,380	HUF	EUR	IP
WARIMPEX-INVESTCONSULT Kft.	Budapest, HU	100%	–	10,000	HUF	EUR	IP
ELSBET Kft.	Budapest, HU	100%	–	103,000	HUF	EUR	various
UBX Praha 1 s.r.o.	Prague, CZ	100%	–	33,200	CZK	EUR	H
Warimpex CZ s.r.o.	Prague, CZ	100%	–	200	CZK	CZK	DS
Balnex 1 a.s.	Prague, CZ	100%	–	4,557	CZK	EUR	H
WX Praha 1 s.r.o.	Prague, CZ	100%	–	147,000	CZK	EUR	H
Vladinvest Praha s.r.o.	Prague, CZ	100%	–	3,100	CZK	EUR	IP
Via Prop Sp. z o.o.	Warsaw, PL	100%	–	100	PLN	PLN	DS
Multi Development Sp. z o.o.	Warsaw, PL	100%	–	50	PLN	PLN	IP
WX Krakow Sp. z o.o.	Krakow, PL	100%	–	5	PLN	EUR	H
Hotel Rondo Krakow Sp. z o.o.	Krakow, PL	100%	–	5	PLN	EUR	H
→ WX Krakow Sp. z o.o. SKA	Krakow, PL	–	100%	11,207	PLN	EUR	H
Mogilska Office Development Sp. z o.o.	Krakow, PL	100%	–	7,045	PLN	PLN	H
WX Office Development 1 Sp. z o.o.	Warsaw, PL	100%	–	5	PLN	PLN	H
WX Office Development 2 Sp. z o.o.	Warsaw, PL	100%	–	150	PLN	PLN	H
Warimpex Polska Sp. z o.o.	Warsaw, PL	100%	–	2,000	PLN	PLN	DS
Synergie Patrimoine S.A.	Luxembourg, LU	100%	–	31	EUR	EUR	H
→ andel‘s Łódź Sp. z o.o.	Warsaw, PL	–	100%	50	PLN	EUR	H
Goulds Investments S.A. (merged)[2]							
WX Budget Hotel Holding S.A.	Luxembourg, LU	100%	–	80	EUR	EUR	DS
→ Warimpex Property HU 2 Kft.	Budapest, HU	–	100%	600	HUF	HUF	DS
WX Krakow Holding S.A.	Luxembourg, LU	100%	–	31	EUR	EUR	DS
→ UBX Krakow Sp. z o.o.	Warsaw, PL	–	100%	50	PLN	EUR	H
→ WX Management Services Sp. z o.o. Prozna Development SKA	Warsaw, PL	–	100%	50	PLN	EUR	DS
→ Le Palais Holding s. a r.l.	Luxembourg, LU	–	100%	13	EUR	EUR	DS
→ Prozna Properties Sp. z o.o. (liquidated)[3]							
→ Prozna Investments Sp. z o.o.	Warsaw, PL	–	100%	23,550	PLN	EUR	DS
Kopernik Development Sp. z o.o.	Warsaw, PL	100%	–	25	PLN	PLN	IP
WX Warsaw Holding S.A.	Luxembourg, LU	100%	–	31	EUR	EUR	IP
Sugura S.A.	Luxembourg, LU	100%	–	31	EUR	EUR	H
→ Comtel Focus S.A.	Bucharest, RO	–	100%	10,232	RON	EUR	H
Equity holdings with non-controlling interests (minority interests):							
El Invest Sp. z o.o.	Warsaw, PL	81%	–	1,300	PLN	PLN	DS
Reitano Holdings Limited	Nikosia, CY	60%	–	4,275	EUR	EUR	H
→ ZAO Horeca Koltsovo	Ekaterinburg, RU	–	60%	157,600	RUB	RUB	H
→ OOO RusAvia Horeca	Ekaterinburg, RU	–	60%	1,000	RUB	RUB	H
ZAO Avielen A.G.	RU-St.Petersburg	55%	–	370,001	RUB	RUB	various
Holdings without equity interests:[4]							
KHD s.r.o.	Prague, CZ	–	–	2,000	CZK	EUR	H
RLX Dvorak SARL	Luxembourg, LU	–	–	31	EUR	EUR	H

Note:
→ These are indirect subsidiaries with the company shown above in each case as their parent company.
[1] The company was sold in June 2014 and deconsolidated at that date (see section 5.1.).
[2] Goulds Investments S.A. was merged with Synergie Partrimoine S.A. in the financial year.
[3] Prozna Properties Sp. z o.o. was liquidated in August 2014.
[4] For information on the judgement to consolidate these companies, please refer to section 3.4.4.
[5] Judgements on the determination of the functional currency are discussed in section 3.4.5.

Summary of subsidiaries by activity and equity interest:

Activity (by segment)	Country	Number of wholly owned subsidiaries		Number of subsidiaries with minority interests		Number of subsidiaries without an equity interest	
		31/12/14	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13
Hotels segment (H):							
Hotel operations	Poland	10	10				
Hotel operations	Czech Republic	3	4			2	2
Hotel operations	Russia			2	2		
Hotel operations	Romania	1	1				
Hotels (holding company)	Luxembourg	4	4				
Hotels (holding company)	Austria	2	2				
Hotels (holding company)	Cyprus			1	1		
Hotels segment subtotal		20	21	3	3	2	2
Investment Properties segment (IP):							
Leasing of office buildings	Poland	2	2				
Leasing of offices	Czech Republic	1	1				
Leasing of office buildings	Hungary	2	2				
Holding company	Luxembourg	1	1				
IP segment subtotal		6	6				
Development & Services segment (DS):							
Development	Poland	4	5	1	1		
Development	Czech Republic	1	1				
Development	Hungary	2	2				
Development (holding company)	Luxembourg	3	4				
Development (ex-holding company)	Germany	1	1				
DS segment subtotal		11	13	1	1		
Multiple segments:							
Hotel, offices, development	Russia			1	1		
Office and development	Hungary	1	1				
Multiple segments subtotal		1	1	1	1		
Total fully consolidated subsidiaries		**38**	**41**	**5**	**5**	**2**	**2**

4.1.2. Disclosures on subsidiaries with non-controlling interests (minority interests):

IFRS 12, which is applicable from 1 January 2014, stipulates certain disclosures on subsidiaries in which there are significant non-controlling interests. These disclosures relate to general information and summarised financial information for subsidiaries with significant non-controlling interests. The financial information below represents the amounts before inter-company eliminations. Dividends have not been allocated to non-controlling interests.

Overview of non-controlling interests:

		Voting rights share and equity interest of non-controlling interests		Profit/loss attributable to non-controlling interests		Cumulative non-controlling interests	
Equity holdings	Domicile/country	**31/12/14**	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13
Reitano Holdings Limited	Nikosia, CY	40%	40%	55	(42)	(981)	(1,036)
→ ZAO Horeca Koltsovo	Ekaterinburg, RU	40%	40%	(6,419)	(160)	(5,689)	(152)
→ OOO RusAvia Horeca	Ekaterinburg, RU	40%	40%				
ZAO Avielen A.G.	RU-St.Petersburg	45%	45%	(8,306)	4,311	(7,889)	(330)
EI Invest Sp. z o.o.	Warsaw, PL	21%	21%	18	13	92	78
Total non-controlling interests						**(14,467)**	**(1,440)**

Summarised financial information:

	ZAO Avielen A.G.		ZAO Horeca Koltsovo and OOO RusAvia Horeca *)		Reitano Holdings Limited	
	31/12/14	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13
Summarised statement of financial position:						
Non-current assets	93,395	96,772	27,138	42,774	–	–
Current assets	91,682	71,734	823	1,076	13	16
Total assets	**185,077**	**168,506**	**27,962**	**43,850**	**13**	**16**
Equity – Group interest	(9,642)	(403)	(8,534)	(228)	(1,471)	(1,554)
Equity – non-controlling interests:	(7,889)	(330)	(5,689)	(152)	(981)	(1,036)
Non-current liabilities	177,657	164,700	38,794	41,804	2,435	2,560
Current liabilities	24,950	4,538	3,391	2,426	29	46
Total equity and liabilities	**185,077**	**168,506**	**27,962**	**43,850**	**13**	**16**

	2014	2013	**2014**	2013	**2014**	2013
Summarised income statement:						
Revenues	16,873	18,643	9,032	10,116	–	–
Expenses	(35,330)	(9,063)	(25,080)	(10,514)	138	(105)
Profit or loss for the period	(18,457)	9,580	(16,048)	(399)	138	(105)
thereof attributable to owners of the parent company	(10,151)	5,269	(9,629)	(239)	83	(63)
thereof attributable to non-controlling interests	(8,306)	4,311	(6,419)	(160)	55	(42)
Other comprehensive income	1,659	–	2,206	(679)	–	–
thereof attributable to owners of the parent company	913	–	1,324	(407)	–	–
thereof attributable to non-controlling interests	747	–	882	(271)	–	–
Total comprehensive income	**(16,798)**	**9,580**	**(13,843)**	**(1,077)**	**138**	**(105)**
thereof attributable to owners of the parent company	(9,239)	5,269	(8,306)	(646)	83	(63)
thereof attributable to non-controlling interests	(7,559)	4,311	(5,537)	(431)	55	(42)

	2014	2013	**2014**	2013	**2014**	2013
Summarised statement of cash flows:	2014	2013	2014	2013	2014	2013
Net cash flows from operating activities	6,882	6,751	4,647	4,805	(33)	(22)
Net cash flows from investing activities	(10,971)	(1,598)	(726)	(265)	–	–
Net cash flows from financing activities	5,979	(4,506)	(4,251)	(4,179)	30	34
Net change in cash and cash equivalents	**1,890**	**647**	**(330)**	**362**	**(3)**	**12**

* ZAO Horeca Koltsovo and OOO RusAvia Horeca: Both companies are wholly owned subsidiaries of Reitano Holdings Limited. The financial information above relates to both companies, since they are considered and consolidated together within the Group. OOO RusAvia Horeca itself does not own any significant assets; it performs services for ZAO Horeca Koltsovo.

4.1.3. Other disclosures

Nature and extent of significant restrictions relating to subsidiaries:
There are contractual restrictions for the subsidiaries with regard to the utilisation of assets or the payment of interest and dividends to shareholders/the repayment of shareholder loans on the basis of existing loan agreements. With regard to mortgages granted to lenders, please refer to section 7.1. “Property, plant and equipment” and section 7.2. “Investment property” for information on the carrying amounts of the assets concerned.

There are no restrictions due to protective rights of non-controlling interests within the Group.

Nature of the risks associated with the company’s interests in consolidated structured subsidiaries:
No financial support was provided to consolidated structured companies in the financial year and this is not planned for the future, either.

[05] Property sales and changes in the scope of consolidation

5.1. Sales of properties and interests in companies

In the year under review, all interests in Evropský Investitcni Holding a.s., the project company of the Hotel Savoy in Prague, were sold. There was also a slight profit from a purchase price adjustment relating to the sale of the project company of the Le Palais hotel in Prague from the previous year.

This has the following effects on the consolidated financial statements:

Consolidated statement of financial position:	Assets	Liabilities
Assets and liabilities of a disposal group classified as held for sale (IFRS 5)	(7,484)	4,770
	(7,484)	4,770

Consolidated income statement:	2014
Carrying amount of the pro rata net assets of the interests in companies sold	(2,715)
Agreed (net) purchase price for the interests in companies	7,588
Loans and current liabilities assumed	(4,770)
Directly attributable expenses in connection with company and property sale	(133)
Nettoergebnis	**(30)**

Cash flow	2014
The sales transactions described above resulted in the following additions to cash and cash equivalents in the financial year.	
Consideration received	7,588
Directly attributable payments made	(4,903)
Purchase price received from company disposals	**2,685**
Less outflow of cash and cash equivalents	(67)
Cash flow	**2,619**

5.2. Other changes in the scope of consolidation

The following new companies were established in the year under review:

- WX Office Development 1 Sp. z o.o., Warsaw
- WX Office Development 2 Sp. z o.o., Warsaw

The consolidated group also changed in connection with the reassessment of control over equity investments. Because one investee previously recognised using the equity method is controlled by Warimpex according to the definitions in IFRS 10, this company is now fully consolidated in the consolidated financial statements (see section 3.2.2.).

The effects of this on the consolidated financial statements in 2013 are shown below.

Effects on the consolidated income statement:

	2013 old	Adjustment	**2013 new**
Hotels revenues	60,038	9,398	69,435
Investment Properties revenues	1,553	9,178	10,731
Development and Services revenues	10,019	–	10,019
Revenues	**71,609**	**18,576**	**90,185**
Expenses from the operation of hotels	(40,360)	(8,311)	(48,671)
Expenses from operation of investment properties	(744)	(4,832)	(5,576)
Expenses directly attributable to development and services	(6,206)	71	(6,135)
Expenses directly attributable to revenues	**(47,309)**	**(13,072)**	**(60,382)**
Gross income from revenues	**24,300**	**5,503**	**29,803**
Income from the sale of properties	16,379	–	16,379
Disposal of carrying amounts and costs related to sales	(14,349)	–	(14,349)
Gains or losses from the disposal of properties	**2,030**	–	**2,030**
Changes in unfinished real estate development projects	(1,124)	–	(1,124)
Other operating income	254	–	254
Other operating income	**(870)**	–	**(870)**
Administrative expenses	**(3,718)**	**(1,331)**	**(9,891)**
Other expenses	**(6,958)**	**(121)**	**(2,236)**
EBITDA	**14,784**	**4,052**	**18,835**
Scheduled depreciation of property, plant and equipment and amortisation of intangible assets	(9,746)	(2,126)	(11,872)
Impairments	(1,500)	–	(1,500)
Reversals of impairment	7,762	–	7,762
Impairment IFRS 5	(1,016)	–	(1,016)
Gains/losses on remeasurement of investment property	1,823	21,615	23,438
Depreciation, amortisation and remeasurement	**(2,677)**	**19,489**	**16,812**
Earnings before interest and taxes (EBIT)	**12,107**	**23,540**	**35,647**
Finance income	965	68	1,033
Financing expenses	(17,914)	(5,239)	(23,153)
Exchange rate changes	(3,671)	–	(3,671)
Losses from joint ventures (at equity) after taxes	11,043	(8,830)	2,213
Financial result	**(9,577)**	**(14,001)**	**(23,578)**
Earnings before taxes	**2,530**	**9,539**	**12,069**
Income taxes	(223)	–	(223)
Deferred income taxes	118	(4,848)	(4,730)
Taxes	**(105)**	**(4,848)**	**(4,953)**
Profit or loss for the period	**2,425**	**4,691**	**7,116**
Profit or loss for the period attributable to:			
- Equity holders of the parent	2,613	380	2,993
- Non-controlling interests	(188)	4,311	4,123
	2,425	4,691	7,116
Other comprehensive income	**(975)**	–	**(975)**
Total comprehensive income for the period	**1,450**	**4,691**	**6,141**

Effects on the consolidated statement of financial position:

	31/12/2013 old	Adjustment	**31/12/2013 new**
ASSETS			
Property, plant and equipment	239,273	42,542	281,815
Investment property	18,823	54,227	73,050
Goodwill	921	–	921
Other intangible assets	51	2	53
Net investment in joint ventures (at equity)	98,003	(61,185)	36,818
Other financial assets	11,141	–	11,141
Deferred tax assets	27	–	27
Non-current assets	**368,238**	**35,587**	**403,825**
Inventories	700	332	1,032
Trade and other receivables	8,589	1,866	10,455
Securities available for sale	8,607	–	8,607
Other financial assets	241	–	241
Cash and cash equivalents	4,852	1,669	6,521
Non-current assets (disposal groups) held for sale	7,501	67,870	75,371
Current assets	**30,490**	**71,737**	**102,227**
TOTAL ASSETS	**398,728**	**107,324**	**506,052**
EQUITY AND LIABILITIES			
Share capital	54,000	–	54,000
Capital reserves	17,051	–	17,051
Retained earnings – restated as at 01/01/2013	–	(3,719)	–
Retained earnings	19,842	380	16,507
Treasury shares	(301)	–	(301)
Other reserves	2,895	–	2,895
Equity attributable to equity holders of the parent	**93,490**	**(3,339)**	**90,151**
Non-controlling interests - restated as at 01/01/2013	–	(4,641)	–
Non-controlling interests	(1,110)	4,311	(1,440)
Equity	**92,376**	**(3,665)**	**88,711**
Convertible bonds	8,028	–	8,028
Other bonds	17,120	–	17,120
Other financial liabilities	186,304	101,786	288,090
Derivative financial instruments	2,828	–	2,828
Other liabilities	4,053	3,362	7,415
Provisions	1,891	–	1,891
Deferred tax liabilities	11,370	1,303	12,673
Deferred income	2,020	–	2,020
Non-current liabilities	**233,613**	**106,451**	**340,064**
Convertible bonds	2,980	–	2,980
Other financial liabilities	50,152	1,088	51,240
Derivative financial instruments	550	–	550
Trade and other payables	13,137	3,244	16,381
Provisions	500	205	705
Income tax liabilities	63	–	63
Deferred income	539	–	539
Liabilities directly associated with the assets classified as held for sale	4,819	–	4,819
Current liabilities	**72,739**	**4,538**	**77,277**
Liabilities	**306,352**	**110,989**	**417,341**
TOTAL EQUITY AND LIABILITIES	**398,728**	**107,324**	**506,052**

