ANNUAL REPORT **2013**

warimpex

KEY FIGURES OF WARIMPEX GROUP

EUR '000		2013	Change	2012 adjusted
Hotels revenues		60,038	-4%	62,382
Investment Properties revenues		1,553	-1%	1,567
Development and Services revenues		10,019	4%	9,659
Total revenues		*71,609*	*-3%*	*73,609*
Expenses directly attributable to revenues		-47,310	-13%	-54,352
Gross profit on sales		*24,300*	*26%*	*19,257*
Gains on property disposals		2,030	858%	212
EBITDA		14,784	31%	11,284
EBIT		12,107	53%	7,924
Result from joint ventures		11,043	-40%	18,413
Profit for the period (annual result)		2,425	-76%	10,030
Net cash flow from operating activities		11,670	-29%	16,324
Equity and liabilities		398,728	-5%	418,257
Equity		92,376	1%	90,862
Issued capital		54,000	–	54,000
Equity ratio		23%	1 pp	22%
Adjusted equity ratio[1]		35%	2 pp	33%
Average number of shares in the financial year	units	54,000,000	–	54,000,000
earnings per share	in EUR	0.05	-67%	0.15
Number of shares as of 31 December	units	54,000,000	–	54,000,000
Number of hotels		19	-2	21
Number of rooms (adjusted for proportionate share of ownership)		3,227	-254	3,481
Number of offices and commercial properties		5	–	5
Segment information (including joint ventures on a proportionate basis):				
Hotels revenues		107,741	-4%	112,135
Net operating profit (NOP) Hotels		30,749	6%	29,008
NOP per available room		8,986	12%	8,031
Investment Properties revenues		7,425	136%	3,144
Investment Properties EBITDA		3,216	141%	1,336
Development and Services revenues		10,223	7%	9,594
Result from the sale of properties		4,240	-66%	12,390
Development and Services EBITDA		1,811	-80%	8,937
Average number of employees in the Group		1,068	-4%	1,114

		31/12/2013	Change	31/12/2012
Gross asset value (GAV)	in EUR millions	525.1	-6%	558.5
Triple net asset value (NNNAV)	in EUR millions	173.2	0%	172.7
NNNAV per share	in EUR	3.2	–	3.2
End-of-year share price	in EUR	1.88	94%	0.97

[1] Assuming that the property assets are recognized at their fair values

CONTENTS

WARIMPEX

Warimpex is a "hybrid" real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realized through sale.
The majority of these projects is located in Central and Eastern Europe.

Accordingly, Warimpex Group generates stable cash flows from the operation of hotel properties and the letting of commercial and office space while simultaneously realizing proceeds from property sales.

Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success.

WARIMPEX – AN OVERVIEW

Evolution of Warimpex Group

Warimpex was founded in 1959 by Stefan Folian as an import/export trading company. From 1982 onwards, under the management of Georg Folian and Franz Jurkowitsch, the Company started to specialize in real estate projects in Central and Eastern Europe. Since that date, Warimpex Group has developed real estate with investments amounting to more than one billion euros, including hotels in the five-, four- and three-star categories. In addition, Warimpex also develops office buildings and other real estate.

Development and asset management

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in Prague, St. Petersburg, and Warsaw. The majority of the hotels are managed by Vienna International Hotelmanagement AG. Warimpex is also building upon its successful, long-standing cooperative projects with international hotel groups such as the InterContinental Group and Sheraton.

As of the end of 2013, Warimpex was the owner, co-owner, or leaseholder of nineteen business and luxury hotels with a total of 4,700 rooms (roughly 3,200 rooms when adjusted for the proportionate share of ownership), plus five commercial and office buildings with a total floor area of some 43,000 square metres (roughly 30,000 square metres when adjusted for the proportionate share of ownership) in Poland, Germany, the Czech Republic, Russia, Hungary, Romania, and France.

Three-star-plus and four-star hotels, which are operated under the andel’s and angelo hotel brands, are built in primary and secondary metropolitan areas.

HIGHLIGHTS IN 2013

Operational highlights

- 01/2013 Warimpex sells shares in angelo hotel Munich and adjacent development plot
- 01/2013 Warimpex opens Le Palais Offices Warsaw
- 02/2013 Successful refinancing in Ekaterinburg in the amount of EUR 37 million
- 02/2013 Phase 1 of Airport City St. Petersburg fully let out
- 03/2013 Palais Hansen, Kempinski Hotel (150 rooms, 4,600 m^2 of apartments) opened
- 03/2013 PLN 63.1 million (roughly EUR 15.1 million) in bonds and PLN 26.5 million (roughly EUR 6.4 million) in convertible bonds placed in Poland
- 07/2013 Warimpex sells five-star Palace Hotel in Prague
- 08/2013 Successful refinancing of Airport City St. Petersburg in the amount of EUR 60 million
- 10/2013 Warimpex announces closing for the sale of Le Palais Offices Warsaw
- 11/2013 PLN 16.5 million (roughly EUR 3.9 million) in convertible bonds and PLN 8.5 million (roughly EUR 2.0 million) in bonds placed in Poland
- 12/2013 Warimpex sells 5-star Le Palais Hotel in Prague

Financial highlights

- Sales revenues down by 3 per cent because of hotel sales
- EBITDA boosted from EUR 11.3 million to EUR 14.8 million
- EBIT increased from EUR 7.9 million to EUR 12.1 million
- Profit for the year of EUR 2.4 million
- Earnings per share of EUR 0.05
- Valuation puts real estate assets at EUR 525.1 million
- Triple net asset value (NNNAV) of EUR 3.2

CORPORATE GOVERNANCE REPORT

Commitment to the Code of Corporate Governance

Warimpex is committed to compliance with the Austrian Code of Corporate Governance as well as the Polish best practices for listed companies. The Management Board declares that it complies with both sets of guidelines to the best of its ability. 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 in 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 internal terms of reference for 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, and the implementation of Rule 18 is 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:

- Rule 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 the 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 statues of the Company can be viewed on its web site. Internal documents such as terms of reference for its governing bodies are not published.

- 2.: Curricula vitae are only published on the web site 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 meetings are not made, and are therefore not published on the Company's web site.

- 14.: There is no internal guideline

BODIES OF THE COMPANY

Summary of the boards and officers and the corresponding remuneration

Management Board

Franz Jurkowitsch (r.)
Chairman of the Management Board
Year of birth: 1948
First appointed: 2 September 1986
Appointed until 2 September 2016
Responsibilities:
strategy, investor relations, organization,
legal issues, and corporate communications
Chairman of the supervisory board of
Vienna International Hotelmanagement AG, Vienna

Georg Folian (m.)
Deputy Chairman
Year of birth: 1948
First appointed: 2 September 1986
Appointed until 2 September 2016
Responsibilities:
finances and accounting, financial management,
human resources
Deputy chairman of the supervisory board of
Vienna International Hotelmanagement AG, Vienna

Alexander Jurkowitsch (l.)
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

Supervisory Board

Günter Korp
Chairman of the Supervisory Board
Chairman of the Audit Committee/financial 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

William Henry Marie de Gelsey
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.

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 members of the Supervisory Board and the individual members of the Management Board and the principles of the Company’s remuneration policy, please consult items 9.3.2.2. and 9.3.2.3 in the Notes to the consolidated financial statements.

Information about the procedures of the Management Board and Supervisory Board

The Management Board

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

Working principles of the Supervisory Board

The Supervisory Board discusses the position and objectives of the Company and adopts motions to fulfil its duties, in particular the supervision and strategic assistance of the Management Board. In addition to the composition, procedures, working principles, and responsibilities of the Supervisory Board, the terms of reference for this Board also govern how conflicts of interest are to be handled and specify the Supervisory Board committees (Audit Committee, Personnel Committee, and the 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 of and the number of meetings of the individual 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 this Board during the reporting period.

Committees

The Supervisory Board appoints an Audit Committee, a Project Committee, and a Personnel Committee from among its members.

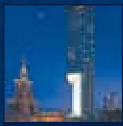
A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The committees are appointed for the duration of the tenure of their members. Each committee elects a chairman and a deputy chairman from among its members. Please refer to "Board and officers of the Company".

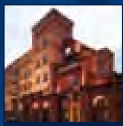
Measures for promoting women

Men and women completing the same tasks and having the same education 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.

MARKETS

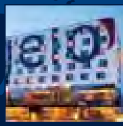
POLAND
Existing portfolio: 6 hotels, 1 office property
Under development: 2 office buildings


Intercontinental Hotel Warsaw


andel's Hotel Łódź


andel's Hotel Cracow

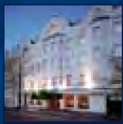

Chopin Hotel Cracow


angelo Hotel Katowice


Amber Baltic Hotel Międzyzdroje

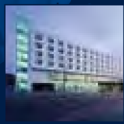

Parkur Tower Warsaw

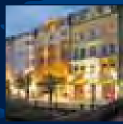
CZECH REPUBLIC
Existing portfolio: 5 hotels


Golden Tulip Savoy Prague


angelo Hotel Prague

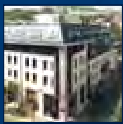

Diplomat Hotel Prague

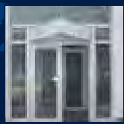

angelo Hotel Pilsen


Dvořák Hotel Karlovy Vary

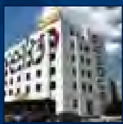
HUNGARY
Existing portfolio: 3 office properties


Erzsébet Offices Budapest

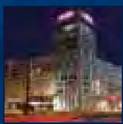

Sajka Office Budapest


Diószegi Office Budapest

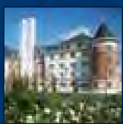
ROMANIA
Existing portfolio: 1 hotel

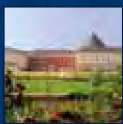

angelo Airporthotel Bucharest

GERMANY
Existing portfolio: 1 hotel

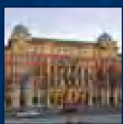

andel's Hotel Berlin

FRANCE
Existing portfolio: 2 hotels

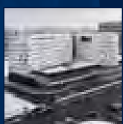

Dream Castle Hotel Paris

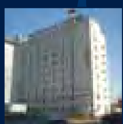

Magic Circus Paris

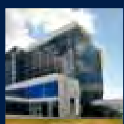
AUSTRIA
Existing portfolio: 1 hotel including apartments

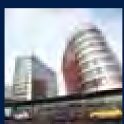

Palais Hansen Kempinski Wien

RUSSIA
Existing portfolio: 3 hotels, 1 office building
Under development: 1 office building


Crowne Plaza St. Petersburg

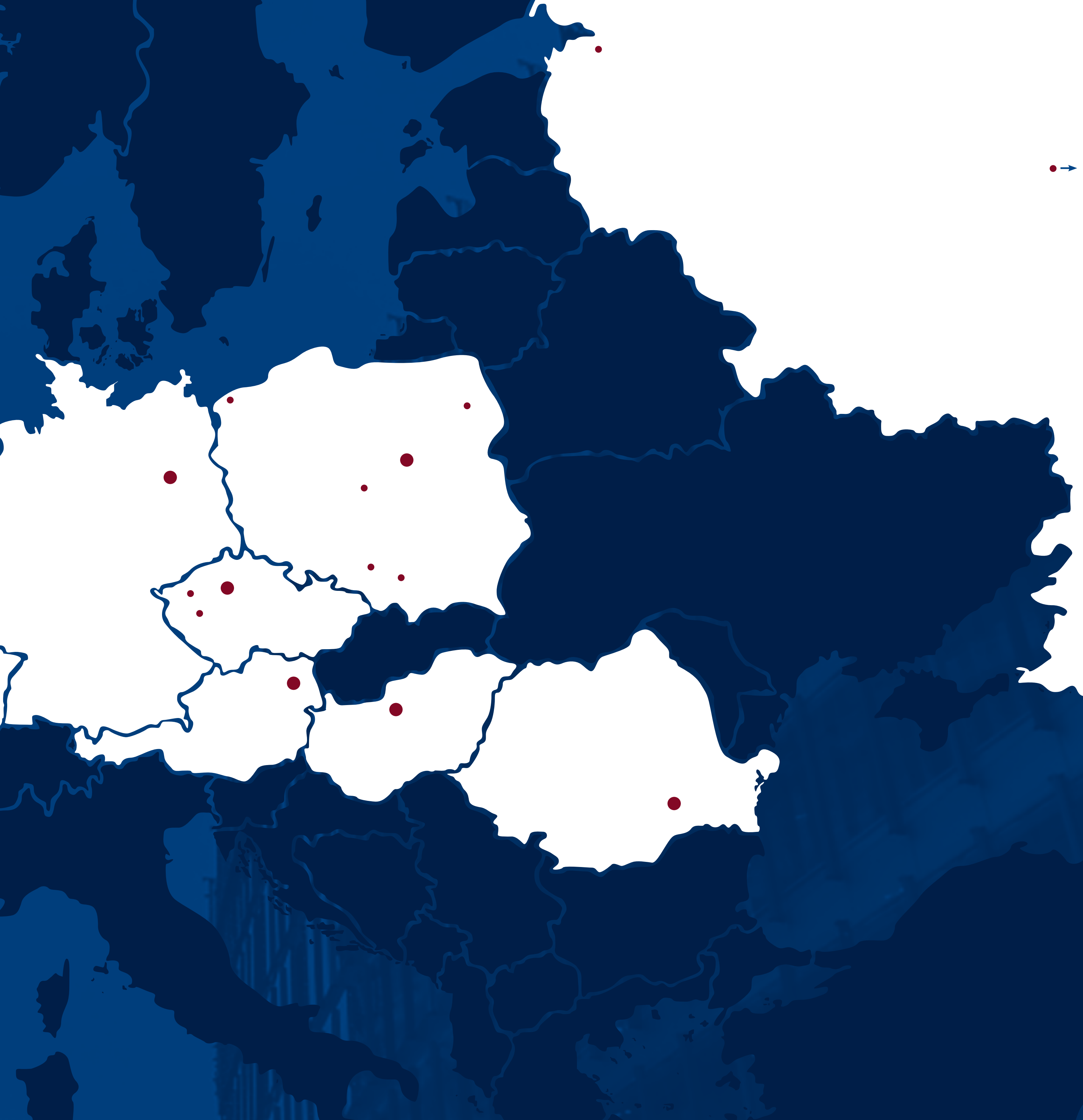

Liner Airport Hotel Ekaterinburg


angelo Airporthotel Ekaterinburg


Business Towers St. Petersburg

MILESTONES IN 2013

January	February	March	April	May	June
Warimpex sells shares in angelo hotel Munich and adjacent development plot	Successful refinancing in Ekaterinburg in the amount of EUR 37 million	Palais Hansen, Kempinski Hotel (150 rooms, 4,600 m² of apartments) opened			
Warimpex opens Le Palais Offices Warsaw	Phase 1 of Airport City St. Petersburg fully let out	PLN 63.1 million (roughly EUR 15.1 million) in bonds and PLN 26.5 million (roughly EUR 6.4 million) in convertible bonds placed in Poland			



July	August	September	October	November	December
Warimpex sells five-star Palace Hotel in Prague	Successful refinancing of Airport City St. Petersburg in the amount of EUR 60 million		Warimpex announces closing for the sale of Le Palais Offices Warsaw	PLN 16.5 million (roughly EUR 3.9 million) in convertible bonds and PLN 8.5 million (roughly EUR 2.0 million) in bonds placed in Poland	Warimpex sells 5-star Le Palais Hotel in Prague

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

Warimpex had another successful year in 2013. In addition to good operating results, we positioned ourselves well in strategic terms and laid a solid financial foundation for our future. We withdrew from the difficult five-star hotel segment in Prague and plan to focus more strongly on the expansion of our four-star brands angelo and andel's in future. We also substantially expanded our activities in the development and letting of office properties, especially through the Airport City project in St. Petersburg.

