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Warimpex H1 2015:
Russia crisis still impacting earnings

- **Non-Russian hotels deliver positive performance (NOP per available room +12 per cent), 36 per cent revenue contraction at Russian hotels**
- **Soft rouble and measurement losses in Russia cause loss for the period of EUR 24.9 million**
- **Transactions: Jupiter office towers at AIRPORTCITY St. Petersburg, sale and lease-back agreement for andel's Lodz, sale of andel's Berlin expected to close in September**
- **Development projects: Zeppelin office tower at AIRPORTCITY St. Petersburg and Erzsébet Offices in Budapest finished, planning for further development projects in Berlin and Krakow proceeding**

Vienna/Warsaw, 27 August 2015 – The trend from the start of the year continued through the first half of 2015 for Warimpex Finanz- und Beteiligungs AG. The non-Russian hotels achieved good results and boosted their net operating profit per available room by 12 per cent. By contrast, the Russian market environment was challenging. The rouble remained weak, and the property developer and asset holder experienced measurement losses in the market as at 30 June 2015.

The soft rouble also had an impact on hotel operations. Revenues at the Russian hotels were roughly 36 per cent lower than in the previous year. The situation in Karlovy Vary in the Czech Republic was similar, where a lack of Russian guests caused the Dvořák spa hotel to suffer a revenue decline of some 40 per cent.

Under these conditions, overall hotel revenues fell by 17 per cent to EUR 25.8 million in annual comparison. Consolidated revenues retreated by 24 per cent from EUR 36.7 million to EUR 27.9 million. EBITDA fell by 23 per cent from EUR 7.7 million to EUR 5.9 million, and EBIT declined from EUR -1.4 million to EUR -19.2 million. The latter can be attributed primarily to remeasurement losses on Russian office properties and the impairment of Russian hotels. Financial income including joint ventures improved from EUR -10.7 million to EUR -3.4 million primarily thanks to gains from euro-denominated financing of subsidiaries that have a functional currency other than the euro. All in all, this led to a loss for the period of EUR 24.9 million, compared with a negative result of EUR 10.8 million in the comparison period.

Transactions and development projects

Despite the headwinds from Russia, Warimpex also saw a number of successes in the reporting period. Warimpex completed the sale of the two Jupiter towers at AIRPORTCITY St. Petersburg in the first quarter and concluded a sale and lease-back agreement for the andel's Łódź with mLeasing in the second quarter. This substantially reduced the financing costs of the hotel. After the reporting date, the andel's congress hotel in Berlin was sold to Union Investment in July. The transaction is expected to close at the beginning of September, and the profit contribution from this transaction will be around EUR 10 million.

In development activities, the Group saw completions and new projects. The refurbishment of an office tower with 14,500 square metres of space at Erzsébet Offices in Budapest and the development of the Zeppelin office tower at AIRPORTCITY St. Petersburg are finished. Long-term leases were concluded for both buildings in advance, and the tenants will be moving in soon. In Krakow, 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. 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. In Łódź, Warimpex submitted the winning bid for a piece of land near the andel's hotel. The purchase of the property should be finalised in the third quarter. In Berlin, the planning for the development of commercial and conference space on the remaining part of the site next to the andel's hotel is progressing according to schedule.

Outlook

In the second half of 2015, Warimpex will continue its running development projects and is seeking to complete further transactions. It will also focus on strengthening its financial base, improving its financing conditions, and improving the earnings of its hotel assets.

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Key financial figures for the first half of 2015 at a glance (as at 30 June 2015)

EUR '000	**1–6/2015**	**Change**	**1–6/2014**
Hotels revenues	25,777	-17 %	30,977
Investment Properties revenues	716	-85 %	4,926
Development & Services revenues	1,453	81 %	802
Total revenues	*27,945*	*-24 %*	*36,705*
Expenses directly attributable to the revenues	-18,308	-24 %	-24,192
Gross income from revenues	*9,637*	*-23 %*	*12,513*
Gains or losses from the disposal of properties	-1,408	-	36
EBITDA	5,905	-23 %	7,672
EBIT	-19,174	1,273 %	-1,397
Result from joint ventures	2,428	-	-197
Profit or loss for the period	-24,874	130 %	-10,820
Net cash flow from operating activities	4,592	-31 %	6,675
Segment information (including joint ventures on a proportionate basis):			
Total revenues	50,931	-13 %	58,605
Hotels revenues	48,156	-8 %	52,335
Hotels net operating profit (NOP)	14,001	-10 %	15,643
NOP per available room	4,122	-8 %	4,493
Investment Properties revenues	1,091	-79 %	5,289
Investment Properties EBITDA	521	-78 %	2,400
Development & Services revenues	1,684	72 %	981
Gains or losses from the disposal of properties	-1,408	-	36
Development & Services EBITDA	-509	-79 %	-2,457
	30/06/2015	**Change**	**31/12/2014**
Gross asset value (GAV) in millions of euros	459.8	-8 %	498.0
NNNAV per share in EUR	2.4	-20 %	3.0