	01/01/2013 old	Adjustment	**01/01/2013 new**
ASSETS			
Property, plant and equipment	256,569	44,530	301,099
Investment property	16,033	99,100	115,133
Goodwill	921	–	921
Other intangible assets	124	–	124
Net investment in joint ventures (at equity)	86,037	(53,839)	32,198
Other financial assets	11,078	–	11,078
Deferred tax assets	439	3,545	3,984
Non-current assets	**371,200**	**93,335**	**464,535**
Inventories	1,958	312	2,270
Trade and other receivables	5,835	5,262	11,097
Securities available for sale	7,279	–	7,279
Other financial assets	–	–	–
Cash and cash equivalents	7,145	1,022	8,167
Non-current assets (disposal groups) held for sale	24,839	–	24,839
Current assets	**47,056**	**6,595**	**53,652**
TOTAL ASSETS	**418,257**	**99,930**	**518,187**
EQUITY AND LIABILITIES			
Share capital	54,000	–	54,000
Capital reserves	17,131	–	17,131
Retained earnings	17,229	(3,719)	13,510
Treasury shares	(301)	–	(301)
Other reserves	3,467	–	3,467
Equity attributable to equity holders of the parent	**91,526**	**(3,719)**	**87,807**
Non-controlling interests	(664)	(4,641)	(5,305)
Equity	**90,862**	**(8,359)**	**82,503**
Convertible bonds	15,396	–	15,396
Other bonds	–	–	–
Other financial liabilities	172,506	92,367	264,873
Derivative financial instruments	–	–	–
Other liabilities	774	5,121	5,895
Provisions	4,431	–	4,431
Deferred tax liabilities	12,126	–	12,126
Deferred income	–	–	–
Non-current liabilities	**205,233**	**97,488**	**302,722**
Convertible bonds	–	–	–
Other financial liabilities	80,772	8,054	88,826
Derivative financial instruments	1,280	–	1,280
Trade and other payables	25,145	2,704	27,849
Provisions	1,171	43	1,214
Income tax liabilities	143	–	143
Deferred income	–	–	–
Liabilities directly associated with the assets classified as held for sale	13,649	–	13,649
Current liabilities	**122,161**	**10,801**	**132,963**
Liabilities	**327,395**	**108,290**	**435,684**
TOTAL EQUITY AND LIABILITIES	**418,257**	**99,930**	**518,187**

Effects on the consolidated statement of cash flows:

	2013 old	Adjustment	**2013 new**
Cash receipts			
from hotel operations and rent received	63,249	19,059	82,308
from real estate development projects	5,551	–	5,551
from interest income	139	68	206
Cash receipts from operating activities	**68,939**	**19,127**	**88,066**
Cash payments			
for real estate development projects	(5,292)	–	(5,292)
for materials and services received	(25,243)	(9,571)	(34,814)
for related personnel expenses	(18,643)	(3,276)	(21,919)
for other administrative expenses	(7,766)	471	(7,295)
for income taxes	(299)	–	(299)
Cash payments for operating activities	**(57,243)**	**(12,376)**	**(69,618)**
Net cash flows from operating activities	**11,697**	**6,751**	**18,448**
Cash receipts from			
the sale of disposal groups and property	11,062	–	11,062
of cash and cash equivalents from disposal groups sold	(249)	–	(249)
disposal proceeds from purchase price receivables relating to disposals in prior periods	2,081	–	2,081
other financial assets	29	–	29
Cash receipts from investing activities	**12,922**	**–**	**12,922**
Cash payments for			
the purchase of property, plant and equipment	(3,816)	–	(3,816)
the purchase of investment property	(1,424)	(1,594)	(3,019)
the purchase of available-for-sale securities	(1,836)	–	(1,836)
the purchase of data processing programs	(8)	(4)	(12)
other financial assets	(974)	–	(974)
joint ventures	(1,907)	(1,485)	(3,392)
the purchase of equity investments	(1,500)	–	(1,500)
less inflow of cash and cash equivalents from equity investments	670	–	670
Payments made for investments	**(10,796)**	**(3,083)**	**(13,879)**
Net cash flows from investing activities	**2,126**	**(3,083)**	**(957)**
Cash receipts from the issue of (convertible) bonds	15,165	–	15,165
Payments for the early redemption of convertible bonds	(1,700)	–	(1,700)
Payments received from loans and borrowing	54,547	59,772	114,319
Payments made for the repayment of loans and borrowing	(68,450)	(58,324)	(126,774)
Paid interest and financing costs (for loans and borrowing)	(12,812)	(4,401)	(17,213)
Paid interest and financing costs (for bonds and convertible bonds)	(2,125)	–	(2,125)
Payments received and made for derivatives	(540)	–	(540)
Net cash flows from/used in financing activities	**(15,915)**	**(2,953)**	**(18,869)**
Net change in cash and cash equivalents	**(2,093)**	**715**	**(1,378)**
Foreign exchange rate changes in cash and cash equivalents	(328)	(67)	(395)
Cash and cash equivalents as at 1 January	7,369	1,022	8,391
Cash and cash equivalents at the end of the period	**4,948**	**1,669**	**6,618**
Cash and cash equivalents as at the end of the period consist of:			
Cash and cash equivalents of the Group	4,852	1,669	6,521
Cash and cash equivalents of a disposal group classified as held for sale	96	–	96
	4,948	**1,669**	**6,618**

5.3. Non-current assets (disposal groups) classified as held for sale

The assets and liabilities of the disposal groups and the non-current assets classified as held for sale developed as follows in the year under review:

	As at 1 Jan. adjusted	Addition	Intra-year change in acc. with IFRS 5	Disposal through sale	As at 31 Dec.
Assets:					
Properties	75,170	–	(2,387)	(7,300)	65,483
Other current receivables	105	–	13	(118)	–
Cash	96	–	(30)	(67)	–
	75,371	–	(2,403)	(7,484)	65,483
Liabilities:					
Project loan	(4,635)	–	15	4,620	–
Current liabilities	(184)	–	35	149	–
	(4,819)	–	49	4,770	–
Net assets in accordance with IFRS 5	**70,552**	**–**	**(2,354)**	**(2,715)**	**65,483**

As at 1 January 2014, both the Jupiter 1 and Jupiter 2 office towers in St. Petersburg in the Investment Properties segment and the assets and liabilities of the project company of the Hotel Savoy in Prague, Evropský Investitcni Holding a.s., in the Hotels segment were accounted for in accordance with IFRS 5. The project company was sold in the financial year, whereas the sale of Jupiter 1 and 2 was not yet completed as at the balance sheet date.

Details on the sale of the Hotel Savoy can be found in the disclosures in section 5.1.

Several purchase agreements were concluded in November 2014 with regard to the sale of the Jupiter 1 and 2 office towers, including equipment and infrastructure. The seller, ZAO Avielen A.G., is a 55 per cent subsidiary of the Group. The purchase price payment depended on the loan granted by the financing bank; in accordance with the agreement, the amount and date of the loan disbursement were not determined until February/March 2015. The sale of the Jupiter office towers was closed when the loan was disbursed in February 2015.

The purchase price calculated in accordance with the provisions of IFRS amounts to EUR 65.5 million. An impairment loss of EUR 2.4 million was recognised in accordance with IFRS 5 in conjunction with IAS 40 in the financial year.

Apart from the future interest income from a partial purchase price deferral and expenses in connection with closing the transaction, no effects on profit or loss are expected from the sale in 2015, as the office towers are measured at fair value (=purchase price) as at the end of the reporting period.

5.4. Sales of interests in companies and properties in the previous year

The following properties and interests in companies were sold in the previous financial year:

a) 39.5per cent joint venture interest in Leuchtenbergring in January 2013
b) 50per cent of the shares in Warimpex Polska Sp. z o.o. (now: WX Management Services Sp. z o.o.) as at the reporting date 30 June 2013; the remaining 50per cent of the shares are consolidated using the equity method
c) Sale of property and operations of Palace Hotel in Prague in July 2013
d) 100per cent of the company Le Palais Hotel in Prague in December 2013

The sales had the following effect on the consolidated financial statements as at 31 December 2013:

	Assets	Liabilities
Consolidated statement of financial position:		
Property, plant and equipment and intangible assets	(15)	–
Interests in joint ventures	50	–
Current receivables and liabilities	(135)	75
Cash and cash equivalents (thereof accounted for in accordance with IFRS 5: EUR 224 thousand)	(249)	–
Assets and liabilities of a disposal group classified as held for sale (IFRS 5)	(31,387)	20,041
Currency reserves	–	(144)
	(31,737)	**19,972**

Consolidated income statement:	2013
Carrying amount of the pro rata net assets of the interests in companies and properties sold	(11,765)
Agreed (net) purchase price for the interests in companies and properties	16,379
Directly attributable expenses in connection with company and property sales	(2,584)
Net profit/loss	**2,030**

Cash flow:	
Carrying amount of the pro rata net assets of the interests in companies and properties sold	
Agreed fees	16,379
Directly attributable payments made	(2,584)
Purchase price receivables as at the balance sheet date	(2,733)
Purchase price received from company disposals	**11,062**
Less outflow of cash and cash equivalents	(249)
Cash flow	**10,812**

The purchase price receivable still outstanding as at 31 December 2013 was received in January 2014.

[06] Notes to the consolidated income statement

6.1. Revenues

Revenues are broken down in line with the Group's operating segments. The year-on-year decline in revenues is attributable to hotel sales and the completion of development projects in the previous year. The development revenues include revenues with joint ventures in the amount of EUR 265 thousand (previous year: EUR 266 thousand).

6.2. Expenses directly attributable to revenues

	2014	2013 adjusted
Composition of direct expenses from Hotels:		
Cost of materials and purchased services	(25,387)	(29,022)
Personnel expenses	(13,738)	(16,603)
Other expenses	(2,648)	(3,046)
	(41,773)	**(48,671)**

The cost of materials and purchased services includes management fees from the Hotels segment to a related party (Vienna International Hotelmanagement AG) in the amount of EUR 3,228 thousand (previous year: EUR 3,560 thousand).

	2014	2013 adjusted
Composition of direct expenses from Investment Properties:		
Cost of materials and purchased services	(1,345)	(3,788)
Personnel expenses	(702)	(667)
Other expenses	(644)	(1,120)
	(2,691)	**(5,576)**

The cost of materials and of purchased services was higher in 2013 as they included fit-out costs for leased office space, which were no longer incurred in 2014.

	2014	2013 adjusted
Composition of direct expenses from Development and Services:		
Cost of materials and purchased services	(563)	(687)
Personnel expenses	–	(366)
Other services rendered	(532)	(5,082)
	(1,095)	**(6,135)**

The decline in services rendered is attributable to the completion of a development project in the previous year.

6.3. Administrative expenses

	2014	2013 adjusted
Composition:		
Other personnel expenses	(4,542)	(4,843)
Other administrative expenses	(3,690)	(5,048)
	(8,232)	**(9,891)**

Information on the individual items under "Administrative expenses" is provided in sections 6.3.1. and 6.3.2.

6.3.1. Other personnel expenses

	2014	2013 adjusted
Composition:		
Wages and salaries	(14,673)	(16,673)
Ancillary costs of salaries and wages	(2,768)	(3,334)
Expenses for posted employees	(1,334)	(1,643)
Expenses relating to rights to paid leave, termination payments, pensions and anniversary benefits	(207)	(829)
	(18,982)	(22,480)
Less personnel expenses directly attributable to revenues	14,440	17,637
Other personnel expenses	**(4,542)**	**(4,843)**

In the year under review, the Company employed an average of 1,167 people (previous year: 1,292 people).
For information on Management Board compensation, please refer to section 9.3.2.2.

6.3.2. Other administrative expenses

	2014	2013 adjusted
Composition:		
Legal and consulting expenses	(574)	(897)
Administration costs	(1,908)	(2,761)
Other administrative expenses	(1,208)	(1,391)
	(3,690)	**(5,048)**

In the financial year, expenses for auditing services of EUR 113 thousand (previous year: EUR 111 thousand) and expenses for other services of EUR 22 thousand (previous year: EUR 10 thousand) were incurred for the Group auditor, Ernst & Young Wirtschaftsprüfungs GmbH, Vienna.

6.4. Other expenses

Composition:	2014	2013 adjusted
Property costs	(2,322)	(3,145)
Property lease	(2,147)	(2,226)
Non-deductible input taxes	(700)	(446)
Advertising	(367)	(281)
Expenses relating to the preparation of property transactions	(680)	–
Operating foreign exchange differences	(347)	–
Miscellaneous other expenses	(328)	(313)
	(6,892)	(6,411)
Less other expenses directly attributable to revenues	3,394	4,175
Other expenses	**(3,498)**	**(2,236)**

Property costs comprise primarily owner's expenses such as maintenance, insurance premiums and land tax. The property lease relates predominantly to the andel's hotel in Krakow. Non-deductible input taxes relate mainly to the Dvorak spa hotel in Karlovy Vary, which distinguishes between hotel operations and spa operations (which are exempted from sales tax) for sales tax purposes, and to non-deductible input taxes of the Group parent company.

6.5. Depreciation, amortisation and remeasurement

Composition:	2014	2013 adjusted
Scheduled depreciation	(11,471)	(11,872)
Impairment of property, plant and equipment	(7,059)	(1,500)
Impairment from IFRS 5 measurement (see section 5.3.)	(2,387)	(1,016)
Reversals of impairment on property, plant and equipment	42	7,762
Measurement gains (investment property)	6,711	23,593
Measurement losses (investment property)	(8,110)	(155)
	(22,274)	**16,812**

Scheduled depreciation, impairment and reversals of impairment relate to property, plant and equipment (mainly hotel properties) carried at amortised cost in accordance with IAS 16. Measurement gains and losses result from changes in the fair value of investment property, which is accounted for using the fair value model in accordance with IAS 40.

As at the reporting date, valuation appraisals by the property valuation company CBRE Hotels were obtained for the hotel properties. These valuations are based on assumptions with regard to the future financial performance that reflect the prevailing market conditions on the balance sheet date. In compliance with IFRS, all assets for which a need for write-downs was identified in the impairment test were written down to their recoverable amount if this was lower at the measurement date.

Impairment:

Impairment in the financial year relates to both the Hotels segment with EUR -6,920 thousand (previous year: EUR 0 thousand) and a development property in the Development and Services segment, which accounted for impairment of EUR -102 thousand (previous year: EUR -1,500 thousand). The write-downs are attributable mainly to the changed economic conditions in Russia together with the devaluation of the rouble. In addition, the estimated future cash flows for three hotels had to be reduced due to the performance in the financial year, which also resulted in impairment losses.

The recoverable amount of property, plant and equipment for which an impairment loss was recognised in the financial year was EUR 122,881 thousand in the Hotels segment (previous year: EUR 0 thousand) and EUR 3,719 thousand in the Development segment (previous year: EUR 6,588 thousand).

Reversals of impairment:

During the financial year, there was a reversal of an impairment loss in the Development and Services segment in the amount of EUR 42 thousand (previous year: EUR 7,762 thousand). No reversals of impairment losses were recognised in the Hotels segment in the financial year (previous year: EUR 7,098 thousand).

The recoverable amount of property, plant and equipment in the Hotels segment for which a reversal of an impairment loss was recognised in the financial year amounts to EUR 0 thousand (previous year: EUR 111,080 thousand), while in the Development & Services segment it amounts to EUR 2,428 thousand (previous year: EUR 3,500 thousand).

Sensitivity disclosures on the measurement of the recoverable amount:

	Quantitative information	
	2014	2013
Key input factors		
Capitalisation rate (exit yield)	6 – 12,5%	7 – 12,5%
Expected cash flows (year one)	937 – 3,340	832 – 3,190

		Change in the result before taxes	
		2014	2013
Input factor	Change in the assumption		
Capitalisation rate (exit yield)	+ 0.5 percentage points	-3,100	-13,380
Capitalisation rate (exit yield)	- 0.5 percentage points	3,400	6,320
Expected cash flows	+ 10%	11,170	29,040
Expected cash flows	- 10%	-13,210	-29,040

Disclosures on sensitivities in measuring the fair value of investment property are made in section 8.1.3.

6.6. Finance income

	2014	2013 adjusted
Composition:		
Interest income from cash management	150	209
Other	–	212
Interest accrued on other loans	–	612
Dividend income	1,482	–
Unrealised gains on derivative financial instruments	2,558	–
	4,191	**1,033**

The unrealised gains on derivative financial instruments relate to the measurement at the reporting date of conversion rights in connection with convertible bonds issued in PLN (see also section 7.13.1.).