This stronger focus on office properties and the full letting of the first construction phase of Airport City St. Petersburg necessitated a change in how we measure office properties, from the historical cost model to the industry-standard method of recognition at fair value – as preferred by the IFRS. This new measurement model makes it easier to compare our figures with those of other real estate companies, strengthens our equity, and also had a positive effect on the profit for the year. The hotel portfolio is still recognized at the lower of amortized cost or fair value. Under this model, increases in the value of hotel assets cannot be recognized until the asset is sold, as was the case in the past. The difference between fair value and the carrying amount of the hotels is shown in the management report.

Profit for the year

Our operating activities developed well again in 2013. EBITDA rose 31 per cent from EUR 11.3 million to EUR 14.8 million. This increase was due to stable revenue development in the Hotels segment and higher income from the sale of project companies and properties. The hotel sales resulted in the number of rooms declining by 5 per cent. Consequently revenues based on the proportionate recognition of all joint ventures fell by 4 per cent to EUR 107.7 million – revenues for fully consolidated holdings decreased by 3 per cent year on year to EUR 71.6 million. Net operating profit (NOP) rose by 6 per cent to EUR 30.7 million, and reflects the good business performance of our hotel portfolio. EBIT also improved from EUR 7.9 million to EUR 12.1 million, accounting for a large share of the positive result for the year. The result for 2013 was positive overall. The fact that the result was EUR 2.4 million lower than in the previous year is a consequence primarily of the sale of the InterContinental Hotel in Warsaw in December 2012 and the associated higher income in that year.

Our core hotel markets continued to develop in a mixed fashion during the reporting period. Our hotels in Russia were key drivers of the good results in the segment, with average occupancy rates and room prices rising here. In Poland, our hotels reported stable occupancy levels, but room rates decreased slightly. This was due to the strong performance resulting from the European Football Championships in 2012. The Prague hotel market is still experiencing oversupply, and occupancy rates rose marginally while the average room price fell.

Transactions and development projects

As in the previous year, there was again good news on the transaction markets. At the beginning of the year, we sold our 50 per cent stake in the angelo hotel in Munich and a neighbouring piece of land to our joint venture partner. In Prague, we concluded two strategically important deals with the sale of the five-star Palace and Le Palais, thereby disposing of our portfolio holdings in the luxury segment. We also sold a piece of the development plot next to the andel's hotel in Berlin during the financial year. The planning for the development of commercial and conference space on the remaining part of the site, which was acquired in 2008, is progressing well. In addition to opening the Palais Hansen Kempinski hotel in Vienna, we also completed and opened the Le Palais office building in Warsaw in 2013. In October, the property was sold with the involvement of Warimpex. Likewise in Poland, we purchased a piece of development land next to the Chopin Hotel at attractive terms. This property was previously leased from the city of Krakow. An office building is to be put up here to complement the neighbouring hotel. Refinancing for Chopin Hotel was also arranged with a Polish bank. This underscores our strategy of reducing cross-border financing agreements and replacing them with local financing.

2013 was a successful year, particularly in St. Petersburg. The Jupiter 1 and Jupiter 2 towers at Airport City are now fully let. The next step is a sale in the near future. A term sheet has already been negotiated with a Russian pension fund and signed after the reporting date. The third office building, for which the shell has already been completed, is also to be finished in the near future. A letter of intent has been signed with a renowned tenant for the property. The high level of confidence that the local economy places in Airport City was also underscored by the agreement that was concluded with a local Russian bank for refinancing a EUR 60 million loan, thereby securing the project on a long-term basis.

In order to ensure that we can continue moving forward with our development activities, we successfully placed two bonds and two convertible bonds in Poland in 2013 with a total volume of PLN 114.6 million (EUR 27.4 million). We also launched a new bond programme in 2014 that will have a volume of up to EUR 50 million. The bonds are to be issued in multiple tranches between February 2014 and February 2016 in accordance with the level of demand.

Outlook

The very encouraging conditions at the close of the year continued into the new year. After the reporting date, we gained a leading Hungarian insurance company as a long-term tenant for 12,250 square metres of space in the Erzsébet office building in Budapest, securing one of the largest leases on the Hungarian office market in recent years. Our andel's hotel in Berlin celebrated its fifth year of operation in March, and the andel's hotel in Łódź will also be marking its five-year anniversary in autumn, something we will celebrate appropriately.

We will continue focusing on our good hotel brands, and will invest in promising synergies between hotels and neighbouring office and residential space. In this, we will maintain sufficient diversification in terms of asset classes and our focus on individual markets. With our solid financial basis and the further sale of successful projects, we also anticipate great potential for new development activities. Our goal is to improve existing land reserves and development properties to the point that they generate sustainable cash flows.

I would like to close by saying that the success is based on the efforts of dedicated individuals. In that light, I would like to express my sincere thanks to all of our employees and to you, valued shareholders, for the trust you place in us.

Franz Jurkowitsch

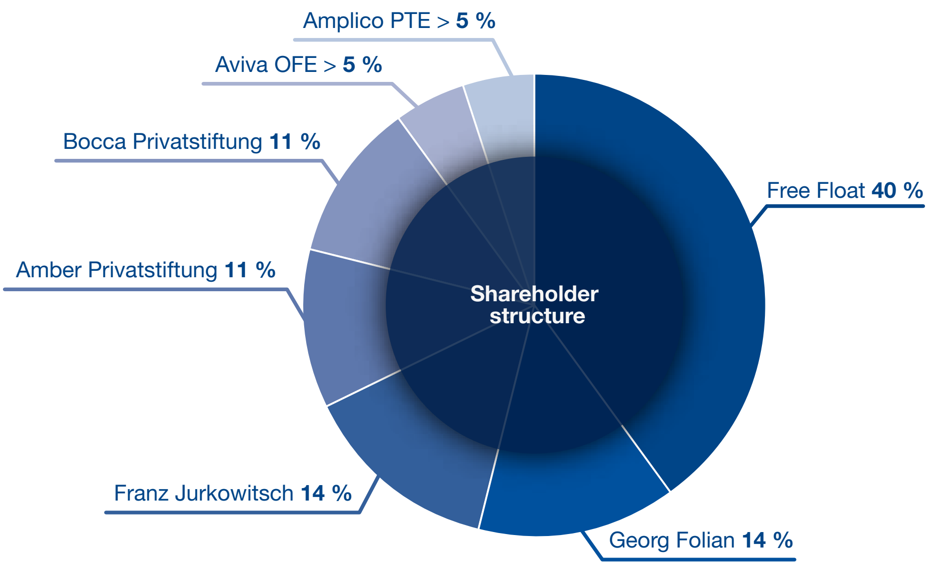
INVESTOR RELATIONS

After closing 2012 at EUR 0.97 and PLN 3.90, the share price rose considerably in the first half of 2013. The share closed at EUR 1.88 and PLN 7.99 on 31 December, 2013.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences in Zürs, Warsaw, Frankfurt, and Vienna in 2013.

Warimpex placed two bonds and two convertible bonds on the Polish capital market in 2013. The issue proceeds of roughly EUR 28 million were used for the refinancing of existing obligations to finance future development projects.

Shareholder structure As of: 10 April 2014



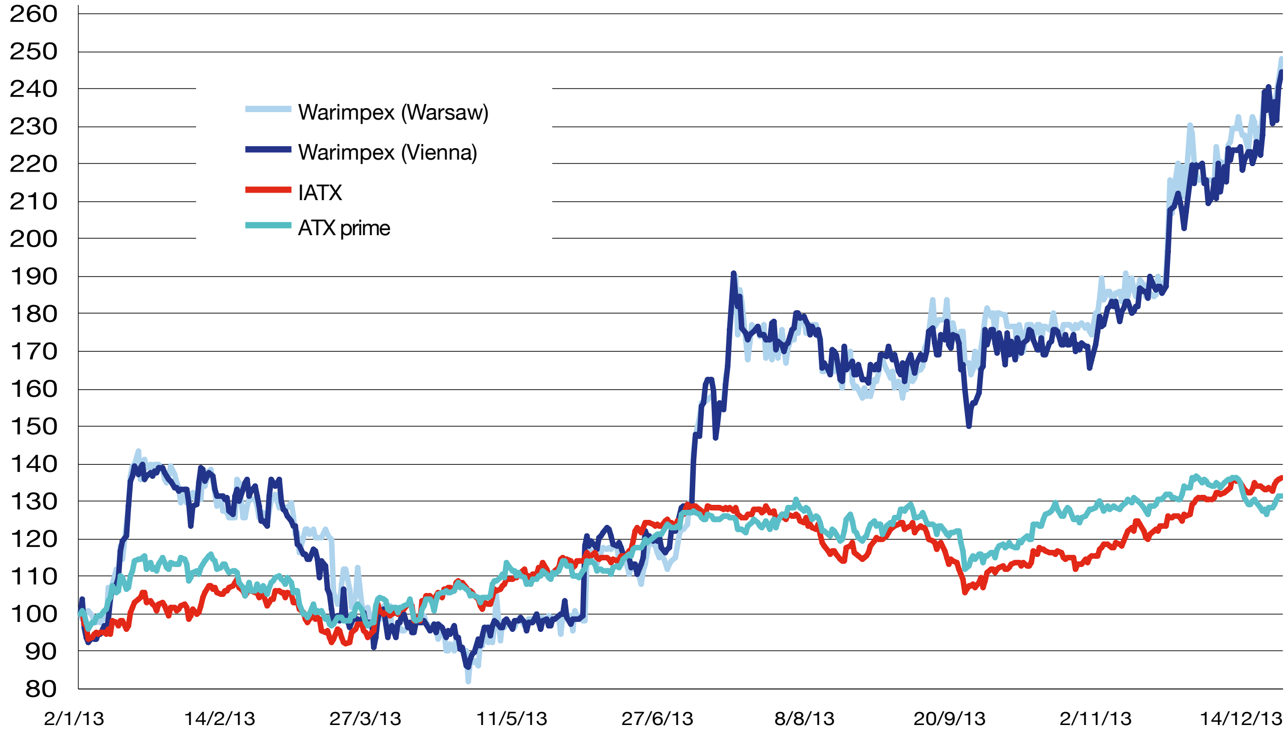
Key share data

ISIN AT0000827209
Number of shares on 31 December 2013 54,000,000
Ticker symbols Stock Exchanges WXF, Reuters WXFB.VI
High* EUR 1.88 | PLN 7.99
Low* EUR 0.98 | PLN 3.95
Price on 31 December 2013 EUR 1.88 | PLN 7.99
* 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
in Vienna approximately 32,000 shares
in Warsaw approximately 30,000 shares

Share price performance



Warimpex securities

	ISIN	Maturity date	Conversion price in PLN	Outstanding amount in PLN
Convertible bond 2011	AT0000A0PCA4	5/5/14	12.79	12,500,000
Bond 03/13	PLWRMFB00016	31/3/16	–	63,065,000
Convertible bond 04/13	AT0000A100Y0	31/3/16	7.06	26,500,000
Convertible bond 10/13	AT0000A139E0	31/10/16	7.65	16,500,000
Bond 10/13	AT0000A139F7	31/10/17	–	8,500,000
Bond 02/14	PLWRMFB00024	28/2/18	–	9,000,000

GROUP MANAGEMENT REPORT
for the financial year from 1 January to 31 December 2013

MARKETS

POLAND

Economic environment

The economy is projected to have grown by 1.3 per cent for 2013 as a whole, a considerably lower rate than in the previous years. Exports drove growth, while imports flagged because of lower domestic demand. The economy is expected to gain momentum again in 2014, and the global economy is also expected to improve and help fuel private investments and moderate employment growth. Economic expansion is projected to increased to 2.5 per cent in 2014 and 2.9 per cent in 2015, with domestic demand gradually taking over from exports as the primary growth force.[1]

The volume of real estate transactions rose by 9 per cent in 2013, and increased to roughly EUR 3 billion[2]. Prime yields for office properties in Warsaw were 6.0 per cent (2012: 6.25 per cent), the lowest level in CEE as of the end of 2013[3]. In the hotel industry, occupancy rose by 7 per cent to 79 per cent, while the average room rate in euros decreased by 14 per cent to EUR 90.[4]

Existing portfolio: 6 hotels, 1 office property

Warimpex has been 50 per cent leaseholder of the five-star InterContinental in Warsaw since 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 to WestInvestInterSelect, a retail real estate fund of Germany's DekaBank group, 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 brand InterContinental 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 owner until 2009, and as leaseholder since then). In Łódź, Warimpex opened a further andel's hotel in June 2009; in March 2010, the first angelo hotel in Poland (a joint venture with UBM) opened in Katowice. In Międzyzdroje on the Baltic coast, Warimpex owns the Amber Baltic spa resort hotel.