6.7. Financing expenses

	2014	2013 adjusted
Composition:		
Interest on bank overdrafts, project loans and other loans	(13,594)	(14,171)
Interest on convertible bonds	(1,482)	(1,558)
Interest on bonds	(1,775)	(1,253)
Interest on loans from non-controlling interests	(2,427)	(3,437)
Internal interest with related parties	(95)	(44)
Interest discounted on other loans	(2,075)	–
Interest component for social capital	(63)	(140)
Other finance expense	(1,278)	(1,587)
Unrealised losses on derivative financial instruments	(156)	(422)
Realised losses on derivative financial instruments	(13)	(540)
	(22,958)	**(23,153)**

For information on the conditions of interest-bearing financial liabilities, please refer to section 7.12.5. Other finance expense includes commitment fees and costs in connection with borrowing financial liabilities, as well as loan commission and transaction costs distributed in accordance with the effective interest method.

Impairment of financial assets relates to a non-current purchase price receivable (see section 7.5.).

6.8. Foreign currency translation in finance income

	2014	2013 adjusted
Composition:		
From (convertible) bonds in PLN	820	(31)
From loans in CHF	(635)	341
From EUR financing in the subsidiaries	(14,949)	(3,981)
Other financing-related changes in foreign exchange rates	409	–
	(14,356)	**(3,671)**

Foreign exchange rate gains/losses from financing in EUR at subsidiaries relate to bank loans at subsidiaries whose functional currency is the local currency and whose financing is in euro. The highest share of this is attributable to subsidiaries in Russia.

Foreign currency translation differences in accordance with IAS 21 totalled EUR -14,701 thousand in the financial year (previous year: EUR -3,669 thousand). This amount consists of operating translation differences (reported under other expenses) and translation differences in the financial result.

6.9. Income taxes

The reconciliation between income tax expense and the product of the accounting profit for the period and the applicable tax rate for the Group (applicable corporation tax in Austria) for the 2014 financial year of 25per cent (previous year: 25 per cent) breaks down as follows:

		2014	2013 adjusted
Reconciliation of tax expense:			
Consolidated income statement			
Earnings before taxes		(36,752)	12,069
Consolidated earnings before taxes x 25% tax rate		9,188	(3,017)
± different foreign tax rates		(1,997)	559
± effects of tax-exempt earnings		391	2,545
± permanent differences		(1,657)	(649)
± expired loss carryforwards		(93)	(500)
± effects of prior-year changes		(18)	(3)
± valuation allowances for deferred taxes		103	(32)
± use of previously unrecognised tax assets		–	1,281
± unrecognised temporary differences		(4,310)	(3,976)
± foreign withholding tax and minimum corporation tax		(10)	(18)
± currency effect		(151)	(1,143)
Taxes according to income statement		**1,446**	**(4,953)**
	Effective tax rate	3,94%	41,04%
Consolidated statement of comprehensive income			
± cash flow hedges		–	(140)
± subsequent measurement of available-for-sale securities		161	127
± remeasurement in accordance with IAS 19		42	113
± OCI earnings allocation of joint ventures		1	(1)
± remeasurement due to reclassification IAS 40 joint ventures		(77)	–
± remeasurement due to reclassification IAS 40 Group		(308)	–
± non-controlling interests		134	16
± currency effect		506	26
		458	**141**

EUR 3 thousand of the current income tax incurred in the year under review relates to adjustments to prior years.

No deferred income tax liabilities were recognised for taxes on undistributed profits of subsidiaries in the year under review or in the previous years, since distributions of this kind are not taxable within the European Union.

Deferred taxes relating to temporary differences for joint ventures are accounted for and recognised to the extent that associated differences result in tax. Deferred taxes relating to temporary differences for interests in subsidiaries are accounted for in the context of outside basis differences.

Loss carryforwards totalling EUR 160,613 thousand (previous year adjusted: EUR 167,415 thousand) are available to the Group. EUR 88,860 thousand (previous year adjusted: EUR 99,807 thousand) of these tax loss carryforwards are offset against deferred tax liabilities, while deferred taxes have been recognised for tax loss carryforwards of EUR 94 thousand (previous year adjusted: EUR 99 thousand), since these are to be offset against taxable profit in the foreseeable future.

The tax loss carryforwards arose:

in the Czech Republic (eligible for 5 years, tax rate 19%)	5,033
in Poland (eligible for 5 years, tax rate 19%)	9,992
in Hungary (unrestricted eligibility, tax rate 10%)	2,571
in Luxembourg (unrestricted eligibility, tax rate 30%)	3,534
in Romania (eligible for 7 years, tax rate 16%)	4,410
in Russia (eligible for 10 years, tax rate 20%)	86,678
in Austria (unrestricted eligibility, tax rate 25%)	48,393
	160,613

Offset loss carryforwards of EUR 483 thousand will expire in the coming financial year. If these cannot be offset against taxable earnings in the coming financial year, the associated tax expense in the coming financial year will amount to EUR 92 thousand.

No deferred tax assets were recognised for tax loss carryforwards totalling EUR 71,659 thousand (previous year: EUR 67,526 thousand), since these cannot be used to offset taxable profits of other companies in the Group and they arose in subsidiaries that have already been generating losses for a long time.

If the Group had capitalised all unrecognised deferred tax assets on loss carryforwards in previous years, the profit for the period would be EUR 302 thousand higher and equity would be EUR 16,239 thousand higher.

No deferred taxes are recognised for positive deferred tax differences in accordance with IAS 12.44 (outside basis differences) in the amount of EUR 113,356 thousand (previous year adjusted: EUR 108,753 thousand), as the reversal effect of the temporary differences will not occur in the foreseeable future.

No deferred taxes are recognised for negative deferred tax differences in accordance with IAS 12.39 (outside basis differences) in the amount of EUR 28,706 thousand (previous year adjusted: EUR 31,240 thousand), as the reversal effect of the temporary differences will not occur in the foreseeable future.

[07] Notes on the statement of financial position

7.1. Property, plant and equipment

The change in and composition of property, plant and equipment can be broken down as follows:

	Land	Buildings including buildings on third-party land	Operating and office equipment, hotel inventories	Technical equipment	Total
Change 2013 (adjusted):					
Carrying amounts at 1 January	50,504	190,104	15,236	725	256,569
djustment due to a change in accounting policy	–	41,536	2,994	–	44,530
Carrying amounts at 1 January, adjusted	50,504	231,640	18,230	725	301,099
Additions	1,827	3,340	1,079	374	6,620
Disposals	–	–	(52)	–	(52)
Disposals from scope of consolidation	–	–	(15)	–	(15)
Reclassification in accordance with IFRS 5	(1,880)	(12,965)	(484)	–	(15,329)
Reclassification	(6,036)	6,036	–	–	–
Scheduled depreciation and amortisation	–	(6,627)	(5,097)	(68)	(11,792)
Impairment expenses	(410)	(1,090)	–	–	(1,500)
Reversals of impairment	3,197	4,565	–	–	7,762
Effects of currency translation	(318)	(4,147)	(502)	(12)	(4,978)
Carrying amounts as at 31 December	**46,884**	**220,754**	**13,159**	**1,018**	**281,815**
Composition as at 31 December 2013 (adjusted):					
Cost	49,989	282,412	36,143	1,341	369,885
Accumulated depreciation	(3,104)	(61,658)	(22,985)	(323)	(88,070)
	46,884	**220,754**	**13,159**	**1,018**	**281,815**
thereof serving as senior collateral for interest-bearing loans (see information in section 7.12.4.)					*279,202,730*
Change 2014 (adjusted):					
Carrying amounts at 1 January, adjusted	46,884	220,754	13,159	1,018	281,815
Additions	–	348	1,943	206	2,496
Remeasurement IAS 16 in conjunction with IAS 40 (reclassification)	93	1,530	–	–	1,624
Reclassification to investment property	(397)	(3,345)	–	–	(3,742)
Scheduled depreciation and amortisation	–	(6,540)	(4,865)	(19)	(11,423)
Impairment expenses	(139)	(6,920)	–	–	(7,059)
Reversals of impairment	–	42	–	–	42
Effects of currency translation	(1,348)	(12,125)	(1,131)	(30)	(14,634)
Carrying amounts as at 31 December	**45,093**	**193,744**	**9,106**	**1,176**	**249,118**
Composition as at 31 December 2014:					
Cost	46,843	269,564	30,279	1,194	347,879
Accumulated depreciation	(1,750)	(75,819)	(21,173)	(19)	(98,761)
	45,093	**193,744**	**9,106**	**1,176**	**249,118**
thereof serving as senior collateral for interest-bearing loans (see information in section 7.12.4.)					*247,303*

For information on impairment and reversals of impairment losses on property, plant and equipment, please refer to section 6.4.

The uniform useful lives throughout the Group were estimated as follows:

	2014	2013
Buildings (and finance leases)	60 years	60 years
Building services in hotels	15 years	15 years
Fixtures and fittings in hotels	7 years	7 years
Operating and office equipment	7 years	7 years
Technical equipment	20 years	20 years

In accordance with IAS 16.43 (component approach), the cost of the hotels is divided into building fabric, building services and fixtures and fittings and is amortised over different useful lives.

7.2. Investment property

The Group uses the fair value model for investment property. For information on the key input factors for the measurement, please refer to section 8.1.3. The change in and composition of investment property can be broken down as follows:

	Portfolio properties	Development properties	**Total 2014**	Total 2013 adjusted
Change:				
Carrying amounts at 1 January				16,033
Adjustment due to a change in accounting policy				99,100
Carrying amounts at 1 January, adjusted	**10,474**	**62,576**	**73,050**	**115,133**
Advance payments	–	650	650	–
Investments	–	9,361	9,362	2,502
Capitalised borrowing costs	–	2,551	2,551	–
Reclassification of property, plant and equipment	362	3,380	3,742	–
Disposals	–	–	–	(137)
Reclassification in accordance with IFRS 5	–	–	–	(67,870)
Net gains/losses on remeasurement	430	(1,829)	(1,399)	23,438
Effects of currency translation	–	(205)	(205)	(16)
Carrying amounts as at 31 December	**11,265**	**76,485**	**87,751**	**73,050**

	31/12/14	31/12/13 adjusted	1/1/13 adjusted
Composition:			
Cost	88,468	67,235	117,818
Cumulative gains/losses on remeasurement	(717)	5,815	(2,685)
Carrying amounts as at 31 December	**87,751**	**73,050**	**115,133**
thereof basic value	*6,557*	*3,788*	*1,467*
thereof serving as senior collateral for interest-bearing loans (information in section 7,12,4,)	*87,751*	*73,050*	*115,133*

	2014	2013 adjusted
Net income from investment property:		
Rental income and passed-on operating costs	9,813	10,731
Operating costs	(1,345)	(3,788)
Maintenance	(14)	(101)
Staff costs relating to investment property	(702)	(667)
Other expenses in connection with investment property	(630)	(1,020)
Net rental income	**7,122**	**5,155**

The additions to investment property do not include any subsequent cost of acquisition.

There are no significant operating costs that are directly attributable to investment property that did not generate rental income in the financial year.

7.3. Goodwill

The reported goodwill was identified in the context of a company acquisition and relates to the angelo hotel in Prague.

Goodwill is tested for impairment at least once a year. The recoverable amount of the hotel is determined on the basis of an external property appraisal (see section 3.4.3.). The measurement is made at Level 3 of the fair value hierarchy using an income-based approach.

Goodwill amounts to EUR 921 thousand, corresponding to 7 per cent of the carrying amount. As such, goodwill can be classified as non-significant. The hidden reserves of the hotel amount to EUR 9,062 thousand, corresponding to 71 per cent of the carrying amount. Due to the amount of hidden reserves, possible changes in the key measurement parameters do not have any impact on the recoverability of goodwill.

7.4. Nettoinvestitionen in Joint Ventures (at equity)

7.4.1. Overview of joint ventures

As at the balance sheet date, the consolidated financial statements include the following joint ventures accounted for at equity:

Equity holdings	Domicile/country	Voting rights share and equity interest	Share capital	Capital currency	Functional currency	Segment
			in Thousand			
UBX 1 Objekt Berlin Ges.m.b.H.	Munich, D	50%	25	EUR	EUR	H
UBX 2 Objekt Berlin Ges.m.b.H	Munich, D	50%	25	EUR	EUR	DS
UBX 3 Objekt Berlin Ges.m.b.H.[1]	Munich, D					
ACC Berlin Konferenz Betriebs GmbH	D-Berlin	50%	25	EUR	EUR	DS
UBX 3 s.r.o.	Prague, CZ	50%	200	CZK	EUR	DS
UBX Plzen s.r.o.	Prague, CZ	50%	200	CZK	EUR	H
Hotelinvestments (Luxembourg) SARL	Luxembourg, LU	50%	20	EUR	EUR	H
UBX Development (France) SARL	F-Paris	50%	50	EUR	EUR	H
→ UBX II (France) SARL[2]	F-Paris	50%	50	EUR	EUR	H
Hotel Paris II SARL	F-Paris	50%	650	EUR	EUR	H
Warimpex Management Services Sp. z o.o.	Warsaw, PL	50%	9.095	PLN	PLN	DS
IPOPEMA 66 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych	Warsaw, PL	50%	200	PLN	EUR	H
→ Lanzarota Investments Sp. z o.o.[2] Sienna Hotel S.K.A.	Warsaw, PL	50%	81.930	PLN	EUR	H
Lanzarota Investments Sp. z o.o.	Warsaw, PL	50%	5	PLN	EUR	H
UBX Katowice Sp. z o.o.	Warsaw, PL	50%	50	PLN	EUR	H
GF Ramba Sp. z o.o. [2, 3]	Warsaw, PL	50%	139	PLN	EUR	IP

Note:
[1] The company was merged with UBX 1 Objekt Berlin Ges.m.b.H. in the financial year.
[2] These companies are joint ventures in which the parent company holds an indirect interest.
[3] The interest in GF Ramba Sp. z o.o. is held by WX Warsaw Holding S.A. (wholly owned subsidiary).

7.4.2. Disclosures on significant joint ventures

IFRS 12, which is applicable from 1 January 2014, stipulates certain disclosures on significant joint ventures. The financial information below corresponds to the amounts reported in the annual financial statements of the joint ventures prepared in accordance with IFRS. No dividends were distributed by joint ventures in the financial year or in the previous year.