The occupancy rate at the InterContinental hotel rose from 77 to 81 per cent, but the average room rate in euros fell by around 10 per cent back to the level seen in 2011. This was due to the fact that the European football championships were held in the previous year. The andel's hotel in Łódź achieved an occupancy rate of 55 per cent (2012: 57 per cent), and the average room rate in euros fell by around 5 per cent. The occupancy rate at Chopin Hotel in Krakow increased from 62 per cent to 67 per cent after the completion of the renovation work, and the average room rate in euros remained stable. Warimpex was able to purchase the property for the Chopin Hotel Krakow, which had originally been leased until 2051, from the city of Krakow in the first half of 2013 and concluded a refinancing agreement for the hotel with a Polish bank in the third quarter. Occupancy at the andel's hotel in Krakow remained unchanged at 74 per cent, but the average room rate decreased marginally. The occupancy rate at the Amber Baltic beachfront resort came in at 47 per cent (2012: 46 per cent), and the average room rate fell slightly. 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 let out.

Under development: 2 office buildings

At the end of 2010, Warimpex sold a project company in Warsaw that converted one of the few historic buildings in the city into a modern office building (Le Palais Offices in Warsaw). Warimpex has undertaken to complete the project as a developer. The project was completed and opened in January 2013. In October 2013, the property was sold to the IVG Warsaw fund with the involvement of Warimpex.

[1] European Commission – European Economic Forecast Autumn 2013
[2] CB Richard Ellis, CEE Property Investment Market View, January 2014
[3] CB Richard Ellis EMEA Rents and Yields, Q4 2013
[4] HotStats European Chain Hotels – Performance Report for Warimpex

The property purchase noted above has made Warimpex the owner of a development property next to the Chopin Hotel in Krakow, which is to be the location of an office building. Planning for this project is under way.

An office building that is owned by Warimpex in Krakow is also to be modernized. Warimpex owns a development property in Białystok. The sale of this development project is planned when the market conditions are right.

CZECH REPUBLIC

Economic environment
GDP contracted by 1.0 per cent in 2013, primarily due to weaker domestic demand. The economy is expected to grow again, by 1.9 per cent in 2014 and 2.2 per cent in 2015.[5]

Prague is the leading tourist destination in CEE and is currently sixth in all of Europe in terms of overnight stays. After the substantial decline in overnight stays in 2009 as a result of the financial crisis, this metric reached pre-crisis levels in Prague again in 2011, and such stays totalled 13.6 million in 2012.[6] Nevertheless, the Prague hotel market is still in a state of excess supply. The occupancy figures rose by 0.1 percentage points on average in 2013 to 68.9 per cent, but the average room rate in euros declined by 1.2 per cent to EUR 83.7.[7] Hotels have been taking room capacity from the market since 2012. There were more hotel property transactions in Prague again in 2013.

Existing portfolio: 5 hotels
In the Czech Republic, Warimpex owns the Diplomat and Savoy hotels in Prague and the angelo hotels in Prague and Plzeň (50 per cent). Warimpex also consolidates the Dvořák spa hotel in Karlovy Vary according to the provisions of IAS/IFRS. The five-star Palace (124 rooms) and Le Palais (72 rooms) hotels in Prague were sold in July and December of 2013.

In the reporting period, the two four-star hotels in Prague achieved occupancy rates of 73 and 67 per cent (2012: 72 and 69 per cent), respectively; the average room rates decreased slightly at both establishments. Occupancy at the Golden Tulip Savoy hotel came to 64 per cent (2012: 58 per cent), and the average room rate declined slightly. At the Dvořák spa hotel in Karlovy Vary, the occupancy rate was 77 per cent (2012: 79 per cent). The average room rate improved slightly. Occupancy at the angelo hotel in Plzeň improved from 51 to 59 per cent, and the average room rate also rose moderately.

HUNGARY

Economic environment
After slight growth of 0.7 per cent in 2013, growth is expected to reach 1.8 per cent in 2014 and 2.1 per cent in 2015 due to higher exports and higher domestic demand.[8]

In Budapest, prime rents remained stable in annual comparison, as did the prime yields[9], but the vacancy rate is still very high. The fact that there is almost no new development in Budapest at this time is a positive factor. The transaction volume increased from EUR 121 million to EUR 225 million in 2013.

[5] European Commission – European Economic Forecast Autumn 2013
[6] Cushman & Wakefield, Hospitality Newsletter, Czech Hotel Market 1Q 2014
[7] HotStats European Chain Hotels – Performance Report for Warimpex
[8] European Commission – European Economic Forecast Autumn 2013
[9] CB Richard Ellis EMEA Rents and Yields, Q4 2013

Existing portfolio: 3 office properties

In Budapest, Warimpex owns the Erzsebet, 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, 100 per cent of which is occupied. Sajka office building with its approximately 600 square metres of lettable space is partially let out. After the reporting date, Warimpex signed a long-term lease with the leading Hungarian insurance company Groupama Garancia Insurance Private Co. Ltd. – a Hungarian branch of the international Groupama Group – for 12,250 square metres of space in the Erzsébet office building in Budapest. This is one of the largest leases that Warimpex has concluded on the Hungarian office market in recent years.

ROMANIA

Economic environment

Growth in 2013 was driven by exports, while domestic demand remained weak; growth came in at 2.2 per cent. Growth is projected to come in at 2.1 per cent in 2014 and 2.4 per cent in 2015.[10]

Occupancy in the peer group (CompSet) for the angelo Airporthotel Bucharest decreased by 3.4 percentage points to 47.4 per cent, but the average room rates fell by around 3 per cent to LEI 288[11]

Existing portfolio: 1 hotel

The angelo Airporthotel in Bucharest, which Warimpex acquired in 2007 and expanded by 69 rooms in 2008 along with adapting it to the angelo design, saw an occupancy rate of 44 per cent (2012: 48 per cent). The average room rate in euros was up slightly.

GERMANY

Economic environment

Growth came to 0.5 per cent in 2013. Germany’s solid foundation and especially its robust labour market and competitive strength are projected to push growth back to 1.7 per cent in 2014 and to 1.9 per cent in 2015.[12]

In Berlin, occupancy rates rose by an average of 0.6 percentage points to 76.0 per cent, while the average room rate decreased by 1.4 per cent to EUR 118.54.[13]

Existing portfolio: 1 hotel

Warimpex held 50 per cent of the andel’s hotel in Berlin during the reporting period. In January 2013, Warimpex sold its stake in the angelo hotel in Munich and an adjacent piece of land to its joint venture partner.

Occupancy at the andel’s hotel in Berlin was 69 per cent (2012: 71 per cent). The average room rate rose slightly.

Under development: 1 conference centre

A piece of land adjacent to the andel’s hotel in Berlin was purchased in 2009 for the development of a conference centre and commercial and residential space. Planning for this project is under way. Part of the property was sold at the end of 2013.

[10] European Commission – European Economic Forecast Autumn 2013
[11] CompSet for the angelo Airporthotel Bucharest
[12] European Commission – European Economic Forecast Autumn 2013
[13] HotStats European Chain Hotels – Performance Report for Warimpex

FRANCE

Economic environment

The economy stagnated at 0.2 per cent growth in 2013. Higher exports are expected to bring some improvement to 0.9 per cent in 2014, and growth should come in at 1.7 per cent in 2015 above all thanks to higher domestic demand.[14]

Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders (finance leasing) of the four-star Dream Castle Hotel and the four-star Magic Circus at Disneyland® Resort Paris, each of which have about 400 rooms. The occupancy rates at the hotels were 74 and 69 per cent (2012: 74 and 68 per cent), respectively. The average room rates fell slightly at both hotels.

AUSTRIA

Economic environment

The year 2013 as a whole saw minimal growth of 0.4 per cent. The economy is expected to expand by 1.6 per cent in 2014 and by 1.8% in 2015, above all thanks to higher domestic demand and exports.[15]

Existing portfolio: 1 hotel including apartments

In Vienna, Warimpex is a partner (with a stake of around 10 per cent) in the project company behind Palais Hansen, a high-end hotel and residential property on the city's Ring boulevard, together with Wiener Städtische Versicherung/Vienna Insurance Group and Strauss & Partner. The Palais Hansen Kempinski hotel Vienna, Warimpex's first project in Austria, was opened in March 2013. A large share of the apartments has been sold.

RUSSIA

Economic environment

Growth on the Russian economy slowed considerably to 1.9 per cent in 2013. It is assumed that this slowdown is only temporary, and that growth will rebound to 3.0 per cent in 2014 and 3.4 per cent in 2015.[16]

The volume of real estate transactions in Russia increased by 40 per cent to around EUR 5.2 billion in 2013.[17] The peak yields for office properties in St. Petersburg came to 11.0 per cent (2012: 11.50 per cent), while prime rents remained constant at around EUR 600 per year and square metre.[18]

In St. Petersburg, occupancy rates rose by an average of 4.9 percentage points to 63.8 per cent, and the average room rate improved by 8.9 per cent to EUR 112.[19] Occupancy in the peer group (CompSet) for Ekaterinburg increased by 12.6 percentage points to 50 per cent, and the average room rates also rose by around 8 per cent to RUB 4,302.[20]

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 the third quarter of 2009. In St. Petersburg, Warimpex holds 55 per cent of Airport City St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and an office building with 17,000 square metres of lettable space were opened at the end of December 2011. Airport City St. Petersburg was and is being developed by OAO AVIELEN A.G. in a joint venture with CA Immo

[14] European Commission – European Economic Forecast Autumn 2013
[15] European Commission – European Economic Forecast Autumn 2013
[16] European Commission – European Economic Forecast Autumn 2013
[17] CB Richard Ellis, CEE Property Investment Market View, January 2014
[18] CB Richard Ellis EMEA Rents and Yields, Q4 2013
[19] HotStats European Chain Hotels – Performance Report for Warimpex
[20] CompSet for the angelo airport hotel Ekaterinburg

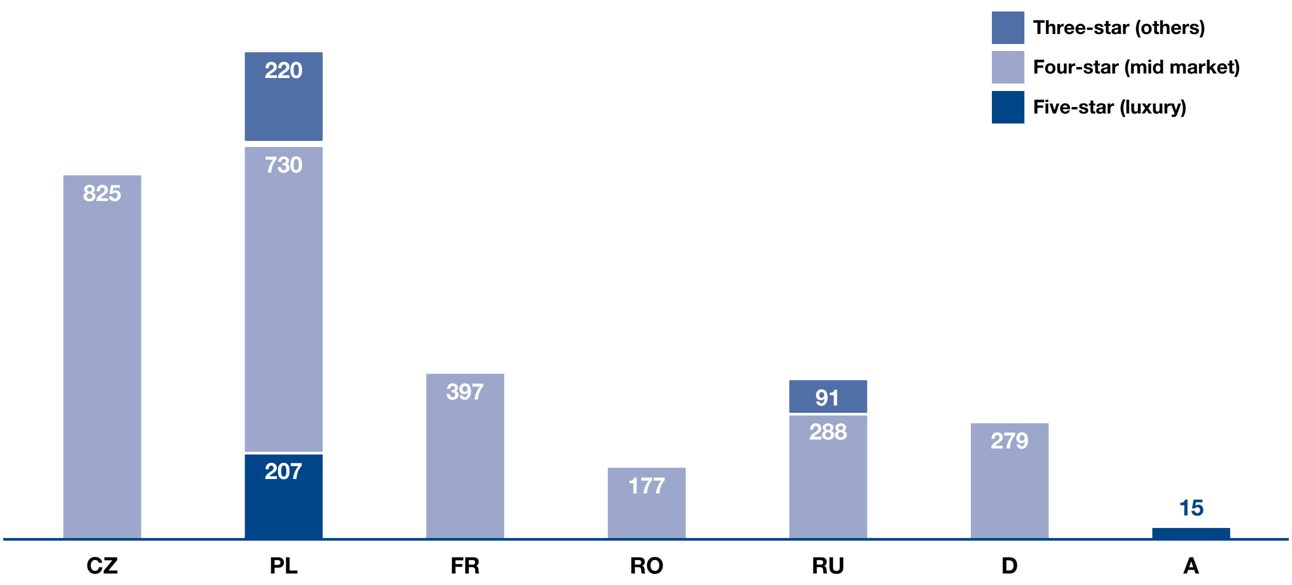
and UBM and is directly next to Pulkovo 2 international airport. It is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

While the Liner Hotel continued to enjoy very satisfactory occupancy in the reporting period, occupancy at the more expensive angelo rose from 54 per cent to 56 per cent, and the average room rate in euros improved by around 5 per cent. The newly opened Crowne Plaza at Airport City St. Petersburg has already established itself very well on the market and achieved 79 per cent occupancy (2012: 58 per cent); the average room rate in euros increased slightly. 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

The shell of a second office building that will have 15,000 square metres of lettable space has also been completed at Airport City. It is planned to finish this office tower in mid-2015.

Hotel portfolio (number of rooms adjusted for proportionate share of ownership) as of 31/12/2013

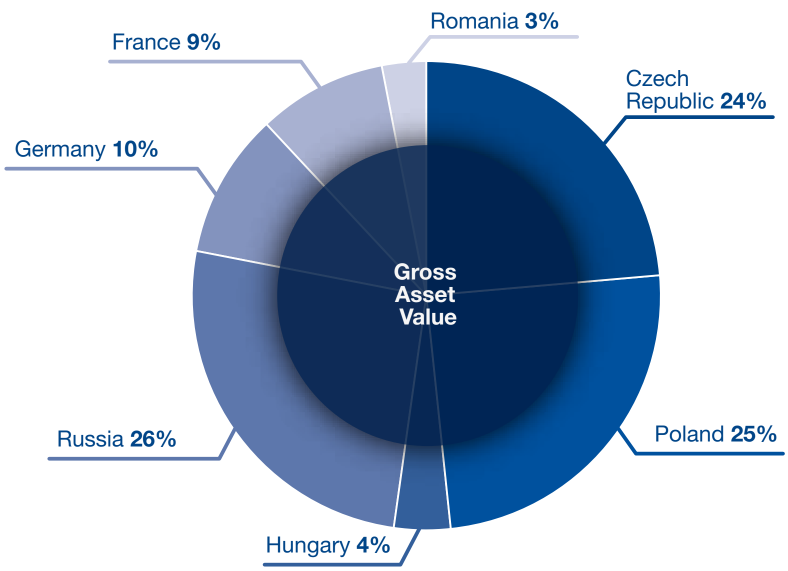


BUSINESS DEVELOPMENT

As of the end of December 2013, the Warimpex Group portfolio comprised a total of twenty-four properties, nineteen of which were hotels and five office properties. The Group also holds a large number of properties and development projects in eight countries in Central and especially Eastern Europe. The focus of the portfolio is primarily on Poland, Germany, the Czech Republic, and Russia.

To enable an efficient, market-oriented response to ongoing developments, Warimpex Group employs local staff in all the countries in which it operates.