	UBX 1 Objekt Berlin Ges.m.b.H.		UBX 2 Objekt Berlin Ges.m.b.H.		UBX Plzen s.r.o.	
	31/12/14	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13
Summarised statement of financial position:						
Non-current assets	78,445	82,723	7,191	3,048	9,566	10,180
Current assets	2,745	7,101	(22)	22	550	334
Total assets	**81,190**	**89,825**	**7,169**	**3,070**	**10,116**	**10,514**
thereof cash and cash equivalents	*228*	*792*	*2*	*13*	*311*	*155*
Equity	12,365	15,165	3,624	(114)	5,146	(4,304)
(thereof capital measures implemented in the year under review)	–	–	–	–	*10,516*	–
Non-current liabilities	64,400	69,902	3,545	3,183	551	14,148
Current liabilities	4,425	4,758	–	–	4,420	670
Total equity and liabilities	**81,190**	**89,825**	**7,169**	**3,070**	**20,632**	**10,514**
thereof non-current financial liabilities (excluding trade and other payables and provisions)	*59,342*	*61,842*	–	–	–	*4,444*
thereof current financial liabilities (excluding trade and other payables and provisions)	*2,000*	*1,700*	–	–	*4,094*	*472*
	2014	2013	**2014**	2013	**2014**	2013
Summarised income statement:						
Revenues	24,307	25,932	–	–	2,376	2,082
Expenses	(27,107)	(24,993)	3,121	(35)	(3,441)	(2,595)
Profit or loss for the period	(2,800)	939	3,121	(35)	(1,065)	(513)
Other comprehensive income	–	–	617	–	–	–
Total comprehensive income	**(2,800)**	**939**	**3,738**	**(35)**	**(1,065)**	**(513)**
Included in profit or loss for the period:						
Scheduled depreciation and amortisation	(4,374)	(4,244)	–	–	(874)	–
Interest income	6	1	–	–	1	20
Interest expense	(3,575)	(3,707)	–	–	(925)	(826)
Income tax expense (or income)	–	–	–	–	–	–
Reconciliation with the carrying amount of the investment:						
Net assets of the joint venture	12,365	15,165	3,624	(114)	5,146	(4,304)
Ownership interest of the Group	50%	50%	50%	50%	50%	50%
Pro rata net assets	6,182	7,582	1,812	(57)	2,573	(2,152)
Shareholder loans as net investment	1,684	3,130	1,720	1,604	175	4,693
Net investment in joint venture (=carrying amount)	**7,866**	**10,713**	**3,532**	**1,547**	**2,748**	**2,540**

	UBX II (France) SARL und UBX Development (France) SARL		Hotel Paris II SARL		Lanzarota Investments Sp. z o.o. Sienna Hotel S.K.A., Lanzarota Sp. z o.o. und IPOPEMA 66 Fundusz		UBX Katowice Sp. z o.o.		GF Ramba Sp. z o.o.	
	31/12/14	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13	**31/12/14**	31/12/13
	44,616	45,883	22,083	22,259	2,752	2,769	24,232	25,452	14,069	13,530
	3,355	2,673	3,289	2,679	4,333	6,656	433	338	153	168
	47,971	**48,556**	**25,372**	**24,938**	**7,084**	**9,425**	**24,665**	**25,791**	**14,222**	**13,698**
	1,497	*1,161*	*1,389*	*933*	*2,903*	*3,313*	*236*	*132*	*4*	*134*
	1,626	263	899	521	13,746	14,783	(4,497)	(4,330)	2,732	2,455
	–	–	–	–	*(1,522)*	–	–	–	–	–
	41,906	45,320	21,452	22,378	(7,966)	(7,750)	27,565	28,581	10,512	10,354
	4,440	2,974	3,022	2,040	1,304	2,392	1,598	1,540	978	888
	47,971	**48,556**	**25,372**	**24,938**	**7,084**	**9,425**	**24,665**	**25,791**	**14,222**	**13,698**
	34,186	*36,687*	*15,838*	*16,713*	–	–	*15,996*	*17,096*	*4,792*	*5,355*
	2,274	*1,533*	*795*	*665*	–	–	*1,100*	*1,080*	*511*	*496*

	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	21,130	19,464	16,550	15,673	21,432	22,732	4,924	4,460	1,496	1,751
	(19,768)	(18,717)	(16,172)	(15,956)	(20,947)	(20,825)	(5,090)	(4,851)	(1,220)	(1,000)
	1,363	747	378	(284)	485	1,907	(167)	(391)	276	751
	–	–	–	–	–	–	–	–	–	–
	1,363	**747**	**378**	**(284)**	**485**	**1,907**	**(167)**	**(391)**	**276**	**751**
	(2,097)	–	(1,540)	–	(686)	–	(1,283)	–	–	–
	–	–	–	–	11	41	4	–	1	3
	(735)	(917)	(395)	(410)	–	–	(758)	(722)	(216)	(187)
	4	1	–	–	–	–	–	–	–	(93)
	1,626	263	899	521	13,746	14,783	(4,497)	(4,330)	2,732	2,455
	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
	813	132	449	260	6,873	7,391	(2,248)	(2,165)	1,366	1,228
	3,879	4,351	2,824	2,830	–	–	5,789	5,743	2,161	2,107
	4,692	**4,482**	**3,273**	**3,090**	**6,873**	**7,391**	**3,540**	**3,578**	**3,526**	**3,335**

The joint ventures shown above are explained as follows:

UBX 1 Objekt Berlin Ges.m.b.H.:
UBX Objekt Berlin Ges.m.b.H. was merged with the company in the financial year. The company owns and operates the andel's hotel in Berlin and has owned a development property in Berlin since the merger. The financial information was adjusted as a result of the merger and now also includes that of UBX3 Objekt Berlin Ges.m.b.H.

UBX 2 Objekt Berlin Ges.m.b.H.:
The company owns a development property in Berlin.

UBX Pilsen s.r.o.:
The company owns and operates the angelo hotel in Pilsen (CZ).

UBX II (France) SARL and UBX Development (France) SARL:
The company UBX II (France) SARL leases a hotel in Eurodisney, Paris (F), under a finance lease and operates this hotel. UBX Development (France) SARL is the 100 per cent parent company and does not engage in any material business activities. Since the two companies are considered and consolidated together within the Group, they are presented together here.

Hotel Paris II SARL:
The company leases a hotel in Eurodisney, Paris (F), under a finance lease and operates this hotel.

Lanzarota Investments Sp. z o.o. Sienna Hotel S.K.A., Lanzarota Sp. z o.o. und IPOPEMA 66 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych:
Lanzarota Investments Sp. z o.o. Sienna Hotel S.K.A. is a Polish partnership. It leases the Intercontinental Hotel under an operating lease and operates this hotel. The Polish fund IPOPEMA 66 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych is the general partner of the company, while Lanzarota Investments Sp. z o.o. acts as the limited partner. The general partner and the limited partner do not engage in any material business activities. Since these companies are considered and consolidated together within the Group, they are also presented together here.

UBX Katowice Sp. z o.o.:
The company owns and operates the angelo hotel in Katowice in Poland.

GF Ramba Sp. z o.o.:
The company owns and operates an office property (Parkur Tower) in Warsaw.

7.4.3. Composition of and change in net investments in joint ventures

	Equity interests in joint ventures	Loans to joint ventures	**Total**
Composition as at 1 January 2013 (adjusted):			
Net investments in joint ventures	25,230	20,469	45,699
Accumulated earnings allocations from profit/ loss for the period	(11,228)	(2,271)	(13,499)
Impairments	–	(2)	(2)
	14,002	**18,196**	**32,198**
Composition as at 31 December 2013 (adjusted):			
Net investments in joint ventures	25,280	24,457	49,737
Accumulated earnings allocations from profit/ loss for the period	(9,907)	(3,015)	(12,922)
Accumulated earnings allocations from other comprehensive income	3	–	3
	15,376	**21,442**	**36,818**
Composition as at 31 December 2014:			
Net investments in joint ventures	29,777	18,231	48,008
Accumulated earnings allocations from profit/ loss for the period	(13,527)	1,437	(12,090)
Accumulated earnings allocations from other comprehensive income	304	–	304
	16,554	**19,668**	**36,222**

Non-current assets accounted for at equity consist entirely of net investments in joint ventures. The net investments comprise equity interests in joint ventures and loans to joint ventures for which settlement is neither planned nor likely to occur in the foreseeable future. Pro rata gains and losses that are covered by the net investment are also recognised as allocated profit or loss. In addition, any impairment losses are taken into account in accordance with IAS 28.40.

	2014	2013 adjusted
Change in net investment in joint ventures:		
Carrying amounts at 1 January		86,037
Changes in accounting policy		(53,839)
Adjusted carrying amounts at 1 January	**36,818**	**32,198**
Addition to equity interests (UBX Pilzen)	5,258	50
Disposal from equity interests (Lanzarota)	(761)	–
Granting (+)/repayment (-) of loans	(6,928)	3,392
Utilisation of provisions in relation to joint ventures	–	(1,037)
Interest income from loans granted	702	597
Impairment/reversals of impairment losses	–	2
Earnings allocation from profit/loss for the period	829	1,615
Earnings allocation from other comprehensive income	304	3
Carrying amounts as at 31 December	**36,222**	**36,818**

7.4.4. Other disclosures on joint ventures

The following table contains summarised financial information on net investments in joint ventures. The amounts are stated in line with the extent of the equity interest.

	31/12/14	31/12/13	1/1/13 adjusted
Interest in the assets and liabilities of joint ventures:			
Non-current assets	101,486	102,936	110,261
Current assets	7,602	10,161	24,373
Assets	**109,088**	**113,097**	**134,634**
Pro rata equity	(17,986)	(12,358)	(9,445)
Pro rata shareholder loans	(18,531)	(24,585)	(20,771)
Non-current liabilities	(62,450)	(68,473)	(78,304)
Current liabilities	(10,121)	(7,682)	(26,115)
Liabilities	**(109,088)**	**(113,097)**	**(134,634)**

	31/12/14	31/12/13 adjusted
Reconciliation with the carrying amount of the joint ventures:		
Pro rata net assets of joint venture (50%)	17,986	12,358
Group shareholder loans as net investment	18,231	24,457
Excess of unrecognised losses from joint ventures	5	3
Net investment in joint ventures (=carrying amount)	**36,222**	**36,818**

Unrecognised losses from joint ventures amounted to EUR 2 thousand in the year under review (previous year: EUR 5 thousand). Cumulative unrecognised losses are shown in the table above.

	31/12/14	31/12/13 adjusted
Aggregated disclosures on joint ventures that are not individually material:		
Net investment in joint ventures (=carrying amount)	171	141
Group's share of profit or loss for the period (continuing operations)	31	77
Group's share of other comprehensive income	(4)	3
Group's share of total comprehensive income	27	80

Nature and extent of significant restrictions relating to joint ventures:

There are contractual restrictions for the significant joint ventures listed above with regard to the utilisation of assets or the payment of interest and dividends to shareholders/the repayment of shareholder loans on the basis of existing loan agreements or leases relating to property financing.

Risks relating to interests in joint ventures:

The liabilities and guarantees assumed in connection with joint ventures are discussed in section 9.1.3.

7.5. Other financial assets

	31/12/14	31/12/13 adjusted
Composition – non-current		
Loans and other non-current receivables	3,619	5,694
Blocked deposits for collateralising guarantees	4,573	4,681
Receivables from reinsurance policies	323	266
Other non-current financial assets	189	500
	8,704	**11,141**
Composition – current		
Blocked deposits for collateralising guarantees	–	241
	–	**241**

Loans relate to a non-current, non-interest-bearing purchase price receivable of EUR 8 million. The estimate of the remaining term was changed in the financial year. There was discounting of EUR 2,075 thousand in this context. As in previous years, the discounting rate was 12%.

The other financial assets reported under these items are neither past due nor impaired.

Blocked deposits serving as collateral for guarantees amount to EUR 4,573 thousand. The terms correspond to the normal contractual terms of the respective contractual partners.

Blocked deposits for collateralising guarantees relate to the andel's hotel in Krakow that was sold in 2009 (see information in section 9.1.3.1.) and the Intercontinental Hotel Warsaw that was sold in 2012 (see section 9.1.3.). This item also includes an investment account relating to the project loan for the angelo hotel in Prague.

Other non-current assets relate to a financial asset that is not freely available and serves as collateral in connection with the project loan for the angelo Airport Hotel in Bucharest.

Receivables from reinsurance policies relate to a reinsurance policy taken out for a pension commitment.

7.6. Deferred taxes (deferred tax assets and liabilities)

Die Zusammensetzung und Entwicklung der latenten Steuerabgrenzungen stellt sich wie folgt dar:

	Available deferred tax assets		thereof recognised deferred tax assets	
	31/12/14	31/12/13 adjusted	**31/12/14**	31/12/13 adjusted
Composition:				
Differences in property, plant and equipment and investment property	2,386	3,221	9	597
Temporary differences relating to interests in joint ventures	4,669	4,460	–	–
Measurement differences in current assets	12,776	586	12,753	16
Differences in the tax treatment of social capital	274	278	274	–
Measurement differences in borrowings and provisions	1,426	1,425	1,264	971
Capitalisation of tax loss carryforwards	34,312	35,641	17,955	19,704
Valuation allowances for deferred taxes	–	–	(1,279)	(1,844)
	55,843	**45,612**	**30,976**	**19,444**
Offsetting in relation to the same taxation authority			(30,954)	(19,417)
			22	**27**

	Deferred tax liabilities	
	31/12/14	31/12/13 adjusted
Composition:		
Differences in property, plant and equipment and investment property	(37,218)	(29,214)
Temporary differences relating to interests in joint ventures	(1,624)	(1,341)
Measurement differences in current assets	(958)	(864)
Measurement differences in borrowings and provisions	(1,803)	(671)
	(41,602)	(32,090)
Offsetting in relation to the same taxation authority	30,954	19,417
	(10,649)	**(12,673)**

	Deferred tax assets		Deferred tax liabilities	
	2014	2013 adjusted	**2014**	2013 adjusted
Change:				
Deferrals as at 1 January		439		(12,126)
Changes in accounting policies		3,545		–
As at 1 January, adjusted	**27**	**3,984**	**(12,673)**	**(12,126)**
Changes in the scope of consolidation	–	85	–	–
Change recognised in other comprehensive income in connection with:				
Currency translation	(445)	(304)	1,272	346
Other comprehensive income of joint ventures	(76)	(1)	–	–
Subsequent measurement of securities available for sale	–	–	(26)	127
Remeasurement in accordance with IAS 19	42	113	–	–
Remeasurement in connection with transition from IAS 16 to IAS 40	–	–	(308)	–
Cash flow hedges	–	–	–	(140)
Change recognised in profit or loss for the period	475	(3,849)	1,087	(881)
As at 31 December	**22**	**27**	**(10,649)**	**(12,673)**

7.7. Inventories

	31/12/14	31/12/13
Composition:		
Inventories	759	1,032
	759	**1,032**

Inventories relate mainly to the hotels' short-term stocks of food and beverages. It was not necessary to recognise valuation allowances with regard to inventories.

The amount of inventories recognised as an expense in the reporting period is shown in the disclosures in section 6.2. (expenses directly attributable to revenues).

7.8. Trade and other receivables (current)

	31/12/14	31/12/13 adjusted
Composition:		
Trade receivables	2,321	3,842
(thereof relating to Le Palais offices in Warsaw)	*–*	*627*
Receivables from tax authorities	345	809
Receivables from sales	–	2,733
Other receivable in connection with sale of Jupiter	10,187	–
Advance payments made	5,631	1,081
Other current receivables and assets	728	765
Other current receivables, blocked	506	512
Receivables due from joint ventures	142	38
Receivables from related parties	5	–
Deferred income	1,233	675
	21,098	**10,455**

The other receivable in connection with the sale of Jupiter is an offsetting item for the sales tax from the sale of Jupiter, which already represented a liability to the Russian tax office at the reporting date under Russian tax law. When the sale is recognised in the first quarter of 2015, this item will become part of the purchase price receivable or will be offset against the purchase price payment.

The advance payments made mostly relate to the expansion of the Zeppelin office tower in St. Petersburg.

The maturities of trade receivables can be broken down as follows:

	31/12/14	31/12/13 adjusted
Composition:		
• neither past due nor impaired	1,326	3,244
• 30 days past due, not impaired	528	381
• 60 days past due, not impaired	156	147
• 90 days past due, not impaired	73	52
• 120 days past due, not impaired	33	17
• >120 days past due, not impaired	204	2
• impaired receivables	228	235
	2,549	**4,077**

The other current financial assets reported under this item are neither past due nor impaired.

Trade receivables do not bear interest and generally have a maturity of 10 to 90 days.

7.9. Securities available for sale

	31/12/14	31/12/13
Change:		
Carrying amount at 1 January	8,607	7,279
Additions	4,394	1,836
Subsequent measurement	519	(509)
Carrying amount as at 31 December	**13,520**	**8,607**
Composition:		
Shares in Palais Hansen Immobilienentwicklung GmbH, Vienna	7,052	8,607
Shares in ZAO Micos, Moscow	6,468	–
	13,520	**8,607**

The shares in Palais Hansen Immobilienentwicklung GmbH represent a 9.88 per centequity interest. The company is the owner of the hotel portion of Palais Hansen. Because there is no active market for this equity interest, subsequent measurement is based mainly on the fair value calculated using the discounted cash flow, which was determined on the basis of a valuation appraisal.

ZAO Micos is the buyer of the office towers Jupiter 1 and Jupiter 2 in St. Petersburg. As at the balance sheet date, the Group has a 19 per cent interest in the company. The sale of these shares to the majority owner is to take place 18 months after the handover of the Jupiter office towers. The interest is measured at the agreed selling price.

7.10. Cash and cash equivalents

	31/12/14	31/12/13 adjusted
Composition:		
Cash on hand	121	111
Bank balances	9,644	6,410
	9,765	**6,521**

Bank balances pay interest at variable rates for balances available on call.

Short-term deposits are made for various different periods of between one and three months depending on the respective cash requirements of the Group. They pay interest at the applicable rates for short-term deposits.

The fair value for cash and cash equivalents corresponds to their carrying amount.

7.11. Equity

7.11.1. Share capital, earnings per share

The share capital of the company is divided into 54,000,000 no-par-value ordinary shares and is fully paid up.
As at the balance sheet, the company held 66,500 treasury shares that were acquired at an average price of EUR 4.53 per share.

The weighted average number of ordinary shares outstanding in the period from 1 January to 31 December 2014 was 53,933,500.