Real estate assets by country (share of GAV)



Gross asset value (GAV) as of 31 December 2013

ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

Through the opening of Airport City in St. Petersburg, Warimpex has in recent years substantially increased its business activities in the development and letting of office buildings (investment properties) that are recognized according to IAS 40 through joint ventures in addition to its hotel property portfolio. Due to the increasing importance of office properties for the Group, the decision was made to switch from the historical cost model to the industry standard method of recognition at fair value according to IAS 40, in part to increase the comparability of and information offered by the consolidated financial statements. For information about the effects on the consolidated financial statements, please see item 3.2.1 Changes in accounting policies in the Notes to the consolidated financial statements.

Warimpex still recognizes its hotel portfolio at the lower of cost minus depreciation or fair value. Increases in the value of hotel properties beyond the cost of acquisition are not recognized in profit or loss every year. Any such value increases are not recognized until the hotel property is actually sold. As a result, earnings are highly dependent on the sale of properties and fluctuate significantly.

Development of revenues

Business with the operation of hotels continued to develop positively in 2013. After a very difficult year in 2009, conditions improved considerably in 2010, 2011, and 2012, and this trend continued in 2013. Conditions on Warimpex's core hotel markets remained varied. Revenues from the two hotels in Ekaterinburg rose again. The trend was not homogeneous in the Czech Republic. While revenues increased in Karlovy Vary, they were down slightly in Prague. The increase in revenue in Poland is related to the Chopin Hotel in Krakow, while the revenues from the andel's in Krakow and from the Amber Baltic declined slightly.

About 85 per cent of revenues came from the operation of hotel properties, roughly 2 per cent from the letting of office properties, and 13 per cent from the Development and Services segment.

Consolidated sales revenues fell by 3 per cent due to hotel sales from EUR 73.6 million to EUR 71.6 million. Sales revenues from hotel operations decreased from EUR 62.4 million in 2012 to EUR 60.0 million.

Revenues from the letting of offices remained stable at EUR 1.6 million. Revenues from the Development and Services segment increased by 4 per cent to EUR 10.0 million due to the completion and sale of the Le Palais offices in Warsaw.

Earnings situation

Income from the sale of properties

The 50 per cent share in the angelo hotel in Munich (including the neighbouring development property) was sold in the reporting period, generating a profit contribution of roughly EUR 1.6 million.

The changes in real estate projects under development or construction relate primarily to the settlement of tenant finishing work for the Le Palais office building in Warsaw.

EBITDA

Earnings before interest, taxes, depreciation, amortization, and the valuation result (from investment properties) – EBITDA – rose by 31 per cent from EUR 11.3 million in 2012 to EUR 14.8 million. This increase can above all be attributed to higher earnings from the sale of project companies and properties (plus EUR 1.8 million) and higher earnings in the Development and Services segment and from the operation of hotels.

EBIT

Property values are increasingly stabilizing on the Eastern European markets. Thanks to the fact that better occupancy rates were allowing the fair values of its hotels to stabilize, the Company was able to reverse impairment charges from previous years in the amount of EUR 7.8 million (2012: EUR 6.9 million). Nevertheless, impairment charges in the amount of EUR 2.5 million (2012: EUR 1.3 million) and scheduled depreciation and amortization of of EUR 9.7 million (2012: EUR 10.5 million) were recognized in the period. The valuation result from the office assets (investment properties) came to approximately EUR 1.8 million (2012: EUR 1.6 million).

Overall, EBIT rose from EUR 7.9 million to EUR 12.1 million.

Financial result

The financial result (including the result from joint ventures) changed from plus EUR 1.5 million to minus EUR 9.6 million. Interest on current account loans, long-term project financing and other loans, and convertible bonds decreased from EUR 15.9 million in 2012 to EUR 15.2 million in 2013.

Non-cash losses of EUR 3.7 million in connection with exchange rate changes had a negative impact on the financial result for the period.

The result from joint ventures changed from EUR 18.4 million to EUR 11.0 million. The InterContinental hotel was sold in the previous year, generating a profit contribution of EUR 11.6 million.

Profit for the year

Warimpex Group's profit for the year fell from EUR 10.0 million to EUR 2.4 million in annual comparison. This decline can be attributed primarily to the lower result from joint ventures.

Segment reporting

For more information, see the detailed comments in item 2. of the Notes to the consolidated financial statements, Segment information.

The Warimpex Group has defined the business segments of: Hotels, Investment Properties, and Development and Services. The joint ventures that are recognized using the equity method 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 recognized on a proportionate basis). The Investment Properties segment contains the rental revenue from office properties. The Development and Services segment covers development services, activities of the Group parent, and profit contributions from the sale of properties.

Hotels segment*

EUR '000	2013	2012 adjusted	2011 adjusted
Revenues for the Group	107,741	112,135	103,156
Average number of hotel rooms for the Group**	3,422	3,612	3,556
Group GOP	40,436	40,684	36,096
Group NOP	30,749	29,008	26,226

* Including all joint ventures on a proportionate basis

** See the disclosures pertaining to the Hotels segment in the consolidated financial statements

The average number of available rooms fell by 5 per cent to 3,422 during the reporting period due to the sale of hotels, while revenues from hotel operations declined by 4 per cent from EUR 112.1 million to EUR 107.7 million.

Typical industry metrics like the 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 certain owner costs after GOP such as management fees, insurance, property taxes, etc.) are used to manage the hotels.

The NOP improved by 6 per cent to EUR 30.7 million, and the NOP per available room rose by 12 per cent to EUR 8,986.

Investment Properties segment*

EUR '000	2013	2012 adjusted	2011 adjusted
Revenues for the Group	7,425	3,144	2,731
Segment EBITDA	3,216	1,336	1,683

* Including all joint ventures on a proportionate basis

Revenues in the Investment Properties segment rose by 136 per cent to EUR 7.4 million. This improvement can primarily be attributed to the letting of Jupiter Tower at Airport City St. Petersburg. The segment's EBITDA also increased by 141 per cent to EUR 3.2 million.

Development and Services segment*

EUR '000	2013	2012 adjusted	2011 adjusted
Revenues for the Group	10,223	9,594	4,658
Result from the sale of properties	4,240	12,390	3,018
Segment EBITDA	1,811	8,937	-1,121

* Including all joint ventures on a proportionate basis

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 year-on-year fluctuation. Warimpex sold its 50 per cent stake in the InterContinental hotel in Warsaw in the 2012 financial year at a profit of EUR 11.6 million. The sale of the 50 per cent share in the angelo hotel in Munich followed in 2013, as did the final settlement of the Le Palais office building in Warsaw and the sale of a plot of land in Berlin.

Assets

Consolidated statement of financial position EUR '000	**2013**	2012 adjusted	2011 adjusted
Assets			
Non-current assets	368,238	371,200	395,783
Current assets	30,490	47,056	18,334
Total assets	**398,728**	**418,257**	**414,117**
Equity and liabilities			
Issued capital	54,000	54,000	54,000
Retained earnings and reserves	39,486	37,526	27,200
Minority interests	-1,110	-664	-2,800
Total equity	**92,376**	**90,862**	**78,400**
Non-current liabilities	233,613	205,233	243,283
Current liabilities	72,739	122,161	92,434
Total liabilities	**306,352**	**327,395**	**335,717**
Total equity and liabilities	**398,728**	**418,257**	**414,117**

As Warimpex is a property developer, the assets side of the statement of financial position is dominated by property, plant, and equipment. As two thirds of the properties held by Warimpex Group are financed through long-term project loans, non-current debt makes up the majority of the liabilities side of the statement of financial position.

The Group's equity ratio rose by 1 percentage point in annual comparison to 23 per cent. In view of the fact that Warimpex carries property, plant, and equipment at cost less depreciation and amortization, a comparison of the Group's equity ratio with that of other real estate companies is possible only to a limited extent. Assuming that the property, plant, and equipment items (hotels) are recognized at their fair values, the equity ratio would be 35 per cent (2012: 33 per cent) (NAV/adjusted balance sheet total). The current liabilities were reduced by a total of EUR 49.9 million during the reporting period.

Financial position

Consolidated cash flow statement EUR '000	**2013**	2012	2011
Cash receipts from operating activities	68,939	75,910	66,019
Cash payments from operating activities	-57,243	-59,586	-57,810
Net cash flow from operating activities	**11,697**	**16,324**	**8,209**
Net cash flow from investing activities	2,126	19,128	-1,521
Net cash flows from financing activities	-15,915	-34,909	-6,606
Cash and cash equivalents at end of year	**4,948**	**7,369**	**7,016**

Cash flow from operations

The cash flow from operations declined from EUR 16.3 million in 2012 to EUR 11.7 million.

While cash payments for the operation of hotels and the letting of office buildings develop at about the same rate as cash receipts from operating activities, cash payments for project development activities can be subject to pronounced annual fluctuations.

For more information, see the detailed comments in the Notes to the consolidated financial statements under item 2. Segment information.

Net cash flows from investing activities

The net cash inflows from investing activities pertain primarily to payments for investments in property, plant, and equipment (EUR 3.8 million) offset by payments received from the sale of disposal groups and properties (EUR 11.1 million), the majority of which was capital received from the sale of the angelo in Munich, the Palace in Prague, and the Le Palais in Prague.

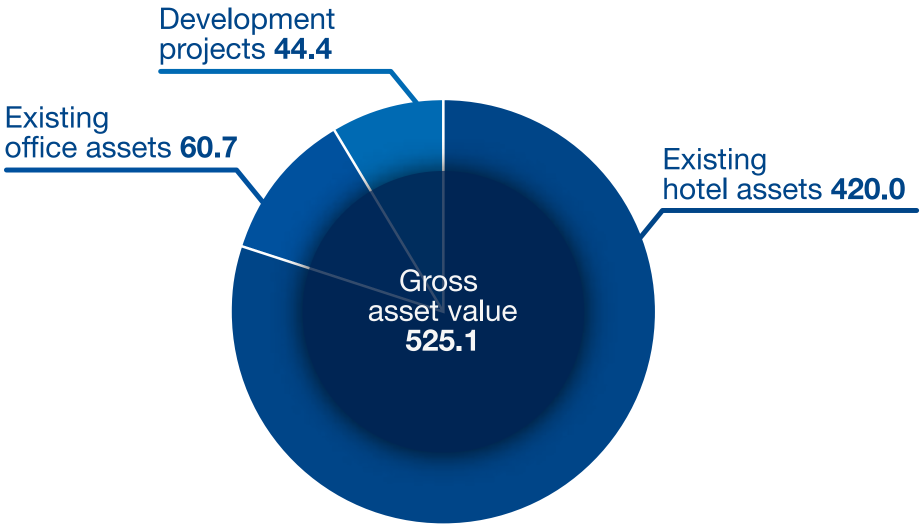
Cash flows from financing activities

The change in the cash flows from financing activities can primarily be attributed to the higher level of new loans taken out compared with the previous year and the higher repayment of loans in the amount of EUR 68.5 million. Overall, the net cash outflow from financing activities totalled minus EUR 15.9 million (2012: minus EUR 34.9).

REAL ESTATE ASSETS

On 31 December 2013, the real estate portfolio of Warimpex Group comprised nineteen hotels with roughly 4,700 rooms (3,200 rooms when adjusted for the proportionate share of ownership) plus five office properties with a total lettable floor area of roughly 43,000 square metres (30,000 square metres when adjusted for the proportionate share of ownership).

Calculation of gross asset value and net asset value



Because of the provisions of IAS 40.12 pertaining to owner-operated hotels, Warimpex recognizes its property, plant, and equipment such as hotel properties at cost less depreciation and amortization according to IAS 16. Changes in the value of investment properties (primarily office buildings) are recognized annually through profit or loss according to the fair value model in 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 real estate and development projects are valuated twice annually (on 30 June and 31 December) by independent real estate appraisers.

On 31 December 2013, the following experts appraised Warimpex's portfolio:

Appraiser	Fair values as of 31 December 2013		In%
CB Richard Ellis	EUR	417 million	79%
PricewaterhouseCoopers	EUR	67 million	13%
Knight Frank	EUR	13 million	2%
Others	EUR	21 million	4%
Properties recognized at their selling price	EUR	7 million	1%
	EUR	**525 million**	**100%**

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors. The 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. The real estate appraiser uses the discounted cash flow (DCF) approach to calculate the fair values of the properties.

For information on the yield, please see Note 3.4.2. in the consolidated financial statements.

Warimpex's gross asset value came in at EUR 525.1 million on 31 December 2013 (2012: EUR 558.5 million), of which EUR 219.6 million (2012: EUR 225.2 million) can be attributed to joint ventures. This reduction is primarily the result of the sale of the angelo hotel in Munich and of the Palace and Le Palais in Prague, which was offset in part by higher property values in Russia. The Group's triple net asset value (NNNAV) rose slightly in annual comparison from EUR 173.2 million in 2012 to EUR 176.2 million on 31 December 2013.

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

in EUR millions	12/2013		12/2012	
Equity before minority interests		93,4		91,5
Goodwill		-0,9		-0,9
Deferred tax assets	–		-0,5	
Deferred tax liabilities	11,4	11,4	12,2	11,7
Carrying amount of existing hotel assets	237,0		266,6	
Fair value of existing hotel assets	277,9	39,6	308,1	41,5
Carrying amount of development projects	10,7		9,2	
Fair value of development projects	12,3	1,6	9,2	–
Carrying amount of joint ventures	98,0		86,0	
Fair value of joint ventures	126,1	28,1	114,9	28,9
Triple net asset value		**173,2**		**172,7**
Number of shares on 31 December		54,0		54,0
NNNAV per share in EUR		**3,2**		**3,2**

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

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 organization within Warimpex and especially within the Management Board that governs responsibilities and authorizations 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 boards and officers.

(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.

In the Investment Properties and Development and Services segments, the Group is 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 property development and property 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 Warimpex Group. Asset management staff therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

(c) Capital market risk

Refinancing on the capital market is of high strategic importance for Warimpex.

To avoid risks of insufficient capital market compliance, Warimpex has enacted a compliance guideline that ensures adherence to the capital market regulations and that especially prevents the abuse or sharing of insider information. A permanent confidentiality area has been set up for all employees in Vienna, and temporary confidentiality areas are set up and waiting periods and trading prohibitions enacted on a project basis.

(d) Legal risks

As an internationally active company, Warimpex is exposed to a wide range of legal risks. These include risks related to the purchase and sale of properties and legal disputes with tenants or joint venture partners.

At the time that the financial statements were prepared, no material legal disputes were known.

(e) Risk and risk management related to financial instruments

Aside from derivative forms of financing, the most significant financial instruments used by the Group are current account and bank loans, 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 that are intended to minimize the Group's exposure to interest rate and currency risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. All significant financial transactions are subject to approval by the Management Board and, when required, also approval by the Supervisory Board.

1. Interest rate risk

The risk of fluctuations in market interest rates (usually the three-month EURIBOR for bank loans and the six-month WIBOR for bonds) to which the Group is exposed results primarily from its variable-rate long-term financial liabilities.

Interest rate hikes can impact the Group's result by causing higher interest expenses for existing variable-rate financing. In the case of variable-rate financing, a change in the interest rate has an immediate effect on the Company's financial result.

Warimpex limits the risk of rising interest rates that would lead to higher interest expenses and a worsening of the financial result in part through the arrangement of fixed-rate financing and in part through the use of derivative financial instruments (especially interest rate swaps). These derivative financial instruments are recognized as independent transactions and not as hedging transactions. Hedge accounting as defined in IAS 39.85ff is not applied because the requirements for this are not met. Please see section 7.13.2. in the Notes to the consolidated financial statements for information about the recognition of derivative financial instruments.

2. Currency risk

Currency risk results primarily from financial liabilities denominated in currencies other than the functional currency. For Group companies that have the euro as their functional currency, this is primarily financial liabilities in a local or other foreign currency (CHF).

There are no natural hedges, and the Group does not systematically use derivative financial instruments to hedge its exposure to foreign currency risk. When needed, cross currency swaps (such as for the 05/2011–05/2014 convertible bond) or currency forwards concluded for a maximum of one year in relation to specific future payments in foreign currencies are employed to hedge the currency risk.

In addition to the currency risk from financial liabilities, a foreign exchange risk exists especially for those Group companies that operate hotels and that have the euro as their functional currency with regards to personnel expenses and expenses for materials and services received, which must be paid in the local currency while revenues are generally based on the euro and debt must also largely be serviced in euros.

3. Default risk

The amounts stated as assets on the face of the consolidated statement of financial position represent the maximum credit risk and default risk, since there are no general settlement agreements. The default risk associated with trade receivables can be considered moderate because receivables are generally paid either in advance or immediately on site especially in the Hotels segment. Longer payment terms are generally only accepted for receivables from travel agencies.

The default risk associated with cash and short-term deposits can be considered moderate since the Group only works with financial institutions which can demonstrate sound creditworthiness. The default risk for other receivables is also relatively low as the contract partners have good credit ratings. The Group recognizes impairments where necessary.

4. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans for project financing. Refinancing on the capital market is also of high strategic importance for Warimpex. Warimpex issued two bonds and two convertible bonds during the reporting period.

Significant fluctuations on the capital markets could hamper the raising of equity and debt capital. To limit refinancing risk, Warimpex maintains a balanced combination of equity and debt capital and of different terms for bank and capital market financing.

Liquidity risks are also minimized through a medium-term 18-month plan, an annual budget planned in monthly blocks, and revolving monthly liquidity planning. Daily liquidity management ensures that all operational obligations are met and that cash is invested optimally. Free liquidity resulting from the sale of properties is primarily used to repay operating credit lines and to finance acquisitions and the development of new projects.

The effects of the financial and real estate crisis that erupted in 2008 and the sovereign debt crisis of recent years are still causing a degree of uncertainty as to how the market participants will proceed. If these events repeat themselves or continue, prices and value developments can be subject to higher volatility. The risk of insufficient liquidity also means that it may be difficult to successfully sell properties on the market or to obtain refinancing from credit institutions depending on the prevailing conditions. This risk is diminished by ongoing capital market activities.

It has again become possible and probable that assets can be sold at acceptable prices. A number of sales transactions are still being prepared.

As of 31 December 2013, the consolidated financial statements showed current financial liabilities (loans, borrowings, and bonds) in the amount of EUR 53.1 million (2012: EUR 80.0 million). To secure the liquidity needed to ensure the continued operation of the Company, it will remain necessary to extend or repay operating credit lines, to refinance them and/or convert them into long-term financing, and to generate additional liquidity inflows. In this context, the Management Board adopted a two-year bond programme with the approval of the Supervisory Board in February 2014. The first tranche in the amount of PLN 9 million (EUR 2.25 million) was already placed. Two short-term operating credit lines with an outstanding volume of roughly EUR 19.9 million were also extended until the middle of 2015.

It is also planned to strategically sell assets to generate additional liquidity. Further information on the measures that have already been taken can be found in item 9.4. of the Notes to the consolidated financial statements, Events after the reporting date.

In order to obtain and make use of loans, Warimpex must fulfil certain conditions (financial covenants) that are specified in the financing agreements. Warimpex continuously monitors these covenants and remains in close contact with its lenders. If these covenants are violated, the lender can cancel the financing agreement under certain circumstances.

On the reporting date, payments in the amount of EUR 4,392 thousand were outstanding for credit obligations of EUR 20,677 thousand. The Group is in constant, open contact with the corresponding credit institutions in this regard, and agreed a new repayment plan for the borrowing facility in the amount of EUR 9,998 thousand before the approval of the publication of the consolidated financial statements. The maturity of this loan was extended until 1 July 2015. The remaining amount pertains to a project loan in Hungary for which negotiations for extension and subsequent refinancing are currently under way with multiple banks.

To prevent cost overruns and an associated increased outflow of liquidity, Warimpex completes continuous budget and progress monitoring for development projects and maintenance work..

(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 operational responsibility lies with the managers of the respective business units.

This makes the internal reports that are submitted to Group headquarters particularly important in ensuring that risks are recognized at an early stage so that suitable countermeasures can be taken. To this end, the operating units submit weekly and monthly reports to the Management Board with all necessary information.

The Group has enacted uniform standards for all subsidiaries governing the implementation and documentation of the entire internal control system, and therefore also the accounting process in particular. This is intended to prevent the risks that can lead to incomplete or erroneous financial reporting.

The internal reports that are prepared by the subsidiaries are also subjected to plausibility reviews at the Group headquarters and are compared with the planning calculations to ensure that suitable countermeasures can be taken 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 the accounts at the subsidiaries is monitored by the hotel managers (such as Vienna International, InterContinental Hotel Group, Golden Tulip) as well as by the Group holding company. The annual financial statements of all operating hotel companies are also reviewed by external financial auditors.

The risk management system is primarily monitored by the Management Board, and compliance with the prescribed risk management targets and methods in the preparation of quarterly and annual financial statements is ensured by the following units and individuals:
- Management Board, especially the Chief Financial Officer
- Group accounting department
- Audit Committee (only for annual financial statements)

The current development of business 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. The annual financial statements and consolidated annual financial statements are studied and approved by the Supervisory Board and by the Audit Committee before they are published.

HUMAN CAPITAL

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

Particularly in the hotel sector, well qualified, service-oriented staff are crucial to an establishment's reputation and, as a consequence, have a decisive impact on its occupancy rates. The Group's experienced asset managers also play a key role in Warimpex's success. The fact that the Development and Services segment has seen extremely low employee turnover over the past few years is an indication of the good working atmosphere.

With a view to constantly expanding the key skills and capabilities of its employees, Warimpex places great emphasis on continuing education and training. The Group has especially high requirements for all of its managerial staff in terms of commitment to quality, well founded technical expertise and flexibility.

In 2013, an average of 1,518 (2012: 1,562) employees worked in the Hotels segment and 52 (2012: 58) in the Development and Services segment.

SUSTAINABILITY

Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties.

At the beginning of 2013, Warimpex completed the Le Palais Offices building in Warsaw, which is BREEAM-certified with a rating of "Good".

DISCLOSURES PURSUANT TO § 243A 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 non-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 amounting to more than 10 per cent of the Company's 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 authorized the Management Board to increase the capital stock of the Company by up to EUR 5,400,000 through the issue of up to EUR 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) and a denomination of PLN 250,000 were successfully placed with a term of three years and a coupon of 8.5 per cent p.a., payable semi-annually. The conversion price was set at PLN 12.79 (roughly EUR 3.1). This bond grants the right of exchange or subscription for up to 5,179,828 bearer shares in the Company (contingent capital 1). In the meantime, the company repurchase or swapped convertibles bonds into bonds or new convertibles bonds. Therfore, at year end only convertibles bonds granting the right of exchange or subscription for exist up to 977,326 bearer shares in the Company exist (contingent capital 1).

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

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

At the end of March 2013, convertible bonds with a total nominal value of PLN 26.5 million (roughly EUR 6.4 million) and a denomination of PLN 250,000 were successfully placed with a term of three years and a coupon of 4.875 per cent p.a., payable semi-annually. The conversion price was set at PLN 7.06 (roughly EUR 1.7). This bond grants the right of exchange or subscription for up to 3,753,541 bearer shares in the Company (contingent capital 2).

In October 2013, a convertible bond with a total nominal value of PLN 16.5 million (roughly EUR 4.1 million) and a denomination of PLN 500,000 (roughly EUR 125,000) was also successfully placed with a term of three years and a coupon of 3.9 per cent p.a., payable semi-annually.

The conversion price was set at PLN 7.65 (roughly EUR 1.91). This bond grants the right of exchange or subscription for up to 2,156,863 bearer shares in the Company (contingent capital 3).

The buyback programme began on 21 July 2008 and ran until the end of 2008, with the acquisition price range set at EUR 3.00 to EUR 8.00. As of 31 December 2008, a total of 66,500 shares had been purchased at an average price of EUR 4.53. This corresponds to 0.18 per cent of the capital stock.

At the Annual General Meeting on 11 June 2012, the Management Board was authorized to purchase shares in the Company up to the maximum amount permitted by law of 10 per cent of the total capital stock within a period of thirty months after the passing of the motion. The purposes for which the purchased shares may be used were also specified. In addition to being held as treasury shares, they can be sold or given to employees of the Company or of an associated company. The shares can also be used to service the convertible and/or warrant bonds or as payment for the purchase 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 exchange or through a public offer, and can be sold by any other legal means, including outside of the stock exchange, for a period of five years after the adoption of the resolution.

Apart from the above, there are no further particulars that must be disclosed pursuant to § 243a Uniform Commercial Code.

EVENTS AFTER THE REPORTING DATE DATE

Regarding material events after the reporting date, please see item 9.4. in the Notes to the consolidated financial statements.

OUTLOOK

The following property was classified as held for short-term sale. It is planned to sell it by the end of 2014:

• Hotel Savoy, Prague: The sale is planned and is currently under preparation.

The following development projects are currently under construction:

• Airport City, St. Petersburg, business park and an additional 15,000 square metres of office space
• Erszebet office tower II, Budapest, 8,000 square metres of office space

After the reporting date, Warimpex won a leading Hungarian insurance company as a long-term tenant for 12,250 square metres of space in the Erzsébet office building in Budapest, securing one of the largest leases on the Hungarian office market in recent years.

We will continue focusing on our good hotel brands, and will invest in promising synergies between hotels and neighbouring office and residential space. In this, we will maintain sufficient diversification in our portfolio and in our market presence. We see great potential for new development activities, which we intend to take advantage of in a prudent manner using our solid financial basis and through the further sale of successful projects.

Vienna, 23 April 2014

Franz Jurkowitsch	**Georg Folian**	**Alexander Jurkowitsch**
Chairman of the Management Board	Deputy Chairman of the Management Board	Member of the Management Board

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 DECEMBER 2013**

CONSOLIDATED INCOME STATEMENT

for the financial year from 1 January to 31 December 2013

EUR	Note	2013	2012 adjusted
Hotels revenues		60,037,636	62,382,055
Investment Properties revenues		1,552,979	1,567,215
Development and Services revenues		10,018,807	9,659,449
Revenues	6.1.	**71,609,421**	**73,608,719**
Expenses from the operation of hotels		(40,359,872)	(43,245,372)
Expenses from the operation of investment properties		(743,774)	(849,390)
Expenses from development and services		(6,206,082)	(10,257,089)
Expenses directly attributable to revenues	6.2.	**(47,309,728)**	**(54,351,851)**
Gross profit		**24,299,694**	**19,256,868**
Income from proprta disposals		16,378,706	334,195
Carrying values and costs related to sales		(14,348,955)	(122,500)
Gains on property disposals	5	**2,029,751**	**211,695**
Changes in real estate projects under development or construction	7.7.	(1,124,196)	1,080,761
Other operating income		254,014	–
Other operating income		**(870,182)**	**1,080,761**
Administrative expenses	6.3.	**(10,675,566)**	**(9,265,569)**
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**14,783,696**	**11,283,755**
Scheduled depreciation and amortization		(9,746,204)	(10,527,095)
Impairment of property, plant and equipment		(2,515,960)	(1,339,048)
Reversal of impairments on property, plant and equipment		7,762,355	6,879,225
Valuation result for investment properties		1,823,044	1,627,072
Depreciation, amortization and revaluation	6.4.	**(2,676,766)**	**(3,359,847)**
Operating profit (EBIT)		**12,106,930**	**7,923,909**
Financial revenue	6.5.	965,124	1,109,907
Financing expenses	6.6.	(17,913,884)	(17,985,861)
Exchange rate changes	6.7.	(3,671,178)	(41,497)
Result from joint ventures (at equity) after taxes	7.4.3.	11,043,208	18,413,717
thereof from the InterContinental hotel Warsaw asset deal		*–*	*11,580,357*
Financial result		**(9,576,731)**	**1,496,266**
Profit before tax		**2,530,199**	**9,420,175**
Income tax	6.8.	(223,276)	(542,680)
Deferred income tax	7.6.	118,205	1,151,517
Taxes		**(105,071)**	**608,837**
Profit for the period		**2,425,128**	**10,029,012**
Profit for the period attributable to:			
- Equity holders of the parent		2,613,354	7,951,251
- Non-controlling interests		(188,226)	2,077,761
		2,425,128	**10,029,012**
Earnings per share:			
Undiluted, for the profit for the period attributable to ordinary equity holders of the parent	7.11.1.	0.05	0.15
Diluted, for the profit for the period attributable to ordinary equity holders of the parent	7.11.1.	0.05	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year from 1 January to 31 December 2013