	31/12/14	31/12/13
	Number	Number
Composition of share and potential shares:		
Ordinary shares, 1 January to 31 December	54,000,000	54,000,000
Less treasury shares	-66,500	-66,500
Weighted average number of ordinary shares	**53,933,500**	**53,933,500**
Dilutive effect of potential shares:		
Authorised shares for convertible bond 05/2011 – 05/2014, weighted	337,378	2,526,000
Authorised shares for convertible bond 04/2013 – 03/2016, weighted	3,753,541	2,776,592
Authorised shares for convertible bond 10/2013 – 10/2016, weighted	2,156,863	360,462
Authorised shares for convertible bond 06/2014 – 06/2017, weighted	1,400,304	–
Weighted authorised shares for convertible bonds	7,648,087	5,663,054
Weighted average number of ordinary shares adjusted for dilutive effect	**61,581,587**	**59,596,554**

	2014	2013 adjusted
Earnings per share (in relation to the weighted average number):		
Profit or loss for the period attributable to the shareholders of the Group:	TEUR	TEUR
Basic	(20,654)	2,993
Adjustments in connection with potential conversion of convertible bonds	1,482	1,636
Diluted	**(19,173)**	**4,629**
Earnings per share basic = diluted (in EUR)	(0.38)	0.06

	2014	2013
Change in authorised shares (not weighted):	Number	Number
Convertible bond 2011 – 2014		
As at 1 January	977,326	5,179,828
Repurchase/exchange of convertible bond	–977,326	(4,202,502)
As at 31 December	–	**977,326**
Convertible bond 04/2013 – 03/2016		
As at 1 January	3,753,541	–
Issue	–	3,753,541
As at 31 December	**3,753,541**	**3,753,541**
Convertible bond 10/2013 – 10/2016		
As at 1 January	2,156,863	–
Issue	–	2,156,863
As at 31 December	**2,156,863**	**2,156,863**
Convertible bond 06/2014 – 06/2017		
As at 1 January	–	–
Issue	2,777,778	–
As at 31 December	**2,777,778**	–

In calculating basic earnings per share, the profit or loss attributable to the holders of ordinary shares of the parent company is divided by the weighted average number of ordinary shares outstanding during the year.

In calculating diluted earnings per share, the profit or loss attributable to the holders of ordinary shares of the parent company, adjusted for changes in connection with the conversion of potential shares, is divided by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would result from the convertible bond. These diluted earnings are recognised only if the conversion would reduce earnings per share/increase the loss for the period. Otherwise, diluted earnings are equal to basic earnings.

The Group is not aware of any special rights or restrictions associated with the shares.

In accordance with the provisions of the Austrian Stock Corporation Act (Aktiengesetz), the separate financial statements of Warimpex Finanz- und Beteiligungs AG as at 31 December 2014 prepared in accordance with Austrian financial reporting regulations form the basis for the distribution of dividends.

These annual financial statements report a net loss for the year of EUR 17,983 thousand. Taking account of the previous year's unappropriated surplus of EUR 5,016 thousand and the reversal of appropriated capital reserves to cover an accumulated loss that would otherwise have to be reported, this gives rise to a net result of zero. The Management Board will propose to the Annual General Meeting that the net result be carried forward to new account.

7.11.2. Disclosures on capital management

The equity reported in the consolidated financial statements is used for the purposes of capital management at Group level. The primary objective of the Group's capital management is to ensure that a good equity ratio is maintained so as to support its business operations and maximise shareholder value.

The Group is not subject to any capital requirements under its articles of association or externally imposed capital requirements. The only statutory requirements are those relating to share capital and statutory reserves, which are fully complied with. The Group monitors its capital on the basis of the equity ratio, which should be between 20per cent and 40per cent.

As at the reporting date, the Group's equity ratio was 11.2 per cent (previous year: 17.5 per cent) and was thus below the desired range.

	31/12/14	31/12/13 adjusted
Calculation of Group equity ratio:		
Equity	57,676	88,711
Borrowings	435,727	417,341
Total equity and liabilities	493,404	506,052
Equity ratio in%	**11.7%**	**17.5%**

A higher equity ratio arises when equity attributable to shareholders of the parent (excluding minority interests) is considered:

	31/12/14	31/12/13 adjusted
Calculation of equity ratio before non-controlling interests:		
Equity attributable to equity holders of the parent	72,143	90,151
Equity attributable to non-controlling interests (minorities)	(14,467)	(1,440)
Borrowings	435,727	417,341
Total equity and liabilities	493,404	506,052
Equity ratio in%	**14.6%**	**17.8%**

7.11.3 Reserves

The following Group reserves are provided for in equity:

Capital reserve:

The capital reserve comprises the equity interests that come from outside the Group and do not correspond to the parent company's share capital.

Revaluation reserve:

The revaluation reserve includes the shares in hidden reserves that relate to old shares and were calculated in the context of a step acquisition of a subsidiary in accordance with IFRS 3 through revaluation of the net assets as at the transaction date. In addition, gains and losses from the revaluation of property, plant and equipment that is subsequently measured at fair value as investment property are also recognised in the revaluation reserve.

Foreign currency translation reserve:

Cumulative exchange rate differences resulting from the translation of foreign-currency annual financial statements of subsidiaries whose functional currency is not the euro are recognised in the foreign currency translation reserve.

Available-for-sale reserve:
The available for sale reserve relates to unrealised cumulative changes in the value of available-for-sale securities.

Cash flow hedge reserve:
Cumulative unrealised changes in the fair value of derivative financial instruments designated as hedging instruments in cash flow hedges are recognised in the cash flow hedge reserve. There was no cash flow hedge reserve as at the balance sheet date.

IAS 19 reserve:
The IAS 19 reserve relates to cumulative changes recognised in other comprehensive income that arise from the remeasurement of obligations for post-employment or termination benefits recognised in accordance with IAS 19. This reserve is not reclassified to profit or loss in future periods.

The development of the respective reserves and the analysis of other comprehensive income for each component of equity are as follows:

	Re-valuation reserve	Reserve for currency translation	Available-for-sale reserve	Cash flow hedge reserve	IAS 19 reserve	**Total**
Change 2013 (adjusted):						
As at 1 January	5,359	(3,385)	2,468	(602)	(373)	3,467
Changes in the scope of consolidation	–	144	–	–	–	144
thereof reclassification to income statement	–	*144*	–	–	–	*144*
Current other comprehensive income	–	(627)	(509)	742	(451)	(845)
thereof reclassification to income statement	–	–	–	*540*	–	*540*
Other comprehensive income of joint ventures	–	3	–	–	–	3
(Deferred) tax	–	25	127	(140)	113	125
Total other comprehensive income	–	(600)	(381)	602	(338)	(717)
As at 31 December	**5,359**	**(3,840)**	**2,087**	–	**(711)**	**2,895**
Change 2014:						
As at 1 January	5,359	(3,840)	2,087	–	(711)	2,895
Changes in the scope of consolidation	–	–	–	–	–	–
Current other comprehensive income	1,624	475	(414)	–	(166)	1,518
Other comprehensive income of joint ventures	308	(4)	–	–	–	304
(Deferred) tax	(386)	507	161	–	42	324
Total other comprehensive income	1,546	979	(254)	–	(125)	2,147
As at 31 December	**6,905**	**(2,861)**	**1,833**	–	**(835)**	**5,041**

Other comprehensive income attributable to non-controlling interests in the amount of EUR 1,625 thousand relates to currency translation to which deferred taxes of EUR 134 thousand are attributable.

7.12. Financial liabilities

Financial liabilities comprise the following interest-bearing liabilities for the purpose of Group financing, mainly convertible bonds, bonds and loans from financial institutions or companies. These do not correspond to financial liabilities as defined in IAS 32, which are presented separately in section 8.1.1.

7.12.1. Convertible bonds

	31/12/14	31/12/13 adjusted
Composition:		
Convertible bond 05/2011 – 05/2014	–	2,980
Convertible bond 04/2013 – 03/2016	5,605	5,391
Convertible bond 10/2013 – 10/2016	2,915	2,637
Convertible bond 06/2014 – 06/2017	4,530	–
	13,051	**11,008**
thereof non-current	*13,051*	*8,028*
thereof current	*–*	*2,980*

With regard to the accounting treatment of convertible bonds, please refer to the information in section 3.22. and the presentation of embedded derivative financial instruments in section 7.13.1. Potential shares from the convertible bonds are presented in section 7.11.1.

The 05/2011 – 05/2014 convertible bond was repaid at the outstanding amount in May 2014.

In spring 2013, convertible bonds with a total nominal value of PLN 26.5 million (EUR 6.4 million) were issued in denominations of PLN 250,000 with a term of three years and a nominal interest rate of 4.875per cent p.a., payable semi-annually. The interest payment dates are 31 March and 30 September of each year. The conversion price is PLN 7.06 per share.

In October 2013, convertible bonds with a total nominal value of PLN 16.5 million (around EUR 3.9 million) were issued with a term of three years and a nominal interest rate of 3.9per cent p.a., payable semi-annually as at 30 April and 31 October each year. The conversion price was set at PLN 7.65 per share.

In June 2014, a convertible bond with a nominal value of EUR 5 million was issued. It has a nominal interest rate of 4per cent with semi-annual payments. The conversion price is EUR 1.80 per share. The term is three years.
When accounting for convertible bonds, pro rata transaction costs were taken into account in line with the effective interest method.

7.12.2. Other bonds

	31/12/14	31/12/13 adjusted
Composition:		
Bond 03/2013 – 03/2016	14,883	15,127
Bond 10/2013 – 10/2017	1,957	1,992
Bond 02/2014 – 02/2018	2,114	–
Bond 04/2014 – 10/2015	1,948	–
Bond 12/2014 – 12/2015	3,266	–
	24,168	**17,120**
thereof non-current	*18,953*	*17,120*
thereof current	*5,215*	*–*

In February 2014, the Management Board of the parent company, with the approval of the Supervisory Board, resolved a bond issue programme in several tranches. The programme has a term of two years and a nominal volume of up to EUR 50 million (approximately PLN 200 million).

The first bond tranche under the bond issue programme was placed successfully in Poland in February 2014. The nominal value of the issue was approximately PLN 9 million (roughly EUR 2.16 million) and the interest rate was 6M WIBOR + 6per cent p.a. with semi-annual payments. The term was four years. Warimpex has a call option after three years.

In addition, a bond with a nominal amount of EUR 2 million was issued in April 2014. It has an interest rate of 6.9 per cent with semi-annual payments. The term is set at 1.5 years, with a call option for Warimpex.

In late December 2014, the Group company MuIti Development Sp. z o.o. issued a zero-coupon bond with a term of one year. The issue price was roughly PLN 14 million (roughly EUR 3.3 million). The nominal value, which corresponds to the redemption value, is roughly PLN 15.7 million (roughly EUR 3.7 million).

When accounting for bonds, pro rata transaction costs were taken into account in line with the effective interest method.

7.12.3. Andere Finanzverbindlichkeiten (Kredite)

Other financial liabilities (loans)	**31/12/14**	31/12/13 adjusted
Project loans	227,465	216,689
Holding company operating loans	622	648
Loans from minority shareholders	49,983	48,106
Other loans	20,323	22,647
	298,393	**288,090**

Composition of current loans:	**31/12/14**	31/12/13 adjusted
Bank overdrafts and operating loans	20,228	22,130
Project loans	15,786	25,074
Other loans	5,727	4,036
	41,740	**51,240**
Total loans	**340,133**	**339,330**

For information on the maturities of the project loans, please refer to section 8.2.4.

Loans for which delays in payment have arisen:
As at the end of the reporting period, payments of EUR 160 thousand were outstanding for loan liabilities of EUR 15,253 thousand. The payments were made in early January 2015. The Group is in continuous open contact with the financing banks with regard to this matter; an early default is not expected. An extension until the middle of 2017 was agreed for one loan (around 50%) after the end of the reporting period.

7.12.4. Change in interest-bearing financial liabilities

The change in and composition of financial liabilities can be broken down as follows:

	Project loans	Operating loans	Bonds, convertible bonds	Loans from minorities & others	Total
Change 2013 (adjusted):					
As at 1 January	194,697	31,873	15,396	26,708	268,675
Adjustment due to a change in accounting policy	58,324	–	–	42,097	100,421
As at 1 January, adjusted	**253,021**	**31,873**	**15,396**	**68,806**	**369,096**
Reclassification in accordance with IFRS 5	(11,271)	–	–	–	(11,271)
Borrowing / accumulated interest	113,180	–	15,165	1,304	129,648
Repayment	(112,274)	(9,095)	(1,700)	(5,405)	(128,474)
Exchange rate and other changes	(892)	–	(733)	10,084	8,459
As at 31 December	**241,763**	**22,778**	**28,128**	**74,789**	**367,457**
thereof current (due < 1 year)	*25,074*	*22,130*	*2,980*	*4,036*	*54,220*
thereof non-current (due > 1 year)	*216,689*	*648*	*25,148*	*70,753*	*313,237*
Change 2014:					
As at 1 January	241,763	22,778	28,128	74,789	367,457
Borrowing / accumulated interest	21,213	437	12,494	2,088	36,231
Repayment	(21,314)	(2,262)	(2,977)	(1,667)	(28,219)
Exchange rate and other changes	1,590	(103)	(426)	823	1,883
As at 31 December	**243,251**	**20,849**	**37,219**	**76,033**	**377,352**
thereof current (due < 1 year)	*15,786*	*20,228*	*5,215*	*5,727*	*46,955*
thereof non-current (due > 1 year)	*227,465*	*622*	*32,004*	*70,306*	*330,397*

Financial liabilities totalling EUR 268,664 thousand (previous year: EUR 272,627 thousand) are collateralised with mortgages on land and buildings. EUR 180,323 thousand (previous year: EUR 199,577 thousand) of this amount relates to property, plant and equipment and EUR 88,341 thousand (previous year: EUR 73,050 thousand) to investment property.

7.12.5. Interest conditions for financial liabilities

	31/12/14	31/12/13 adjusted
Interest on financial liabilities:		
thereof fixed-rate	255,683	244,132
thereof variable-rate	121,669	123,325
	377,352	367,457
Interest in percent:		
fixed interest	68%	66%
variable interest	32%	34%

Range of variable interest for:	Basis	Premium 2014	Premium 2013
• Bonds	6M-WIBOR	6.4 – 7%	6.4 – 7%
• Bank overdrafts/operating loans	3M-EURIBOR	1.5 – 6%	1.5 – 3%
• Project loans	3M-SFR-LIBOR	0.5 – 2.25%	0.5 – 2.25%
	3M-EURIBOR	1.85 – 4.5%	1.75 – 4.5%
	5J CMS Swapsatz	4%	4%
	3M-PRIBOR	2.85%	–

For information on the market values of interest-bearing financial liabilities, please refer to section 8.1.1

7.13. Derivative financial instruments

7.13.1. Composition

	31/12/14	31/12/13
Composition – non-current		
Conversion rights in connection with convertible bonds	148	2,730
Interest rate swaps in connection with project finance for Chopin Hotel	237	98
	385	**2,828**

	31/12/14	31/12/13
Composition – current		
Market value of currency forward	17	–
Cross currency swap in connection with convertible bond 2011 – 2014	–	550
	17	**550**

The conversion rights relate to embedded derivatives in connection with the convertible bonds issued in Polish zloty. Please refer to the disclosures on fair value in section 8.1.3.

Owing to the design of the hedged items (convertible bonds), which provides for either conversion into equity or repayment of the liability at its nominal amount at the maturity date, no outflow of is associated with the embedded derivatives recognised in accordance with IAS 32 and IAS 39.

7.13.2. Derivative financial instruments relating to finance loans

The derivative financial instruments described below relate to financing and are used to hedge against interest rate or foreign currency risks. The main conditions and parameters are as follows:

	2014	2013
2 interest rate swaps in connection with leaseback transaction for Chopin Hotel, Krakow		
Agreement: 3-month EURIBOR against 1.4% / 1.45%		
Nominal amount of loan as at 31 December	12,737	12,751
Fair value of swaps as at 31 December	(237)	(98)

The interest rate swaps were concluded for an amount of 40per cent of the total financing and have the same term and payment dates as the leaseback arrangement.

Interest rate and cross currency swap – PLN convertible bond (until May 2014)

On 6 November and 6 May each year (starting on 6 November 2011 and ending on 6 May 2014), the Group received 8.5per cent interest for a nominal amount of PLN 38.2 million and paid 6.7per cent interest for a nominal amount of EUR 9,714,514. At the end of the term, the Group paid EUR 6.875 million and received PLN 27 million (exchange rate of 3.927) and EUR 2.839 million in exchange for PLN 11.2 million (exchange rate of 3.945). The swap was closed out in May 2014.

	2014	2013
Fair value as at 31 December	–	(550)

The above derivative financial instruments relating to financial liabilities are used exclusively to hedge against interest rate or foreign currency risks. The reported nominal amounts comprise the underlying assets of the open derivative instruments as at the reporting date. The expected cash flows are considerably lower. The reported fair values correspond to the valuations of the respective banks as the contractual partners. The Group's own credit risk and the credit risk of the contractual partner were not taken into account due to the immateriality of the amounts. Negative market values in connection with derivative financial instruments are reported under derivative financial instruments in the consolidated statement of financial position, while positive market values are reported as other current financial assets.

7.14. Other non-current liabilities

	31/12/14	31/12/13 adjusted
Composition:		
Retention money	1,204	3,540
Liabilities to joint ventures	4,384	3,875
Security deposits received	1,728	–
	7,316	**7,415**

The liability to joint ventures relates to a payment received that serves as security for a guarantee provided to third parties by Warimpex for the joint venture.

7.15. Provisions

The provisions relate to social capital and other provisions. The provisions relating to social capital are long-term provisions.

7.15.1. Provisions for social capital (information in section 3.18.)

	Voluntary commitments for pension benefits	Statutory rights to termination payments	Statutory rights Anniversary bonuses	Total
Change 2013:				
As at 1 January	2,261	1,042	91	3,394
Current service cost	224	61	(25)	260
Reinsurance allocation	540	–	–	540
Change recognised in staff costs	**763**	**61**	**(25)**	**800**
Actuarial losses from changes in financial assumptions	43	46	–	89
Other (experience adjustments)	(3)	364	–	362
Revaluations recognised in other comprehensive income	**41**	**410**	–	**451**
Offset against reinsurance	(2,893)	–	–	(2,893)
Interest cost	90	48	2	140
As at 31 December	**262**	**1,561**	**68**	**1,891**
Change 2014:				
As at 1 January	262	1,561	68	1,891
Current service cost	37	56	6	100
Change recognised in staff costs	**37**	**56**	**6**	**100**
Actuarial losses				
from changes in financial assumptions	175	119	–	294
Other (experience adjustments)	–	(128)	–	(128)
Revaluations recognised in other comprehensive income	**175**	**(9)**	–	**166**
Interest cost	9	52	2	63
As at 31 December	**483**	**1,660**	**76**	**2,220**

The amounts of the provisions are calculated using the projected unit credit method. The salary trend was taken into account at a rate of 2.75 per cent (previous year: 2.75 per cent) for rights to termination payments and anniversary benefits. The annual increase in pension claims is contractually defined at 2.125 per cent. The discount rate used is 2.25 per cent (previous year: 3.5 per cent). A deduction for employee turnover has not been taken into account. The current AVÖ 2008-P tables for employees are used as the basis for calculation. The average terms of the obligations are 37.4 years (previous year: 37.5 years) for the pension obligation and 6.5 years (previous year: 6.3 years) for the termination payments.

The pension commitment relates to a member of the Management Board and is shown under the transactions with Management Board members in section 9.3.2.2.

The table below shows the sensitivity of the net present values of the obligations in the event of reasonably possible changes in the key input parameters. All other variables remain constant.

		Change in net present value for:	
Actuarial assumption	Possible change	Voluntary commitments for pension benefits	Termination payments
Discount rate	+ 1 percentage point		(98)
Discount rate	+ 1 percentage point		(116)
Salary increase	+ 0.5 percentage points		53
Salary increase	- 0.5 percentage points		(50)

The amounts for the current and the previous reporting period break down as follows:

	2014	2013
• Defined benefit obligations	2.220	1.891
• Revaluations (actuarial gains/losses)	166	451

7.15.2. Other provisions

	Shortterm	Longterm	**Total**
Change 2013 (adjusted):			
As at 1 January	1,171	1,037	2,209
Adjustment due to a change inaccounting policy	43	–	43
As at 1 January, adjusted	**1,214**	**1,037**	**2,252**
Changes in the scope of consolidation	(34)	–	(34)
Utilisation	(588)	–	(588)
Addition	166	–	166
Reversal	–	(1,037)	(1,037)
Reclassifications in accordance with IFRS 5	(52)	–	(52)
Effects from changes in foreign exchange rates	(2)	–	(2)
As at 31 December	**705**	–	**705**
Change 2014:			
As at 1 January	705	–	705
Utilisation	(336)	–	(336)
Addition	65	–	65
Effects from changes in foreign exchange rates	(2)	–	(2)
As at 31 December	**431**	–	**431**

The forecast cash flow from the short-term provisions is generally up to 12 months.

7.16. Deferred income

Deferred income relates to the deferred gain on disposal from a sale-and-leaseback transaction ("refinancing") in relation to the land and building of the Chopin Hotel in Krakow. The gain on disposal from the sale transaction is distributed over the term of the lease until 2018.

7.17. Trade payables and other current liabilities

	31/12/14	31/12/13 adjusted
Composition:		
Trade payables	5,556	5,751
Liabilities to joint ventures	340	502
Liabilities to related parties	5,350	4,754
Other liabilities	12,173	4,043
Security deposits received	199	233
Advance payments received	11,646	1,098
(thereof in connection with sale of Jupiter, St. Petersburg)	*8,626*	*–*
	35,265	**16,381**

Other liabilities include tax liabilities of EUR 8,999 thousand (previous year: EUR 1,303 thousand), liabilities to social security agencies in the amount of EUR 274 thousand (previous year: EUR 295 thousand) and unused rights to paid leave in the amount of EUR 490 thousand (previous year: EUR 422 thousand).

Tax liabilities include the VAT from the Jupiter sale, which was reported to the Russian tax authorities as at the end of the reporting period in accordance with Russian tax law (see also note 7.8.).

For information on the conditions of transactions with related parties, please refer to section 9.3.2.

Trade payables do not bear interest and usually have a maturity of 10 to 60 days. Tax liabilities and liabilities to social security agencies bear interest only in the event of default. They usually have a maturity of 30 days. Other liabilities do not bear interest.

[08] Disclosures on financial instruments, fair value and financial risk management

8.1. Financial instruments and fair value

The following disclosures are based on the provisions of IFRS 7 on financial instruments and the provisions of IFRS 13 on fair value.

8.1.1. Carrying amounts and fair values according to class and measurement category

The following table contains information on the carrying amounts and fair values of financial instruments and of assets and liabilities measured at fair value, broken down into categories.

Measurement category as per IAS 39 or other IFRS		IFRS 13 Level	Carrying amount **31/12/14**	Fair value **31/12/14**	Carrying amount 31/12/13	Fair value 31/12/13
Assets – categories					adjusted	adjusted
IAS 40	Investment property (portfolio)	3	11,266	11,266	10,207	10,207
IAS 40	Investment property (development)	3	76,485	76,485	62,843	62,843
IAS 19	Reimbursement rights (other financial assets)		323	323	266	266
LaR	Other financial assets		8,381	8,381	10,875	10,875
AfS	Financial assets available for sale	3	6,468	6,468	–	–
	Non-financial non-current assets/non-current assets not measured at fair value		286,324		319,634	
	Total non-current assets		382,779		403,825	
LaR	Receivables		13,889	13,889	8,128	8,128
LaR	Cash and cash equivalents		9,765	9,765	6,521	6,521
AfS	Securities available for sale	3	7,052	7,052	8,607	8,607
IFRS 5	Non-current assets held for sale	3	65,483	65,483	75,350	75,350
	Non-financial current assets/current assets not measured at fair value		7,968		3,620	
	Total current assets (including IFRS 5)		110,625		102,227	
	Total assets		**493,404**		**506,052**	
Equity and liabilities – categories						
FL	Fixed-rate convertible bonds	3	(13,051)	(13,803)	(8,028)	(8,781)
FL	Variable-rate bonds	3	(18,953)	(19,166)	(17,120)	(17,332)
FL	Fixed-rate loans	3	(217,756)	(228,486)	(215,276)	(221,119)
FL	Variable-rate loans	3	(80,637)	(80,690)	(72,813)	(75,264)
FL	Other non-current liabilities		(7,316)	(7,316)	(7,415)	(7,415)
FVTPL	Derivative financial instruments – conversion rights	3	(148)	(148)	(2,730)	(2,730)
FVTPL	Non-current derivative financial instruments – interest rate swaps	3	(237)	(237)	(98)	(98)
IAS 19	Provisions for pensions		(483)	(483)	(262)	(262)
	Non-financial non-current liabilities/non-current liabilities not measured at fair value		(13,867)		(16,322)	
	Total non-current liabilities		(352,447)		(340,064)	
FL	Fixed-rate convertible bonds	3	(5,215)	(5,215)	(2,980)	(2,987)
FL	Liabilities		(13,855)	(13,855)	(13,263)	(13,263)
FL	Fixed-rate loans	3	(19,662)	(20,063)	(17,848)	(14,628)
FL	Variable-rate loans	3	(22,078)	(22,014)	(33,392)	(33,448)
FVTPL	Derivative financial instruments	3	(17)	(17)	(550)	(550)
IFRS 5	Disposal group held for sale	3	–	–	(4,769)	(4,769)
	Non-financial current liabilities/current liabilities not measured at fair value		(22,453)		(4,475)	
	Total current liabilities (including IFRS 5)		(83,280)	–	(77,277)	
	Total liabilities		**(435,727)**		**(417,341)**	

		31/12/14	31/12/13
Summary of carrying amounts by categories of financial assets and financial liabilities			adjusted
LaR	Loans and Receivables	32,035	25,524
AfS	Available for Sale	13,520	8,607
FL	Financial Liabilities at amortised cost	(398,522)	(388,136)
FVTPL	at Fair Value Through Profit and Loss	(402)	(3,378)

The fair values were calculated as follows:
Investment property is accounted for using the fair value model in accordance with IAS 40. The fair values are usually determined using the discounted cash flow (DCF) approach and measured by an external property appraiser. Please also refer to the information on significant judgements and estimates in section 3.4.3.

The carrying amounts of cash and cash equivalents and current receivables and liabilities are almost identical to their fair values due to their short terms. The same applies to other financial assets due to their interest rate structure.

For information on the determination of the fair values of available-for-sale financial assets, see section 7.9. and section 8.1.3.

The measurement of non-current assets accounted for in accordance with IFRS 5 is described in section 5.3.

The fair values of convertible bonds, bonds and loans at Level 3 of the fair value hierarchy were calculated by discounting the future cash flows at the estimated Group-specific interest rates for refinancing as at the reporting date, taking account of the Group's own credit risk.

The conversion rights represent embedded derivative financial instruments that are measured using the Black/Scholes model, taking account of the Group's own credit risk.

Other derivatives relate to interest rate swaps and cross currency interest rate swaps and are measured using recognised valuation models by the banks with which the derivative transactions were concluded. The non-performance risk of the contractual partners and the Group's own credit risk are considered immaterial and therefore are not considered separately.

8.1.2. Reconciliation level-3 measurement (recurring fair value measurement)

The change in recurring fair value measurement of assets and liabilities can be broken down as follows:

	2014	2013 adjusted
Change in assets:		
Carrying amounts at 1 January	81,657	123,795
Additions	20,494	2,819
Reclassification IFRS 5	–	(67,870)
Gains/losses on remeasurement in profit or loss	(1,399)	23,438
Gains/losses on remeasurement in other comprehensive income	519	(524)
Carrying amounts as at 31 December	**101,271**	**81,657**

As in the previous year, the gains/losses on remeasurement in profit or loss relate to investment property and are included in depreciation, amortisation and remeasurement. As in the previous year, the gains/losses on remeasurement in other comprehensive income relate to available-for-sale securities. They represent unrealised changes in value in each case.

	2014	2013 adjusted
Change in liabilities:		
Carrying amounts at 1 January	(3,378)	(1,280)
Additions	–	(2,828)
Disposals	533	540
Gains/losses on remeasurement in profit or loss	2,443	(551)
Gains/losses on remeasurement in other comprehensive income	–	742
Carrying amounts as at 31 December	**(402)**	**(3,378)**

The gains/losses on remeasurement in profit or loss relate to unrealised measurement gains from conversion rights, which are reported under finance income, and to a lesser extent to the measurement of interest rate swaps (reported under finance expense). In the previous year, realised losses of EUR 540 thousand from closing a cash flow hedge were reclassified from other comprehensive income to the income statement; the remaining amount related to unrealised losses on remeasurement, which are reported under finance expense.

8.1.3. Measurement method and input factors (recurring fair value measurement)

The following table shows the measurement method and input parameters relating to the recurring fair value measurement of assets and liabilities:

Level	Categories	Measurement method	Key input factors
3	Investment property (portfolio)	Income-based	Capitalisation rate, sustainable rental income (ERV) per m^2
		Based on market value	Price/m^2
3	Investment property (development)	Income-based	property value Cash flows, capitalisation rate
3	Securities available for sale	Income-based	Volatility, share prices
3	Non-current derivative financial instruments – conversion rights	Income-based	Yield curve
3	Non-current derivative financial instruments – interest rate swaps	Income-based	Yield curve
3	Current derivative financial instruments	Income-based	Yield curve

There were no changes to the measurement technique during the financial year.

The following table provides quantitative information about the significant, unobservable input factors used in the fair value measurement.

Level	Categories	Key input factors	quantitative information 2014	2013 adjusted
3	Investment property (portfolio)	Capitalisation rate	7% – 8.5%	7.5% – 10.5%
3	Investment property (portfolio)	ERV/m^2/month in EUR	5.4 – 10	6.5 – 10
3	Investment property (portfolio)	Price/m^2 in EUR	74 – 337	541
3	Investment property (development)	Capitalisation rate	6.75% – 10.5%	7.5% – 10.5%
3	Investment property (development)	ERV/m^2/month in EUR	10 – 40.4	10.4 – 33.2
3	Investment property (development)	Outstanding costs/m^2 in EUR	564 – 2.044	685 – 1.968
3	Non-current derivative financial instruments – interest rate swaps	Yield curve	4.25% – 10%	4.25%
3	Non-current derivative financial instruments – conversion rights	volatility	50%	30%
3	Non-current derivative financial instruments – interest rate swaps	Yield curve	n.a.	n.a.

8.1.4. Sensitivity analysis for changes in unobservable material input factors (recurring measurement)

The following table provides quantitative information about the significant, unobservable input factors used in the fair value measurement. The accumulated discounted forecast cash flows correspond to the fair values.

Level	Input factor	Change in the assumption	Change in the result before taxes 2014	2013
3	Investment property (portfolio):			
	Capitalisation rate	+ 0.5 percentage points	(620)	(1,215)
	Capitalisation rate	- 0.5 percentage points	720	108
	ERV/m^2/month in EUR	+ 10%	1,130	863
	ERV/m^2/month in EUR	- 10%	(1,110)	(863)
	Price/m^2 in EUR	+ 10%	1,360	1,956
	Price/m^2 in EUR	- 10%	(1,360)	(1,956)
3	Investment property (development):			
	Capitalisation rate	+ 0.5 percentage points	(7,230)	(6,340)
	Capitalisation rate	- 0.5 percentage points	8,050	7,130
	ERV/m^2/month in EUR	+ 10%	13,440	11,680
	ERV/m^2/month in EUR	- 10%	(13,550)	(11,690)
	Outstanding costs/m^2 in EUR	+ 10%	2,290	6,510
	Outstanding costs/m^2 in EUR	- 10%	(2,290)	(6,510)
3	Securities available for sale:			
	Cash flows (available-for-sale securities)	+ 5%	526	595
	Cash flows (available-for-sale securities)	- 5%	-526	-595
3	Non-current derivative financial instruments – conversion rights:			
	Volatility Warimpex share price in PLN	+ 5 percentage points		-289
	Volatility Warimpex share price in PLN	- 5 percentage points		275
3	Non-current derivative financial instruments – interest rate swaps			
	Yield curve	+ 0.5 percentage points	119	113
	Yield curve	- 0.5 percentage points	-66	n/a

8.1.5. Net profit/loss from financial instruments

Disclosures on the income and expense items and gains and losses associated with financial instruments are shown below, broken down by measurement category:

	Measurement categories as per IAS 39					
	FVTPL	LaR	AfS	FL	Hedge	**Total**
Allocation to/reversal of valuation allowances						
Interest and other finance income		64				64
Interest cost		209		824		1,033
Unrealised gains/losses on remeasurement				(22,191)		(22,191)
Unrealised gains/losses on remeasurement OCI			(509)		(422)	(930)
Realised gains/losses on remeasurement					742	742
Net gain/loss from exchange rate changes					(540)	(540)
Net profit/loss				(3,671)		(3,671)
Nettoergebnis		**272**	**(509)**	**(25,038)**	**(220)**	**(25,494)**
Financial year 2014:						
Allocation to/reversal of valuation allowances		(2,069)				(2,069)
Interest and other finance income		150				150
Dividend income			1,482			1,482
Interest cost				(20,713)		(20,713)
Unrealised gains/losses on remeasurement	(156)			2,558		2,402
Unrealised gains/losses on remeasurement OCI			519			519
Realised gains/losses on remeasurement					(13)	(13)
Net gain/loss from exchange rate changes				(14,356)		(14,356)
Net profit/loss	**(156)**	**(1,918)**	**2,001**	**(32,511)**	**(13)**	**(32,598)**

All financial instruments at fair value through profit or loss were classified accordingly on initial recognition.

Changes in the value of assets held for sale (AfS) affect other comprehensive income.

8.2. Financial risk management

The Group's objective in relation to financial risk management is to minimise risks to the greatest extent possible while also taking the associated costs into consideration. A detailed description of the main financial risks for the Group and the associated financial risk management (qualitative disclosures on financial risks) is provided in the Group management report under the risk report ("Material risks and uncertainties to which the group is exposed and risk management").