EUR	Note	**2013**	2012 adjusted
Profit for the period		**2,425,128**	**10,029,012**
Foreign currency translation		(901,557)	398,921
thereof reclassification to the income statement		*(144,380)*	–
Valuation of cash flow hedges		741,906	(55,366)
thereof reclassification to the income statement		*540,000*	–
Other result from joint ventures (at equity)		2,902	(24,774)
Result from the disposal of available-for-sale financial assets	7.9.	(508,621)	3,290,631
(Deferred) taxes recognized in equity		28,589	(804,148)
Other comprehensive income (to be classified to the income statement in further periods	7.11.3.	**(636,781)**	**2,805,263**
Remeasurements pursuant to IAS 19		(450,781)	(497,052)
(Deferred) taxes recognized in equity		112,695	124,263
Other comprehensive income (not to be classified to the income statement in further periods	7.11.3.	**(338,086)**	**(372,789)**
Other comprehensive income		**(974,866)**	**2,432,474**
Total comprehensive income		**1,450,262**	**12,461,486**
Total comprehensive income attributable to:			
- Equity holders of the parent		1,896,601	10,325,314
- Non-controlling interests		(446,339)	2,136,171
		1,450,262	**12,461,486**

STATEMENT OF FINANCIAL POSITION

as of 31 December 2013

EUR	Note	2013	2012 adjusted	2011 adjusted
ASSETS				
Property, plant and equipment	7.1.	239,272,521	256,568,642	277,149,161
Investment properties	7.2.	18,823,000	16,032,993	14,385,000
Goodwill	7.3.	921,266	921,266	921,266
Other intangible assets	7.3.	51,120	123,556	219,470
Net investments in joint ventures (at equity)	7.4.	98,002,756	86,037,098	93,372,716
Other financial assets	7.5.	11,140,781	11,077,694	9,493,936
Deferred tax assets	7.6.	26,745	438,912	241,801
Non-current assets		**368,238,189**	**371,200,161**	**395,783,350**
Inventories	7.7.	699,585	1,958,116	1,497,460
Trade and other receivables	7.8.	8,588,826	5,835,074	5,825,035
Financial instruments, available for sale	7.9.	8,607,000	7,279,433	3,988,802
Other financial assets	7.5.	241,126	2	6,795
Cash and cash equivalents	7.10.	4,852,149	7,144,968	7,015,958
Assets of a disposal group classified as held for sale	5.3.	7,500,942	24,838,793	–
Current assets		**30,489,628**	**47,056,386**	**18,334,050**
TOTAL ASSETS		**398,727,817**	**418,256,547**	**414,117,401**
EQUITY AND LIABILITIES				
Issued capital	7.11.1.	54,000,000	54,000,000	54,000,000
Capital reserves	7.11.3.	17,050,636	17,131,207	71,387,604
Retained earnings	7.11.3.	19,842,379	17,229,025	(44,978,623)
Treasury shares	7.11.3.	(301,387)	(301,387)	(301,387)
Other reserves	7.11.3.	2,894,736	3,467,108	1,093,045
Equity attributable to equity holders of the parent		**93,486,364**	**91,525,954**	**81,200,640**
Non-controlling interests		(1,110,316)	(663,977)	(2,800,148)
Equity		**92,376,048**	**90,861,977**	**78,400,492**
Convertible bonds	7.12.1.	8,028,095	15,396,168	13,774,416
Other Bonds	7.12.2.	17,119,545	–	–
Other financial liabilities	7.12.3.	186,303,872	172,506,498	212,224,507
Derivative financial instruments	7.13.	2,828,115	–	–
Other liabilities	7.14.	4,052,598	773,731	866,609
Provisions	7.15.	1,891,289	4,431,127	4,017,065
Deferred tax liabilities	7.6.	11,369,544	12,125,704	12,400,225
Deferred income	7.16.	2,019,698	–	–
Non-current liabilities		**233,612,755**	**205,233,227**	**243,282,822**
Convertible bonds	7.12.1.	2,980,156	–	–
Other financial liabilities	7.12.3.	50,151,522	80,771,904	72,414,075
Derivative financial instruments	7.13.	549,595	1,280,393	2,199,317
Trade and other liabilities	7.17.	13,137,148	25,145,363	16,385,504
Provisions	7.15.	499,905	1,171,465	1,330,616
Income tax payable		63,063	143,457	104,575
Deferred liabilities	7.16.	538,586	–	–
Liabilities directly associated with the assets classified as held for sale	5.3.	4,819,037	13,648,761	–
Current liabilities		**72,739,013**	**122,161,343**	**92,434,087**
Liabilities		**306,351,769**	**327,394,570**	**335,716,909**
TOTAL EQUITY AND LIABILITIES		**398,748,170**	**418,256,547**	**414,117,401**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year from 1 January to 31 December 2013

EUR	Note	2013	2012
Cash inflows			
From the operation of hotels and rent received		63,248,952	64,974,717
From real estate development projects		5,551,481	10,781,827
Interest received		138,712	153,108
Cash receipts from operating activities		**68,939,146**	**75,909,651**
Cash outflows			
For real estate development projects		(5,291,767)	(8,576,379)
For materials and services received		(25,242,772)	(26,285,468)
For personnel and related expenses		(18,642,895)	(18,318,341)
For other administrative expenses		(7,765,962)	(6,217,523)
For income taxes		(299,201)	(188,139)
Cash outflows for operating activities		**(57,242,597)**	**(59,585,850)**
Net cash flow from operating activities		**11,696,549**	**16,323,800**
Cash inflows from			
The sale of disposal groups and real estate	5.1.	11,061,790	5,000
Less cash and cash equivalents of disposal groups	5.1.	(249,334)	–
The purchase price payments of sales transactions from previous periods	5.4.	2,080,793	1,018,158
Other financial assets		28,996	–
Joint ventures		–	21,586,794
Cash inflows from investment activities		**12,922,244**	**22,609,952**
Cash outflows for			
The acquisition of property, plant, and equipment		(3,815,862)	(2,735,935)
The acquisition of investment properties		(1,424,415)	(5,999)
The acquisition of available-for-sale securities		(1,836,189)	–
The acquisition of software		(8,469)	(906)
Other financial assets		(974,232)	(738,931)
Joint ventures		(1,906,667)	–
The acquisition of equity interests	5.2.	(1,500,000)	–
Less received cash and cash equivalents of equity interests	5.2.	669,574	–
Cash outflows for investments		**(10,796,260)**	**(3,481,771)**
Net cash flow from investing activities		**2,125,984**	**19,128,181**
Cash inflows from the issue of (convertible) bonds		15,164,588	–
Payments for the early redemption of convertible bonds		(1,699,993)	–
Proceeds from loans and borrowings		54,547,391	8,890,284
Repayment of loans and borrowings		(68,450,323)	(29,028,729)
Interest and other finance costs paid (for loans and borrowings)		(12,811,726)	(13,530,124)
Interest and other finance costs paid (for bonds and convertible bonds)		(2,125,348)	(1,240,813)
Inflows and outflows for derivative financial instruments		(540,000)	–
Net cash flow for financing activities		**(15,915,410)**	**(34,909,381)**
Net change in cash and cash equivalents		**(2,092,878)**	**542,601**
Net foreign exchange difference		(327,723)	(189,478)
Cash and cash equivalents as of 1 January		7,369,080	7,015,958
Cash and cash equivalents as of 31 December		**4,948,479**	**7,369,081**
Cash and cash equivalents at the end of the consist of:			
Cash and cash equivalents of the Group		4,852,149	7,144,968
Cash and cash equivalents of a disposal group classified as held for sale		96,329	224,112
		4,948,479	**7,369,080**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year from 1 January to 31 December 2013

Amounts in euros	Issued capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	TOTAL	Non-controlling interests	Total Equity
As of 1 January 2012	**54,000,000**	**71,387,604**	**(46,797,314)**	**(301,387)**	**1,093,045**	**79,381,949**	**(2,800,148)**	**76,581,801**
Changes in accounting methods (see item 3.2.2.)	–	–	1,818,691	–	–	1,818,691	–	1,818,691
As of 1 January 2012 (adjusted)	**54,000,000**	**71,387,604**	**(44,978,623)**	**(301,387)**	**1,093,045**	**81,200,640**	**(2,800,148)**	**78,400,492**
Total comprehensive income for the period	–	–	7,951,251	–	2,374,063	10,325,314	2,136,171	12,461,486
Thereof profit for the period	–	–	*7,951,251*	–	–	*7,951,251*	*2,077,761*	*10,029,012*
Thereof other comprehensive income	–	–	–	–	*2,374,063*	*2,374,063*	*58,410*	*2,432,474*
Release of capital reserves	–	(54,256,397)	54,256,397	–	–	–	–	–
As of 31 December 2012 = 1 January 2013 (adjusted)	**54,000,000**	**17,131,207**	**17,229,024**	**(301,387)**	**3,467,108**	**91,525,953**	**(663,977)**	**90,861,977**
Changes in the scope of consolidation	–	–	–	–	144,380	144,380	–	144,380
Redemption of convertible bond	–	(80,571)	–	–	–	(80,571)	–	(80,571)
Total comprehensive income for the period	–	–	2,613,354	–	(716,753)	1,896,601	(446,339)	1,450,262
Thereof profit for the period	–	–	*2,613,354*	–	–	*2,613,354*	*(188,226)*	*2,425,128*
Thereof other comprehensive income	–	–	–	–	*(716,753)*	*(716,753)*	*(258,113)*	*(974,866)*
As of 31 December 2013	**54,000,000**	**17,050,636**	**19,842,379**	**(301,387)**	**2,894,736**	**93,486,364**	**(1,110,316)**	**92,376,048**

GROUP SEGMENT REPORTING (in thousands of EUR)

The figures for 2011 and 2012 were adjusted.

	Hotels			Investment properties		
	2013	2012	2011	**2013**	2012	2011
SEGMENT OVERVIEW PROFIT OR LOSS FOR THE PERIOD						
External sales	**108,060**	112,499	103,488	**7,425**	3,144	2,731
Internal sales	**(966)**	(1,207)	(1,189)	**(48)**	(47)	(41)
Expenses directly attributable to revenues	**(77,300)**	(83,491)	(76,859)	**(4,161)**	(1,761)	(1,006)
Gross profit	**29,794**	27,801	25,440	**3,216**	1,336	1,683
Income from property disposals	**–**	–	–	**–**	–	–
Changes in real estate projects under development	**–**	–	–	**–**	–	–
Other operating income	**–**	90	1,007	**–**	–	–
Expenses for project development	**–**	–	–	**–**	–	–
Personnel expenses	**(1,248)**	(1,195)	(965)	**–**	–	–
Other administrative expenses	**(7,650)**	(3,916)	(4,265)	**–**	–	–
Segment EBITDA	**20,896**	22,780	21,217	**3,216**	1,336	1,683
Scheduled depreciation	**(15,658)**	(17,091)	(18,513)	**(41)**	(291)	(751)
Impairments	**(1,016)**	(1,082)	(2,059)	**–**	–	(1,087)
Reversal of impairments	**7,556**	6,591	16,301	**–**	–	–
Valuation gains	**–**	–	–	**8,974**	2,003	–
Valuation losses	**–**	–	–	**(155)**	(402)	–
Segment EBIT	**11,777**	11,198	16,946	**11,994**	2,646	(155)
Financial revenue	**93**	67	37	**39**	55	5
Financing exprenses	**(13,812)**	(16,669)	(17,192)	**(1,302)**	(1,805)	(815)
Exchange rate changes	**(3,881)**	1,259	(220)	**–**	–	–
Result from joint ventures	**–**	–	–	**–**	–	–
Income tax	**(48)**	(297)	(311)	**(46)**	(13)	6
Deferred income tax	**(92)**	(182)	5,805	**(2,140)**	34	444
Segment overview profit or loss for the period	**(5,963)**	**(4,625)**	**5,064**	**8,544**	**917**	**(515)**
SEGMENT OVERVIEW: STATEMENT OF FINANCIAL POSITION						
Land and goodwill	**345,996**	364,029	454,577	**16,972**	30,818	20,298
thereof additions	***6,909***	*5,430*	*24,790*	***274***	*115*	*319*
Joint ventures	**–**	–	–	**–**	–	–
Other financial assets	**689**	5,375	11	**–**	–	–
Deferred tax assets	**2,085**	3,299	3,177	**18**	95	147
Non-current assets	**348,770**	372,702	457,765	**16,991**	30,913	20,445
Inventories and receivables	**10,018**	11,119	10,589	**242**	672	244
Securities and other financial assets	**241**	0	7	**–**	–	–
Cash and cash equivalents	**7,250**	7,405	9,393	**195**	132	211
Assets according to IFRS 5	**7,501**	30,623	–	**37,329**	7,955	–
Current assets	**25,010**	49,147	19,989	**37,766**	8,759	454
Segment overview assets	**373,780**	**421,849**	**477,754**	**54,757**	**39,672**	**20,899**
Segment overview equity	**13,338**	**37,374**	**47,916**	**46,060**	**21,985**	**39**
Financial liabilities	**272,503**	271,396	336,961	**2,911**	11,804	16,382
Other liabilities and deferred items	**87,939**	113,079	92,877	**5,786**	5,883	4,479
Liabilities according to IFRS 5	**–**	–	–	**–**	–	–
Segment overview: Liabilities	**360,442**	**384,476**	**429,838**	**8,697**	**17,687**	**20,860**

Development and Services			Segment total on 31 December			Reconciliation amounts			Total group on 31 December		
2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
10,223	9,594	4,658	125,708	125,237	110,876	(54,099)	(51,628)	(45,952)	71,609	73,609	64,925
1,013	1,254	1,230	–	–	–	–	–	–	–	–	–
(6,242)	(10,327)	(4,173)	(87,704)	(95,578)	(82,038)	40,394	41,227	34,620	(47,310)	(54,352)	(47,418)
4,994	522	1,715	38,005	29,659	28,838	(13,705)	(10,402)	(11,332)	24,300	19,257	17,507
4,240	12,390	3,018	4,240	12,390	3,018	(2,210)	(12,179)	–	2,030	212	3,018
(1,124)	1,081	–	(1,124)	1,081	–	–	–	–	(1,124)	1,081	–
254	–	19	254	90	1,026	–	(90)	(19)	254	–	1,007
(128)	–	(150)	(128)	–	(150)	19	–	107	(109)	–	(44)
(4,002)	(3,055)	(3,394)	(5,250)	(4,250)	(4,359)	407	259	226	(4,843)	(3,991)	(4,134)
(2,421)	(2,002)	(2,328)	(10,172)	(5,918)	(6,594)	4,348	643	1,731	(5,723)	(5,275)	(4,863)
1,811	8,937	(1,121)	25,924	33,052	21,779	(11,140)	(21,768)	(9,288)	14,784	11,284	12,492
(135)	(175)	(235)	(15,835)	(17,557)	(19,499)	6,089	7,030	7,437	(9,746)	(10,527)	(12,061)
(1,500)	(257)	(7,865)	(2,516)	(1,339)	(11,011)	–	–	7,381	(2,516)	(1,339)	(3,630)
665	3,758	–	8,220	10,349	16,301	(458)	(3,470)	(3,439)	7,762	6,879	12,862
5,224	2	–	14,198	2,005	–	(12,220)	24	–	1,978	2,029	–
–	–	–	(155)	(402)	–	–	–	–	(155)	(402)	–
6,065	12,265	(9,220)	29,836	26,108	7,570	(17,729)	(18,184)	2,092	12,107	7,924	9,662
903	1,086	2,106	1,035	1,208	2,147	(69)	(98)	(57)	965	1,110	2,090
(11,234)	(10,787)	(6,596)	(26,348)	(29,260)	(24,603)	8,434	11,275	6,384	(17,914)	(17,986)	(18,219)
210	(1,300)	1,328	(3,671)	(41)	1,108	–	–	–	(3,671)	(41)	1,108
4,360	11,259	20,714	4,360	11,259	20,714	6,683	7,154	(8,278)	11,043	18,414	12,436
(179)	(358)	(14)	(273)	(667)	(318)	50	125	(6)	(223)	(543)	(324)
(284)	1,510	1,463	(2,516)	1,362	7,712	2,634	(211)	(7,224)	118	1,152	488
(159)	13,676	9,781	2,422	9,968	14,330	3	61	(7,089)	2,425	10,029	7,240
50,329	64,200	56,142	413,296	459,047	531,017	(154,229)	(185,400)	(238,342)	259,068	273,646	292,675
1,609	*1,827*	*23,598*	*8,791*	*7,372*	*48,707*	*(1,317)*	*(4,836)*	*(46,723)*	*7,474*	*2,536*	*1,984*
16,995	11,427	(2,545)	16,995	11,427	(2,545)	81,008	74,610	95,918	98,003	86,037	93,373
10,451	9,578	9,483	11,141	14,953	9,494	–	(3,875)	–	11,141	11,078	9,494
3,999	5,733	5,110	6,103	9,126	8,434	(6,076)	(8,688)	(8,192)	27	439	242
81,774	90,937	68,190	447,535	494,553	546,400	(79,296)	(123,353)	(150,617)	368,238	371,200	395,783
7,162	3,452	5,741	17,422	15,242	16,574	(8,134)	(7,449)	(9,251)	9,288	7,793	7,322
8,607	7,279	3,989	8,848	7,279	3,996	–	–	–	8,848	7,279	3,996
1,685	3,610	7,842	9,130	11,148	17,446	(4,278)	(4,003)	(10,430)	4,852	7,145	7,016
0	1,418	–	44,829	39,996	–	(37,329)	(15,157)	–	7,501	24,839	–
17,454	15,760	17,572	80,230	73,666	38,015	(49,741)	(26,610)	(19,681)	30,490	47,056	18,334
99,229	106,698	85,762	527,765	568,219	584,415	(129,037)	(149,962)	(170,298)	398,728	418,257	414,117
54,917	70,695	29,533	114,314	130,054	77,487	(21,938)	(39,192)	913	92,376	90,862	78,400
95,405	97,546	107,602	370,819	380,746	460,944	(106,235)	(112,072)	(161,201)	264,583	268,675	299,744
(51,151)	(61,544)	(51,373)	42,632	57,419	45,984	(5,683)	(12,347)	(10,010)	36,950	45,071	35,973
–	–	–	–	–	–	4,819	13,649	–	4,819	13,649	–
44,312	36,002	56,230	413,451	438,165	506,928	(107,099)	(110,770)	(171,211)	306,352	327,395	335,717

GROUP SEGMENT REPORTING (in thousands of EUR)

The figures for 2011 and 2012 were adjusted.

Under the section Segment overview: profit or loss for the period, the business segments are presented according to their classification in the statement of comprehensive income and reconciled against the consolidated result. Because the Hotels segment is subject to different management criteria than the other segments, the corresponding information for the Hotels segment is presented below. A detailed description of the individual segments with regard to their scope of activity and management criteria is provided under item 2.

	Segment total			Reconciliation amounts			Subtotal group		
	2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011
HOTELS SEGMENT PROFIT OR LOSS OVERVIEW									
Revenues from hotels	**107,741**	112,135	103,156	**(48,023)**	(50,117)	(44,839)	**59,719**	62,018	58,317
Expenses for materials	**(41,467)**	(44,980)	(41,984)	**20,359**	21,955	19,426	**(21,108)**	(23,025)	(22,558)
Personnel expenses	**(25,838)**	(26,472)	(25,076)	**11,576**	12,086	10,776	**(14,262)**	(14,386)	(14,300)
Gross operating profit (GOP)	**40,436**	**40,684**	**36,096**	**(16,088)**	**(16,076)**	**(14,637)**	**24,349**	**24,608**	**21,459**
Income after GOP	**319**	364	332	**–**	–	(36)	**319**	364	296
Management fee	**(6,414)**	(7,980)	(5,812)	**2,840**	4,372	2,662	**(3,575)**	(3,608)	(3,151)
Foreign exchange adjustments	**(253)**	885	(493)	**112**	(1,145)	254	**(142)**	(260)	(239)
Property costs	**(3,339)**	(4,944)	(3,896)	**2,054**	2,978	1,244	**(1,284)**	(1,966)	(2,652)
Net operating profit (NOP)	**30,749**	**29,008**	**26,226**	**(11,082)**	**(9,872)**	**(10,513)**	**19,667**	**19,137**	**15,713**
Other costs after NOP	**(4,167)**	(2,908)	(1,780)	**2,370**	1,294	1,801	**(1,769)**	(1,614)	21
Lease/rent	**(4,721)**	(2,113)	(2,041)	**2,298**	(482)	(365)	**(2,423)**	(2,595)	(2,405)
Scheduled depreciation and amortization on fixed assets	**(15,658)**	(17,091)	(18,513)	**6,046**	6,738	7,244	**(9,612)**	(10,352)	(11,269)
Impairment of fixed assets	**–**	(1,082)	(2,059)	**–**	–	657	**–**	(1,082)	(1,402)
Other impairments	**(1,016)**	–	–	**–**	–	–	**(1,016)**	–	–
Reversal of impairments	**7,556**	6,591	16,301	**(458)**	(427)	(3,439)	**7,098**	6,164	12,862
Contribution to the operating profit of the Hotels segment	**12,743**	**12,405**	**18,134**	**(826)**	**(2,748)**	**(4,615)**	**11,917**	**9,657**	**13,519**
less internal revenues	(966)	(1,207)	(1,189)	966	1,207	1,189	-	-	-
Segment-EBIT	**11,777**	**11,198**	**16,946**	**140**	**(1,541)**	**(3,426)**	**11,917**	**9,657**	**13,519**
Key operating figures for the Hotels segment									
Hotel employees	**1,492**	1,551	1,524	**(493)**	(496)	(454)	**999**	1,054	1,070
Rooms (overall)	**3,486**	3,645	3,862	**(1,213)**	(1,310)	(1,527)	**2,273**	2,335	2,335
Rooms available	**3,422**	3,612	3,556	**(1,216)**	(1,288)	(1,229)	**2,205**	2,324	2,328
Rooms sold	**2,271**	2,343	2,192	**(865)**	(905)	(831)	**1,405**	1,438	1,361
Occupancy	**66%**	65%	62%	**–3%**	–3%	–3%	**64%**	62%	58%
REVPAR (in EUR)	**52,92**	53,79	60,12	**(10,65)**	(10,84)	(10,81)	**42,26**	42,95	49,32
Breakdown of NOP (geographical):									
• Czech Republic	**7,179**	7,441	5,988	**(131)**	(8)	54	**7,048**	7,433	6,042
• Poland	**11,592**	11,830	11,257	**(4,270)**	(4,301)	(3,841)	**7,322**	7,529	7,416
• Romania	**541**	648	409	**–**	–	–	**552**	648	409
• Russia	**5,341**	1,185	1,846	**(585)**	2,342	–	**4,756**	3,527	1,846
• Germany	**2,957**	3,790	3,383	**(2,957)**	(3,790)	(3,383)	**–**	–	–
• France	**3,140**	4,116	3,343	**(3,140)**	(4,116)	(3,343)	**–**	–	–

GROUP SEGMENT REPORTING (in thousands of EUR)

The figures for 2011 and 2012 were adjusted.

	Hotels			Investment properties			Development and Services			Total group as of 31 December		
	2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
GROUP SEGMENT REPORTING (GEOGRAPHICAL)												
Breakdown of non-current assets (geographical):												
• Austria	**–**	–	–	**–**	–	–	**37**	30	89	**37**	30	89
• Czech Republic	**81,205**	97,485	120,656	**–**	–	–	**–**	–	–	**81,205**	97,485	120,656
• Poland	**92,971**	92,622	96,809	**–**	–	–	**7,610**	5,524	5,421	**100,581**	98,147	102,230
• Romania	**13,740**	13,750	14,380	**–**	–	–	**–**	–	–	**13,740**	13,750	14,380
• Russia	**42,774**	43,790	37,510	**–**	–	–	**–**	–	–	**42,774**	43,790	37,510
• Hungary	**–**	–	–	**10,207**	9,822	8,176	**10,524**	10,622	9,634	**20,731**	20,444	17,810
Breakdown of revenues (geographical):												
• Austria	**–**	–	–	**–**	–	–	**228**	93	1,143	**228**	93	1,143
• Czech Republic	**28,007**	30,759	29,523	**352**	366	379	**–**	–	–	**28,359**	31,125	29,902
• Poland	**19,785**	20,037	20,171	**–**	–	–	**9,790**	9,566	3,584	**29,575**	29,604	23,755
• Romania	**2,320**	2,528	2,208	**–**	–	–	**–**	–	–	**2,320**	2,528	2,208
• Russia	**9,925**	9,058	6,711	**–**	–	–	**–**	–	–	**9,925**	9,058	6,711
• Hungary	**–**	–	–	**1,201**	1,201	1,205	**–**	–	–	**1,201**	1,201	1,205
Average payroll	**1,518**	1,562	1,562	**1**	1	–	**52**	58	56	**1,519**	1,563	1,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from 1 January to 31 December 2013

[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. The Company's registered address is Floridsdorfer Hauptstrasse 1, A-1210 Vienna, Austria.

The audited consolidated financial statements of Warimpex Finanz- und Beteiligungs AG for the reporting year ended 31 December 2013 were authorized for release to the Supervisory Board by the Management Board on 23 April 2014. It is the duty of the Supervisory Board to review the consolidated financial statements and state whether the consolidated financial statements are approved.

The main activities of the Group are described in the segment information below.

[02] Segment information

At the end of the financial year, the Group adapted its internal reporting to the changed hotel and real estate portfolio, and defined the following three business segments:

1. Hotels
2. Investment Properties
3. Development and Services

The current reporting structure includes no sub-segments. The amounts for the previous years in the segment information were adjusted accordingly.

The business segments were defined according to the criteria in IFRS 8.5 ff. The individual segments are identified on the basis of their different products and services. The individual hotels and the individual properties that are operated also represent business segments themselves because of the reporting structure used in the Group and are assigned to the segments of Hotels or Investment Properties according to IFRS 8.12.

Transactions between business segments contain the recharging of intragroup services and project development services at arm's length terms. In no case is 10% of the group revenue generated through transactions with external customers. Revenues from customers are allocated geographically in the segment reporting according to the place of performance.

The internal reporting and segment reporting comply with to the provisions of the IFRS, as adopted by the EU. A part of the business activities of all segments is operated through joint ventures. The income, expenses, assets, and liabilities of joint ventures are included under the principle of proportionate consolidation. The "Reconciliation amounts" column only shows the effects from the reconciliation between recognition of the joint ventures using the proportionate consolidation method according to the segment information and the equity method according to the consolidated financial statements.

Information about the individual segments:

Re. 1. Hotels:
This business segment covers all activities, assets, and liabilities that are associated with the operation of hotels. The hotels are either wholly owned by the Group, partially owned by the Group through joint ventures, or are leased. Nearly all of the hotels are four-star establishments. The following hotels are fully or proportionately included in the segment information for the reporting period:

Czech Republic:	Palace (until 1 July), Le Palais (until 10 December), Diplomat, Savoy, angelo Prague, angelo Plzeň, Dvorak
Poland:	InterContinental, 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

Typical industry metrics like the 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 certain owner costs after GOP such as management fees, insurance, property taxes, etc.) are used to manage the hotels. A reconciliation of the NOP against the operating profit can be seen in the profit or loss overview for the Hotels segment. Additional hotel-specific metrics are occupancy and the average revenue per available room (RevPAR).

The Hotels segment is analyzed according to the cost of sales method for purposes of internal Group reporting. The GOP contains all sales revenues, costs of materials and services and employee expenses that are directly related to the operation of the hotel. The NOP also contains the directly attributable costs of the owner.

Hotel revenue consists mainly of revenue for lodging and for food and beverages. The hotels are managed by external service providers; the management fee is generally calculated as a percentage of the revenues and of the GOP. The property costs include insurance and property taxes, among other expenses.

Other costs after NOP include personnel expenses for administrative staff as well as expenses of the owner of the hotel that are not directly attributable to the operation of the hotel.

ad 2. Investment Properties:
The Investment Properties segment contains the business activities, assets, and liabilities for the properties (except for hotels) that are currently operated by the Group. The properties are either wholly owned by the Group or partially owned by the Group through joint ventures. These are primarily office buildings. The Investment Properties segment contains the following buildings for the reporting period:

Czech Republic:	Office and retail space, Prague (leased)
Poland:	Parkur Tower, Warsaw
Russia:	Airport City, St. Petersburg (let portion)
Hungary:	Elsbet (let portion), Dioszegi, and Sajka office buildings (all in Budapest)

This segment is managed on the basis of the performance metrics according to IFRS, in particular EBITDA (earnings before interest, taxes, depreciation, and amortization). The revenues consist primarily of rental revenue and revenue for tenant adaptations.

Re. 3. Development and Services:
The Development and Services segment contains development activities and other services, as well as the associated assets and liabilities including activities in the Group parent company. The revenues in this segment come either from the sale of developed properties or from developments or services for third parties, and are subject to significant annual fluctuation. Properties operated under a different segment are reclassified into the Development and Services segment before being sold.