Disclosures on the quantitative risks relating to financial instruments are made below.

8.2.1. Interest rate risk

The Group aims to maintain a risk-oriented relationship between fixed-rate and variable-rate financial liabilities.

Taking account of existing interest rate swaps, around 68per cent (previous year: 66per cent) of the Group's financial liabilities were fixed-rate liabilities and were not subject to interest rate risk as at the reporting date. Details on the interest conditions for the variable-rate financial liabilities can be found in section 7.12.5.

Sensitivity of interest rate changes:

The following table shows the sensitivity of consolidated earnings before taxes to a reasonably possible change in market interest rates (due to the effect on variable-rate loans). All other variables remain constant.

	Increase in basis points	Effect on earnings before taxes	Decrease in basis points	Effect on earnings before taxes
2013				
3M-EURIBOR	+50	(789)	-15	237
3M-SFR LIBOR	+50	(31)	- 50	31
6M-WIBOR	+50	(1)	- 50	1
2014				
3M-EURIBOR	+50	(734)	-50	734
3M-SFR LIBOR	+50	(27)	-50	27
6M-WIBOR	+50	(96)	-50	96
3M-PRIBOR	+50	(6)	-50	6

Interest rate risk – financial liabilities:
The following overview shows the Group's variable-rate financial liabilities that are subject to interest rate risk, broken down by their contractual maturity:

	2014	2015	2016	2017	2018	more than five years	Total
31/12/13 adjusted:							
Project loans	21,265	9,116	34,059	624	624	32,558	98,246
Operating loans/bank overdrafts	12,270	431	216	–	–	–	12,917
Bonds	–	–	15,127	1,992	–	–	17,120
	33,535	**9,547**	**49,402**	**2,616**	**624**	**32,558**	**128,283**

	2015	2016	2017	2018	2019	more than five years	Total
31/12/14:							
Project loans	8,068	26,038	5,302	12,066	4,622	31,883	87,978
Operating loans/bank overdrafts	12,247	358	177	87	–	–	12,868
Bonds	3,266	14,883	1,957	2,114	–	–	22,220
	23,581	41,278	7,436	14,266	4,622	31,883	123,066

8.2.2. Foreign currency risk

The currency structure of financial liabilities in the Group is as follows:

	CHF	PLN	RUB	EUR	**Total**
31/12/2013 adjusted:					
in foreign currency	30,116	117,241	158,200		
in EUR	24,531	28,270	3,625	311,032	**367,457**
31/12/2014:					
in foreign currency	29,040	120,960	162,789		
in EUR	24,152	29,064	2,615	321,521	**377,352**

The following table shows the sensitivity of consolidated earnings before taxes to a reasonably possible change in the exchange rate of the respective foreign currency to the euro. Compared to the previous year, the Group anticipates greater variability in the exchange rates. All other variables remain constant.

	CHF	CZK	PLN	RON	RUB	**Total**
Sensitivity 2013:						
10% increase	(2,453)	(1,995)	(4,466)	(169)	3,581	(5,502)
10% decrease	2,453	1,995	4,466	169	(3,581)	5,502
Sensitivity 2014:						
10% increase	(2,415)	(1,481)	(4,954)	(190)	2,350	(6,690)
10% decrease	2,415	1,481	4,954	190	(2,350)	6,690
20% increase	(6,919)				4,700	
20% decrease	6,919				(4,700)	
50% increase					11,749	
50% decrease					(11,749)	

The following table shows the sensitivity of consolidated equity before taxes to a reasonably possible change in the exchange rate of the respective foreign currency to the euro. Compared to the previous year, the Group anticipates greater variability in the exchange rates. All other variables remain constant.

	CHF	CZK	PLN	RON	RUB	**Total**
Sensitivity 2013:						
5% increase	(2,453)	(49)	(2,786)	–	3,126	(2,161)
5% decrease	2,453	49	2,786	–	(3,126)	2,161
Sensitivity 2014:						
10% increase	(2,415)	(411)	(2,786)	11	3,027	(2,574)
10% decrease	2,415	411	2,786	(11)	(3,027)	2,574
20% increase	(4,830)				6,054	
20% decrease	4,830				(6,054)	
50% increase					15,135	
50% decrease					(15,135)	

8.2.3. Liquidity risk

For quantitative disclosures on default risk, please refer to section 7.8, which shows the valuation allowances recognised and the maturity structure of the receivables. The maximum default risk is capped at the carrying amount of the financial receivables. The recoverability of financial assets that are neither past due nor impaired is ensured.

Owing to the Group‘s business activities, default risk is not considered to be a key risk; valuation allowances are recognised to the extent necessary.

8.2.4. Liquidity risk

As at the reporting date, current financial liabilities in the Group amounted to EUR 60,827 thousand (previous year: EUR 72,802 thousand). EUR 46,955 thousand of this relates to current financial liabilities for the purpose of Group financing.

In total, no more than 35 per cent of the Group’s liabilities should be due within the next 12 moths. As at the end of the reporting period, 19.1 per cent (previous year: 18.5 per cent) of liabilities are current liabilities.

The Group serviced, refinanced or extended current liabilities in the financial year. A convertible bond was repaid in the amount of around EUR 3 million in May.

To secure the liquidity required for the company’s continued existence, it will therefore still be necessary to extend or refinance operating credit lines and project loans or to convert them into long-term financing and to generate additional inflows of funds. In this context, the Management Board, with the approval of the Supervisory Board, resolved a two-year bond programme in February 2014. The first two tranches of this in the amount of PLN 9 million (EUR 2.25 million) and EUR 2 million and a convertible bond of EUR 5 million were successfully placed. Furthermore, a Group company issued a zero-coupon bond in December 2014. This zero-coupon bond and other bonds of a total amount of around EUR 8.75 million were repurchased in March 2015. The funds for this came from the issue of other bonds by Polish Group companies. The issue price of these bonds was PLN 51.5 million (around EUR 12.9 million) (see note 9.4.).

In order to cover the liquidity requirements of operating activities for the next 12 months, it is intended in the liquidity plan to increase project loans/working capital facilities by around EUR 7.5 million and to sell properties. Bonds and convertible bonds of PLN 89.57 million (around EUR 22 million) are due to mature in March 2016. They will predominantly be refinanced by issuing new bonds. Talks on this have already commenced. Regarding two current working capital facilities with an amount outstanding of around EUR 15,253 thousand, an extension until the middle of 2017 was agreed for one facility (around 50%) after the end of the reporting period; the prolongation of the other working capital facility is currently being negotiated. It is also planned to generate additional liquidity with strategic sales of properties and the placement of loans. If it is not possible to implement the planned disposals and bond issues within the planned period and to the planned extent, other sources of financing will have to be found to cover any liquidity risk.

The maturities of the Group‘s non-derivative financial liabilities as at the reporting date are shown below. The disclosures are made on the basis of the contractual undiscounted payment obligations including interest payments.

non-derivative financial liabilities:	due within 1 year	1 to 5 years	more than 5 years	**Total**
Fixed-rate convertible bonds	552	13,654	–	14,206
Variable-rate bonds	1,257	20,301	–	21,558
Fixed-rate bonds	5,344	–	–	5,344
Fixed-rate project loans	17,097	68,019	134,538	219,654
Variable-rate project loans	10,928	55,383	34,362	100,673
Fixed-rate operating loans/bank overdrafts	8,155	–	–	8,155
Variable-rate operating loans/bank overdrafts	12,470	637	–	13,107
Other loans and advances	7,276	20,985	49,274	77,536
Trade and other payables	13,855	7,316	–	21,171
Total	**76,934**	**186,294**	**218,175**	**481,403**

For information on the maturity analysis for derivative liabilities, please refer to section 7.13. There are no derivative liabilities with remaining terms of more than five years.

[09] Other disclosures

9.1. Other obligations, legal disputes and contingent liabilities

9.1.1. Legal disputes
As at the reporting date, there are no legal disputes that have a significant impact on the Group's financial position and financial performance.

9.1.2. Contractual performance obligations
In connection with the leasing of office tower A of the Erzsebet offices, a preliminary agreement was made with the future tenant regarding the purchase of two office properties in Budapest. For one property that is actually to be purchased, advance payments of EUR 275 thousand were made (see section 7.2.). A resale is planned for the other property. The actual acquisition of the property is scheduled for summer 2015 once the renovations are completed and the tenant has moved in.

Performance obligations that existed as at 31 December 2013 and related to the renovation of roads and façades were fully met in the financial year.

9.1.3. Contractual liabilities/guarantees
As at the reporting date, the following contractual liabilities exist and the following guarantees have been given within the Group:

	Note:	Agreed/ outstanding amount
Guarantees and liabilities in the Group:		
Guarantee relating to sale of andel's hotel in Krakow	9.1.3.1.	3,969
Guarantee relating to sale transaction for Le Palais offices, Warsaw	9.1.3.3.	31,701

	Note:	Agreed/ outstanding amount
Guarantees and liabilities relating to joint ventures:		
Obligations relating to Dream Castle Hotel, Paris	9.1.3.4.	18,230
Obligations relating to Magic Circus Hotel, Paris	9.1.3.5.	8,316
Contractual liability relating to loan for Andel's Berlin	9.1.3.6.	30,671
Contractual liability relating to loan for angelo Plzen	9.1.3.6.	2,047
Contractual liability relating to loan for Parkur Tower, Warsaw	9.1.3.6.	2,652
Corporate guarantee relating to rent of Intercontinental Hotel, Warsaw	9.1.3.6.	3,875

9.1.3.1. Guarantees relating to andel's hotel in Krakow (sold in 2009)

In 2009, the subsidiary UBX Cracow Sp. z o.o. sold its property, the andel's hotel in Krakow, to an international fund and leased the hotel back for a period of 15 years. The annual lease originally amounted to amount EUR 2 million and is indexed. The guarantee covers 1.5 gross annual rents. A blocked deposit of EUR 1.56 million has been provided as collateral.

In connection with the sale, Warimpex also guaranteed to the manager, Vienna International AG, that in the event that the new owner of the hotel cancels the management contract early a progress payment will be paid in the amount of the average I + II management fee for the past three financial years multiplied by two. Progress payments made by the owner will be deducted from this.

9.1.3.2. Vladinvest s.r.o. lease commitment

The Group company Vladinvest s.r.o. has concluded a general lease agreement with the holding company of the andel's hotel in Prague for other commercial space totalling 4,356 square metres for net rent of around EUR 0.4 million p.a. (with value guarantee). This fixed rent is reduced by income from existing or future rental agreements generated by the company sold.

The rental agreement was concluded for 12 years and ends on 30 September 2017.

9.1.3.3. Guarantees relating to the sale transaction for Le Palais offices, Warsaw

In connection with the sale transaction for the Le Palais Offices property in 2013, Warimpex has undertaken to issue various guarantees for the new owner up to a maximum level of the total purchase price. These guarantees consist mainly of the usual warranty obligations of a seller with regard to the condition of the property and the legal title to the property.

9.1.3.4. Dream Castle Hotel, Paris

In connection with the finance lease, the lessor has put options vis-a-vis Warimpex and the joint venture partner UBM Realitätenentwicklung AG. These put options can be exercised from 2024 or in the event of default by the lessee. Warimpex has joint and several liability for the joint venture partner's 50 per cent interest.

Obligations from this joint and several liability that exceed the recognised financial liabilities amount to EUR 18.2 million as at the reporting date (previous year: EUR 19.1 million).

9.1.3.5. Magic Circus Hotel, Paris

In connection with the finance lease, the lessor has put options vis-a-vis Warimpex and the joint venture partner UBM Realitätenentwicklung AG. These put options can be exercised from 2027 or in the event of default by the lessee. Warimpex has joint and several liability for the joint venture partner's 50 per cent interest.

Obligations from this joint and several liability that exceed the recognised financial liabilities amount to EUR 8.3 million as at the reporting date (previous year: EUR 8.7 million).

9.1.3.6. Contractual liabilities relating to joint ventures

Warimpex has assumed various liabilities in connection with joint ventures, which are listed in the table above (section 9.1.3.). In general, there is a liability for each joint venture partner only to the extent of the equity interest. For information on existing joint and several liability, please refer to sections 9.1.3.4. and 9.1.3.5.

9.2. Disclosures on leases

9.2.1. Finance leases as the lessee

In 2013, a sale-and-leaseback agreement was concluded for the sale and subsequent leasing of the Chopin Hotel, including the land, for a period of five years. At the end of the lease period, a repurchase of the property for a sum of EUR 1 has been agreed. The lease agreement stipulates that borrowing of significant additional liabilities, major maintenance work on the building and company law resolutions require the approval of the lessor. It also specifies that 40 per cent of future interest payments must be hedged with interest rate swaps. The minimum lease payments correspond to the market value of the property at the time the contract was drawn up. They bear interest at a variable rate based on the 3M Euribor.

	31/12/14	31/12/13
Net carrying amount of property, plant and equipment under finance leases	19,746	20,906

	31/12/13	thereof less than 1 year	thereof between 1 and 5 years
Reconciliation of future minimum lease payments 2013:			
Minimum lease payments	14,945	771	14,174
Less interest included in the minimum lease payments	(2,194)	(483)	(1,711)
Present value of minimum lease payments	**12,751**	**288**	**12,463**

	31/12/14	thereof less than 1 year	thereof between 1 and 5 years
Reconciliation of future minimum lease payments 2014:			
Minimum lease payments	14,393	754	13,639
Less interest included in the minimum lease payments	(1,656)	(456)	(1,200)
Present value of minimum lease payments	**12,737**	**298**	**12,439**

9.2.2. Operating leases as the lessee

The following significant operating lease is in place in the Group:

- Lease for andel's hotel in Krakow (see information in section 9.1.3.1.)

	2014	2013
Expenses from minimum lease payments	2,127	2,143

	total	thereof less than 1 year	thereof between 1 and 5 years	more than 5 years
Future minimum lease payments as at 31 December 2013	23,578	2,143	8,574	12,861
Future minimum lease payments as at 31 December 2014	21,272	2,127	8,509	10,636

9.2.3. Operating leases as the lessor

The Group is the lessor in operating leases relating to leased investment property. In the year under review, this related to the following properties/subsidiaries:

- Jupiter 1 and 2 office towers, St. Petersburg (see also section 5.3.)
- Vladinvest Prague (see also section 9.1.3.2.)
- Elsbet office tower, Budapest
- Smaller properties in Budapest

	total	thereof less than 1 year	thereof between 1 and 5 years	more than 5 years
Future minimum lease payments, uncancellable, as at 31 December 2013	1,903	841	1,062	n/a
Future minimum lease payments, uncancellable, as at 31 December 2014	1,108	430	678	n/a

Since the Jupiter office towers were for sale as at the reporting date, the closing of the sale has already taken place and these minimum lease payment are no longer available to the Group, the corresponding disclosures are not included in the table above.

9.3. Related party disclosures

9.3.1. Overview of related parties

The following companies/persons are considered to be related parties and have the following economic connections with the Group:

Amber Privatstiftung:
Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria (FN 178109a HG Vienna) held 10.7per cent of the shares in Warimpex Finanz- und Beteiligungs AG and had a 30.4per cent interest in Vienna International AG as at the reporting date. It is deemed to be a related party because Dr Franz Jurkowitsch is a supporter of the foundation.

Bocca Privatstiftung:
Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria (FN 178104v HG Vienna) held 10.6per cent of the shares in Warimpex Finanz- und Beteiligungs AG and had a 30.4per cent interest in Vienna International AG as at the reporting date. It is deemed to be a related party because Georg Folian is a supporter of the foundation.

Management Board:
Franz Jurkowitsch is the Chairman of the Company‘s Management Board and held 14.1per cent of the shares in Warimpex Finanz- und Beteiligungs AG as at the reporting date.

Georg Folian is the Deputy Chairman of the Company‘s Management Board and held 14.3per cent of the shares in Warimpex Finanz- und Beteiligungs AG as at the reporting date.

Alexander Jurkowitsch is a member of the Company‘s Management Board and held 0.6per cent of the shares in Warimpex Finanz- und Beteiligungs AG as at the reporting date.

Florian Petrowsky has been a member of the Company‘s Management Board since 1 May 2014 and held less than 0.1per cent of the shares in Warimpex Finanz- und Beteiligungs AG as at the reporting date.

Supervisory Board:
The Supervisory Board of Warimpex Finanz- und Beteiligungs AG consists of the following members:
Günter Korp, Chairman of the Supervisory Board
Dr Thomas Aistleitner, Deputy Chairman of the Supervisory Board
Harald Wengust, member of the Supervisory Board
William de Gelsey, member of the Supervisory Board
Hannes Palfinger, member of the Supervisory Board
Tomasz Mazurczak, member of the Supervisory Board

Vienna International Hotelmanagement AG:
Dresdnerstrasse 87, 1200 Vienna, Austria, operates as the manager for all fully consolidated hotels apart from the Intercontinental Hotel Warsaw, Crowne Plaza St. Petersburg and the Hotel Savoy Prague (until June 2014).

Amber Privatstiftung and Bocca Privatstiftung hold shares in both Warimpex Finanz- und Beteiligungs AG and Vienna International AG (see explanation above).

All subsidiaries and joint ventures:
Please refer to the information in section 4 with regard to subsidiaries and the information in section 7.4. with regard to joint ventures.

9.3.2. Transactions with related parties

9.3.2.1. Transactions with Amber Privatstiftung and Bocca Privatstiftung

There were no transactions with Amber Privatstiftung or Bocca Privatstiftung during the reporting year.

9.3.2.2. Transactions with Management Board members

	2014	2013
Management Board compensation 1 January – 31 December	1,247	2,198
Liabilities to Management Board members as at 31 December	1,457	1,564
The Management Board bonuses are distributed among the individual Management Board members as follows:		
Franz Jurkowitsch	283	863
Georg Folian	283	863
Alexander Jurkowitsch	475	471
Florian Petrowsky	206	–
	1,247	**2,198**
The Management Board compensation breaks down as follows:		
Short-term benefits	1,013	946
thereof variable (bonus)	–	105
Allocation to provision for termination payments	22	448
Allocation to pension provision	212	804
	1,247	**2,198**

The variable remuneration (bonus) for the Management Board amounts to 4per cent (previous year: 5per cent) of the profit or loss for the period attributable to the shareholders of the parent company and is deferred by the Management Board members on a voluntary basis when necessary.

As at the reporting date, the only pension commitment for a company pension was for the Management Board member Alexander Jurkowitsch (fixed amount with value guarantee). The Company has taken out a pension reinsurance policy for this purpose. The right to the pension arises on reaching the statutory retirement age of 65.

There is no right to the company pension if the employment relationship is terminated for the reasons specified in section 27 of the Austrian Employee Act (Angestelltengesetz) or if the Management Board member withdraws from or terminates the employment contract without good cause. With regard to the reinsurance policy, a right to payment of the surrender value instead of pension payments arises in any case whereby the employment contract is terminated before the Management Board member reaches the age of 65.

Other termination rights are based on the Austrian Employee Act.

9.3.2.3. Transactions with Supervisory Board members

	2014	2013
Supervisory Board bonuses 1 January – 31 December	135	105
Offsetting balance for Supervisory Board members as at 31 December	–	–
The Supervisory Board bonuses are distributed among the individual Supervisory Board members as follows:		
Günter Korp	35.0	25.0
Thomas Aistleitner	30.0	20.0
Wolfgang Mitterberger (until 2013)	–	7.5
Heinrich Geyer (until 2013)	–	7.5
Harald Wengust	17.5	15.0
William de Gelsey	17.5	15.0
Hannes Palfinger	17.5	15.0
Tomasz Mazurczak (from 2013)	17.5	–
	135	**105**

The Supervisory Board bonuses relate entirely to short-term benefits.

Transactions with members of the Supervisory Board relate exclusively to the parent company.

9.3.2.4. Transactions with Vienna International Hotelmanagement AG (VI)

Remuneration for hotel management is paid on a variable basis and depends on the revenues and gross operating profit (GOP) of the hotel concerned. The contracts with VI stipulate standard industry notice periods.

	2014	2013
Transactions of Group companies (fully consolidated) with VI:		
Management fee charged 1 January – 31 December	(3,228)	(3,560)
Other purchased services in hotel operations	(1,871)	(1,974)
Non-recurring expenses in connection with contract cancellations	–	(771)
Offsetting balance for Vienna International AG as at 31 December	(3,893)	(3,190)
Transactions of joint ventures (accounted for at equity) with VI:		
Management fee charged 1 January – 31 December	(2,135)	(1,958)
Other purchased services in hotel operations	(605)	(592)
Offsetting balance for Vienna International AG as at 31 December	(540)	(359)

9.3.2.5. Transactions with joint ventures (JV)

	2014	2013
Income from transactions with joint ventures 1 January – 31 December	967	795
Receivables due from joint ventures	142	38
Liabilities to joint ventures as at 31 December	(4.724)	(4.300)

Income with joint ventures relates primarily to interest income from loans to joint ventures, which is mostly accounted for as net investments in joint ventures (see information in section 7.4.3.). Liabilities to joint ventures include a non-current liability relating to an allocation to a securities account for a rent guarantee.

For information on liabilities and guarantees assumed for joint ventures, please refer to the disclosures in section 9.1.3.

9.4. Events after the reporting date

The sale of the office towers Jupiter 1 and Jupiter 2 in St. Petersburg was closed in spring 2015. Project loan liabilities of EUR 41.2 million were repaid in this context. For further information on the sale transaction, please refer to section 5.3.

Two further bonds were issued by Group project companies in March 2015:
One bond was issued at a nominal amount of PLN 24.45 million (around EUR 6 million) and an issue price of PLN 23.8 million (around EUR 5.8 million). It has a term of three years and an interest rate of 8%. The other bond was issued at a nominal amount of PLN 27.7 million (around EUR 6.8 million) and matures in two years. Interest is quarterly at 3M WIBOR plus 4.5%.

The unpegging of the Swiss franc from the euro in January 2015 and the resulting appreciation of the Swiss franc resulted in non-cash exchange rate losses of around EUR 3.7 million for the Group in the first quarter of 2015.

Vienna, 28 April 2015

Franz Jurkowitsch
Chairman of the Management Board

Georg Folian
Deputy Chairman of the Management Board

Alexander Jurkowitsch
Member of the Management Board

Florian Petrowsky
Member of the Management Board

Auditor's report

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Warimpex Finanz- und Beteiligungs Aktiengesellschaft, Vienna, for the fiscal year from January 1, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, as well as a summary of the material accounting and valuation methods used and other disclosures in the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Accounting Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 28 April 2015

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH

Helmut Maukner MP	**PPA Hans-Erich Sorli MP**
Certified Auditor	Certified Auditor

This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Supervisory Board report

General

The Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellshchaft has been informed by the Management Board of important business transactions, the course of business and the financial situation of the company during the 2014 financial year both in written reports and orally at regular meetings and has performed all of the duties and control functions assigned to it by law, the statutes and operating procedures of the Supervisory Board. We have in particular monitored the Management Board in the administration of the company and confirmed that it has conducted its management correctly. In addition, the Chairman of the Supervisory Board has been in regular contact with the Chairman of the Management Board and his Deputy Chairman in order to discuss primarily questions of strategy, the business performance and risk management. A key topic at the meetings of the Supervisory Board has in particular involved prompt and extensive reports to the Supervisory Board on the economic and structural changes in Russia as well as in Central and Eastern Europe and the discussion of the opportunities and risks deriving from those changes. A regular element of the meetings has also been the development of the revenues and results, the liquidity forecast and the cash flows of the company.

The company is committed both to the Austrian Code of Corporate Governance and to the Polish "Best Practices in Public Companies". The Supervisory Board has exercised the powers and responsibilities laid down in these policies and concerned itself with the compliance with their provisions. The statutes and the operating procedures of the Management Board and of the Supervisory Board are adjusted to amendments when necessary. Deviations from individual corporate governance rules relate to the Company's structure or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations. With regard to the Emittenten-Compliance-Verordnung 2007 (ECV –Austrian compliance regulation for issuers) as currently amended, the annual report of the compliance officers has been presented to and discussed with the Supervisory Board.

Five meetings of the Supervisory Board were held in the 2014 financial year. All members of the Supervisory Board have fulfilled the minimum attendance requirements. In addition, three resolutions have been adopted by circulation, which related to the issue of bonds in February, April and June 2014. The resolutions adopted by circulation were explained and discussed in detail again at subsequent meetings of the Supervisory Board.

Committees

The Supervisory Board has appointed three standing committees from among its members, the Audit Committee, the Project Committee and the Personnel Committee. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. Each committee member is appointed for their respective term as a member of the Supervisory Board. Each committee elects a Chairman and a Deputy Chairman from among its members.

Two meetings of the Audit Committee and one meeting of the Personnel Committee were held in the 2014 financial year. usssitzungen und eine Personalausschusssitzung statt.

Audit Committee

In accordance with the law and its own operating procedures, the Supervisory Board has appointed a standing committee to audit and prepare the adoption of the annual financial statements, the proposal for the appropriation of the profits and the management report of the company and of the group (Audit Committee). The Audit Committee has also audited the consolidated financial statements and submitted a proposal for the election of the auditor of the annual financial statements and reported on this to the Supervisory Board. The Chairman of the Supervisory Board, Gunter Korp, is a member of the Audit Committee as the person who has the particular knowledge and practical experience in finance, accounting and reporting (financial expert). The Audit Committee additionally comprises two other members of the Supervisory Board who are independent in accordance with its operating procedures.

Project Committee

The Supervisory Board has appointed a standing committee that is responsible for reviewing and issuing approval for transactions requiring approval pursuant to the law and the operating procedures of the Management Board if the total transaction costs do not exceed EUR 50 million. If the total transaction costs of the intended transaction exceed the above-mentioned ceiling, the audit and issue of the approval of a transaction of this kind is incumbent on the full Supervisory Board. The Project Committee is chaired by Supervisory Board Member Harald Wengust and additionally comprises two Supervisory Board members who are independent in accordance with the operating procedures of the Supervisory Board.

Personnel Committee

The Supervisory Board has appointed a standing committee that is responsible for personnel matters between the company and the Management Board (remuneration, submission of proposals to fill mandates that become vacant on the Management Board and succession planning) (Personnel Committee). The Personnel Committee is entitled to conclude contracts of service with the members of the Management Board. The Personnel Committee is chaired by the Chairman of the Supervisory Board Member Gunter Korp, and additionally comprises two Supervisory Board members who

are independent in accordance with the operating procedures of the Supervisory Board. In the meeting of the Personnel Committee that was held, an extensive hearing was conducted with Florian Petrowsky, and his employment contract was also discussed. Mr Petrowsky was appointed to the Management Board by the Supervisory Board with effect from 1 May 2014.

Sale of the Hotel Savoy

Warimpex sold the five-star Hotel Savoy in Prague in June 2014. The Supervisory Board discussed the sale proposed by the Management Board at its meetings and drew up the relevant resolution for the sale's approval.

Sale of the Jupiter towers at AIRPORTCITY in St. Petersburg

The contract for the sale of the two Jupiter towers at AIRPORTCITY, St. Petersburg, was signed in November 2014. The Supervisory Board discussed the sale proposed by the Management Board at its meetings and drew up the relevant resolution for the sale's approval.

Adoption of the 2014 annual financial statements

The annual financial statements, the management report and the consolidated financial statements as well as the consolidated management report have been audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. Based on its conclusions, this audit has not given rise to any objections. The statutory regulations have been complied with in full, with the result that an unqualified audit opinion has been issued.

The annual financial statements, the management report, the consolidated financial statements and consolidated management report as well as the corporate governance report were extensively discussed by the Audit Committee of the Supervisory Board at its meeting on 28 April 2015 in the presence of and following an oral report by the auditor and recommended to the Supervisory Board for approval. The Supervisory Board has examined the annual financial statements draw up by the Management Board as well as the management report, the consolidated financial statements and consolidated management report and the corporate governance report and approved and thus adopted the annual financial statements. The Supervisory Board has also audited and approved the proposal of the Management Board not to distribute any dividends for the 2014 financial year. The Audit Committee has further reported to the Supervisory Board that it proposes Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. as the auditor of the annual financial statements and consolidated financial statements for the financial year ending on 31 December 2015. The Supervisory Board thanks the Management Board, the executives and the staff of the Warimpex Group for the dedication they showed in the year under review and wishes the company continued great success.

Vienna, April 2015

Günter Korp
Chairman of the Supervisory Board

Declaration by the Management Board

We confirm to the best of our knowledge that the consolidated financial statements prepared in accordance with the relevant financial accounting standards give a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management report portrays the business performance, results and situation of the Group such that it gives a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management report describes the most important risks and uncertainties to which the Group is exposed.

Franz Jurkowitsch
Chairman of the Management Board
Responsibilities
Strategy, investor relations
corporate communications

Georg Folian
Deputy Chairman of the Management Board
Responsibilities
Finance and accounting
financial management and human resources

Alexander Jurkowitsch
Mitglied des Vorstandes
Responsibilities
Planning, construction, information management and IT

Florian Petrowsky
Mitglied des Vorstandes
Responsibilities
Transaction management, organisation and legal issues

Financial calender

2015

29 April 2015
Publication of the 2014 Annual Report

28 May 2015
Publication of the results for the first quarter of 2015

8 June 2015
Annual General Meeting

27 August 2015
Publication of the results for the first half of 2015

30 November 2015
Publication of the results for the first three quarters of 2015

PUBLICATION DETAILS:
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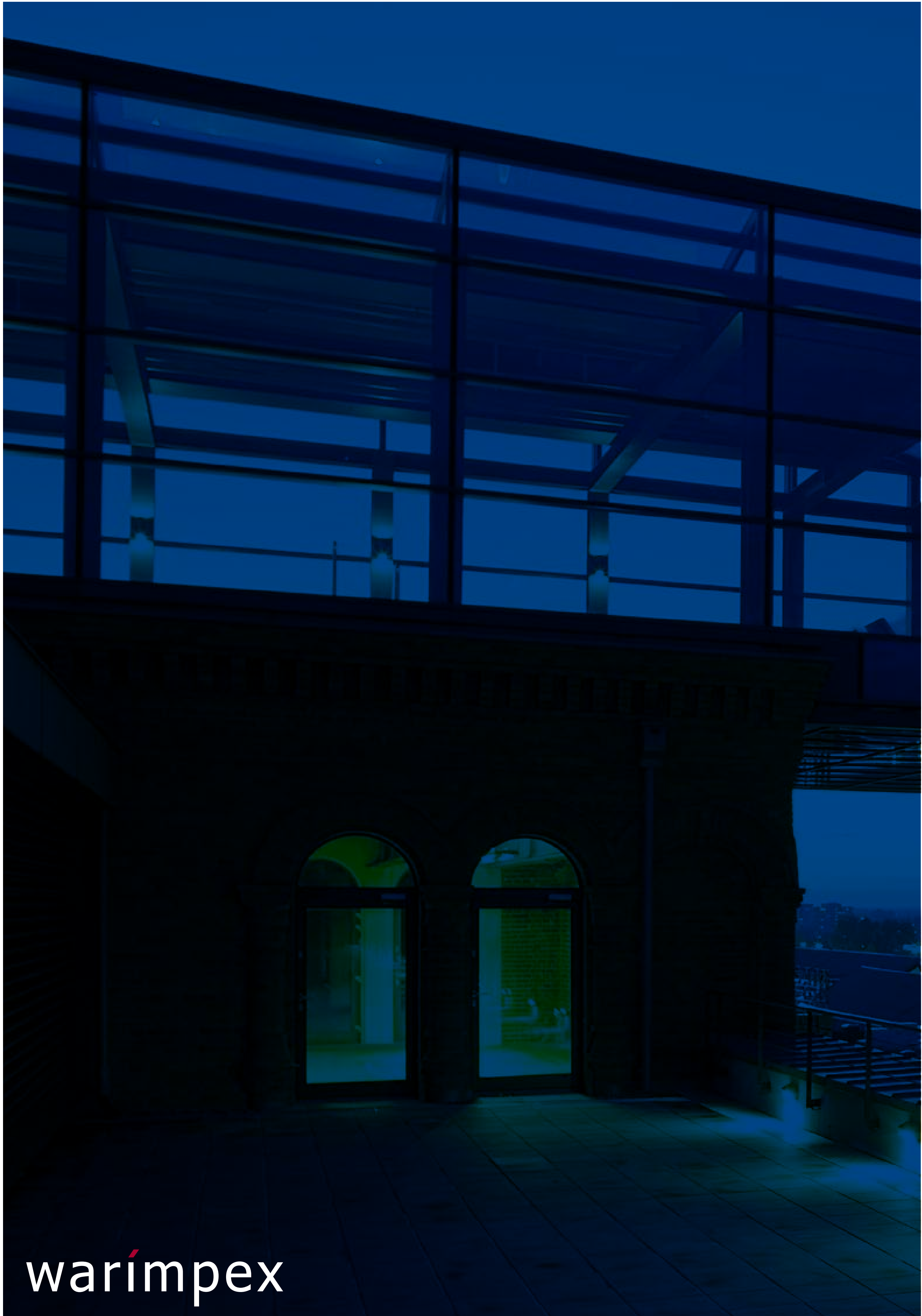
Photos: Warimpex

We have compiled this report and checked the data with the greatest possible care.
Nonetheless, rounding, typographical or printing errors cannot be ruled out.
The summation of rounded amounts and percentages may result in rounding differences.
Statements referring to people are intended to be gender-neutral.
This report was prepared in German, English and Polish.
In cases of doubt, the German version is authoritative.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