During the reporting period, the segment assets included development properties in Poland, Hungary, and Germany and buildings being constructed or converted in Russia and Hungary.

This business segment is primarily managed on the basis of sale transactions, and revenue, EBITDA, and the segment result according to IFRS are the most important metrics.

[03] Basis for preparation

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 the International Financial Reporting Standards (IFRS), as adopted by the EU. The additional requirements of § 245a (1) UGB (Austrian Enterprise Code) were also met.

As a general rule, the consolidated financial statements are prepared using the (amortized) historical cost of all assets; excepted from this rule are investment properties, derivative financial instruments and available-for-sale financial assets, which are stated at fair value.

The consolidated financial statements are based on the going concern principle. The continued operation of the Company requires the ongoing refinancing of short-term financial liabilities and further measures to secure liquidity such as asset sales; the implementation of these measures involves a certain degree of uncertainty. The Management Board of Warimpex assumes that it will be possible to secure sufficient liquidity through suitable measures to continue the operations of the Company. Please also see item 8.2.4. for further information.

The Group's reporting currency is the Euro. The consolidated financial statements are presented in full euros except where otherwise indicated. Rounding differences may arise from the addition of rounded figures.

Financial statements prepared in accordance with local accounting regulations were reconciled with IFRS and uniform group accounting guidelines by the Group's accounting department in Vienna. All companies included in the consolidated financial statements prepare their financial statements as of 31 December. This did not apply to two companies in the reporting period; these companies each prepared interim financial statements as of the reporting date.

All entities that are included in the consolidated financial statements are listed under item 4 (Companies included in the consolidated financial statements).

3.2. Changes in accounting policies and regulations

3.2.1. Change in presentation

Warimpex develops, operates, and sells real estate. In the past, the Group reported this business activity in the statement of comprehensive profit and loss using the total cost accounting method. However, it is more common for companies in the real estate industry to present their business activities using a cost of sales method that is adjusted for certain company-specific factors. This also provides information that is more relevant for readers of the financial statements. Therefore, Warimpex has also decided to present its statement of profit or loss using an adjusted cost of sales approach.

The reconciliation of the corresponding expense items is as follows (see also the breakdowns under items 6.2. and 6.3.):

	Expenses from the operation of hotels	Expenses from the operation of investment properties	Expenses from development and services	Expenses directly attributable to revenue generation	Administrative expenses	Total
Financial year 2012						
Expenses for materials and services rendered	(26,648,154)	(541,837)	(784,243)	(27,974,234)	–	(27,974,234)
Expenses for project development	–	–	(9,132,211)	(9,132,211)	–	(9,132,211)
Personnel expenses (adjusted)	(14,385,672)	(20,700)	(340,635)	(14,747,007)	(3,991,010)	(18,738,016)
Other administrative expenses	(2,211,546)	(286,853)	–	(2,498,399)	(5,274,560)	(7,772,958)
Total	**(43,245,372)**	**(849,390)**	**(10,257,089)**	**(54,351,851)**	**(9,265,569)**	**(63,617,420)**
Financial year 2013						
Expenses for materials and services rendered	(24,984,239)	(437,504)	(686,918)	(26,108,660)	–	(26,108,660)
Expenses for project development	–	–	(5,073,532)	(5,073,532)	–	(5,073,532)
Personnel expenses	(13,974,711)	(19,998)	(366,046)	(14,360,755)	(4,842,940)	(19,203,695)
Other administrative expenses	(1,400,922)	(286,272)	(79,587)	(1,766,780)	(5,832,626)	(7,599,407)
Total	**(40,359,872)**	**(743,774)**	**(6,206,082)**	**(47,309,728)**	**(10,675,566)**	**(57,985,294)**

3.2.2. Changes in accounting policies

In addition to its hotel property portfolio, Warimpex has in recent years substantially increased its business activities in the development and letting of office buildings (investment properties) that are recognized according to IAS 40, especially through joint ventures. Due to the increasing importance of office properties for the Group, the Management Board decided to switch from the historical cost model to the industry standard method of recognition at fair value according to IAS 40, in part to increase the comparability of and information offered by the consolidated financial statements.

The effects of this accounting policy change (fair value recognition according to IAS 40) are as follows:

	2012
Effects on the income statement:	
Scheduled depreciation and amortization	401,629
Reversal of impairments on property, plant and equipment	(2,014,417)
Revaluation profit	2,027,032
Revaluation loss	(401,629)
Result from joint ventures (at equity) after taxes	(19,331)
Deferred income tax	(2,018)
Effects on the profit for the period	**(8,735)**

The switch had no effect on the other comprehensive income or on the diluted or undiluted earnings per share. It also had no effect on the cash flow.

	31/12/2012	1/1/2012
Effects on equity:		
Profit/loss carried forward	1,818,691	–
Deferred tax assets	–	(109,853)
Investment properties	12,615	822,156
Net investments in joint ventures (at equity)	(19,331)	1,120,227
	1,811,974	1,832,530
Income tax payable	(2,018)	(13,839)
	1,809,956	1,818,691

3.2.3. New and changed standards and interpretations

• The following new or amended standards were applied for the first time in the reporting period:

IFRS 13 – Fair Value Measurement

IFRS 13 is to be applied starting on 1 January 2013. The standard specifies uniform guidelines for the measurement of the fair value. The application of IFRS 13 had no material effects on the measurement of the fair value of the Group. The disclosures about the fair value were expanded based on the provisions of the standard.

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

Because of the amendment of IAS 1, the other comprehensive income must be presented separately for items that will be reclassified to profit or loss in subsequent periods and for items that will not be reclassified to profit or loss in subsequent periods. Warimpex has adapted the presentation of the total comprehensive income accordingly.

Amendment to IAS 1 – Clarification of Requirements for Comparative Information

This amendment to IAS 1 clarifies that no comparative information must be provided in the notes for an opening statement of financial position that is created as the result of retrospective restatements or reclassifications in the annual financial statements. For this reason, no comparative information about the opening statement of financial position as of 1 January 2012 was included in the consolidated financial statements. This amendment has no effect on the consolidated result or equity.

IAS 19 – Employee Benefits (amended in 2011)

The amendments to IAS 19 pertain primarily to the recognition of benefits after the termination of the employment relationship. This includes the elimination of the corridor method and the mandatory recognition of revaluations of the net liability in other comprehensive income; such revaluations are not reclassified to profit or loss in subsequent periods. A wide range of additional disclosures including sensitivity analyses are also required. The Group retrospectively adjusted the income statement and the other comprehensive income accordingly. The amount of this adjustment can be seen based on the changes in the IAS 19 reserve under item 7.11.3.

Amendments to IAS 36 – Impairment of Assets

On 29 May 2013, the IASB published Recoverable Amount Disclosures for Non-Financial Assets, introducing new rules for the required disclosures that were adapted by IFRS 13. Disclosures about the recoverable amount are only required for non-financial assets for which an impairment or impairment reversal was recognized in the reporting period. Additional disclosures also apply when impairments or impairment reversals have been recognized for assets and the recoverable amount was determined on the basis of the fair value less costs of disposal. The amendments must be applied retrospectively to financial years beginning on or after 1 January 2014. The amendment was adopted by the EU in December 2013. The Group decided to apply the amendments before they became mandatory.

- The following standards were adopted by the EU after they were published by the IASB. The Group intends to apply these standards starting at the time at which they come into force.

IAS 28 – Investments in Associates and Joint Ventures (amended)
The name of the standard was changed related to the adoption of IFRS 11 and IFRS 12, and the rules in the standard were expanded to cover the application of the equity method to joint ventures. As the Group already began recognizing its joint ventures using the equity method in 2011, this results in no material changes in the consolidated financial statements. The standard must be applied in the EU starting in financial years beginning on or after 1 January 2014.

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 for consolidated financial reporting and includes issues from SIC 12. IFRS 10 redefines the concept of control, which requires management to make significant judgements about the full consolidation of companies. A preliminary assessment has shown that this will not result in any material changes in the inclusion of companies in the consolidated financial statements. The standard must be applied in the EU starting in financial years beginning on or after 1 January 2014.

IFRS 11 – Joint Arrangements
Joint arrangements are classified either as joint operations or joint ventures:
1. A joint operation is a joint arrangement with the parties that have joint control of the arrangement (joint operators) having rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators.
2. A joint venture is a joint arrangement with the parties that have joint control of the arrangement (joint venturers) having rights to the net assets of the arrangement.

The classification of a joint arrangement as a joint operation or joint venture depends on the rights and obligations of the parties. Companies are required to assess the kind of arrangements that it is party to in consideration of the structure and form of the agreement, the contractual provisions agreed by the parties and other relevant facts and circumstances.

Regardless of the purpose, structure, or form of the agreement, the classification of joint arrangements depends on the rights and obligations to which the parties are subject on the basis of the agreement.
A joint arrangement under which the assets and liabilities that are associated with the arrangement are kept in a separate vehicle can be a joint venture or a joint operation.

A joint arrangement that is not structured as a separate vehicle is a joint operation. In these cases, the recognition is based on the rights to assets and obligations to cover liabilities assigned to the parties in the agreement as well as the associated entitlement to proceeds and obligation to cover expenses from the arrangement.

Joint ventures are to be recognized solely by means of the equity method according to IAS 28. A preliminary analysis showed that this standard will have a minor effect on the consolidated financial statements because the joint ventures have already been recognized using the equity method. This standard must be applied in the EU starting in financial years beginning on or after 1 January 2014.

IFRS 12 – Disclosure of Interests in Other Entities
The disclosure requirements previously contained in IAS 27, IAS 28, and IAS 31 are combined in this standard together with new disclosures. In particular, separate disclosures must be made for each material joint venture. This will lead to more extensive disclosures in the consolidated financial statements. This standard must be applied in the EU starting in financial years beginning on or after 1 January 2014.

• The following standards are mandatory in the EU starting on 1 January 2013, but are not relevant for the consolidated financial statements:
- *Amendments to IAS 12 – Deferred Taxes (Realization of Underlying Assets)*
- *Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- *Amendment to IFRS 1 – Government Loans*
- *Amendment to IFRS 7 – Financial Instruments: Information – Offsetting Financial Assets and Liabilities*

• The following standards and amendments to standards have already been published by the IASB, but have not yet been adopted by the EU:
- *IFRS 9 – Financial Instruments and subsequent amendments to IFRS 9, IFRS 7, and IAS 39*
- *IAS 19 – Amendments*
- *Annual Improvements IFRS 2010–2012*
- *Annual Improvements IFRS 2011–2013*

The effects of these standards and amendments on the consolidated financial statements will be assessed after they are adopted into EU law.

3.3. Basis 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 for the same reporting period as those of the parent company, using consistent accounting policies.

All intragroup receivables, payables, revenues, and other income or expenses have been eliminated. Where intragroup receivables and loans have been discounted or impaired in separate financial statements, such provisions have been reversed. Unrealized results (profits) resulting from intragroup sales and other intragroup transactions have been eliminated from current and non-current assets

Subsidiaries are included in the consolidated financial statements by full consolidation from the acquisition date, which is the date when the Group obtains control of the subsidiary. They continue to be consolidated until the date that the Group's control of the company ceases.

Business combinations are accounted for according to the purchase method. All subsidiaries that have to be consolidated have been included in the consolidated financial statements. Please refer to the information under item 3.5 for details about the recognition of joint ventures.

A minority interest is a share in the equity of a subsidiary that cannot be directly or indirectly attributed to its parent company. These shares are reported separately for the profit or loss for the period and the total comprehensive income, in the consolidated statement of financial position, and in the statement of changes in equity. In the consolidated statement of financial position, these interests are presented within equity, separately from the equity attributable to equity holders of the parent. Losses are also attributed to non-controlling shares when this results in a negative balance. Changes in interests in subsidiaries not leading to a loss of control over the subsidiary are recognized as equity transactions.

3.4. Important accounting judgements and estimates

In preparing the consolidated financial statements of the Group, it is necessary to estimate certain figures and make assumptions which influence the recording of assets and liabilities, the presentation of other obligations as of the reporting date, and the recognition of revenues and expenses during the period. The actual figures which become known at a later date may differ from these estimates. This does not prevent the consolidated financial statements from providing a true and fair view of the Group's economic situation.

Please see item 3.1 and item 8.2.4. for information on measures to secure liquidity that is required for the continued operation of the Company.

The most important future-related assumptions and other sources of estimation uncertainties that existed as of the reporting date and which may constitute a source of considerable risk that substantial adjustments of the carrying amounts of assets and liabilities will have to be made in the subsequent financial year are explained in detail below:

3.4.1. Fair value measurement (IFRS 13)

The Group measures financial instruments such as derivatives and non-financial assets such as investment properties at their fair value on each reporting date. The fair value is the price that would be paid for the transfer of an asset or a liability in a transaction at arm's length terms on the reporting date. In measuring the fair value, it is assumed that the transaction will take place on the primary market or, when such a market does not exist, on the most advantageous market.

The fair value is measured on the basis of the assumptions that the market participants would use in determining the price. When measuring the fair value of a non-financial asset, the ability of the market participants to obtain the greatest possible financial benefits from the asset through the most lucrative and best use or through sale to another market participant is taken into account.

All assets and liabilities for which the fair value is measured or that are reported in the consolidated financial statements are classified according to the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Measurement methods employing inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Measurement methods employing inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are included in the consolidated financial statements on a recurring basis, the Group determines whether items have been reclassified within the hierarchy by reviewing the classification at the end of every reporting period (based on the lowest level of inputs material for determining the fair value).

3.4.2. Valuation of property

Impairment of and reversal of impairments on hotel properties (see also items 6.4. and 7.1.):

The Group regularly assesses its hotel properties to determine if they are impaired. This requires the estimation of the recoverable amount. The recoverable amount is the higher of the value in use or fair value, less selling expenses. The recoverable amount is determined on the basis of appraisals completed by independent experts who have the necessary professional qualifications and current experience with the location and type of property in question.

The fair values of the properties is calculated by an external real estate appraiser using the discounted cash flow (DCF) approach. This corresponds to level 3 of the fair value hierarchy. For assets measured on the basis of appraisals (hotels) that are in operation and for which the future cash flows from operations are estimated, the fair value according to the appraisal is the value in use.

If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to its recoverable amount. Impairment charges that have been recognized are reversed when a valuation completed after the recognition of the last impairment charge indicates a higher recoverable amount. In this case, the carrying amount of the asset is written up to the recoverable amount. This amount may not exceed the carrying amount that would apply for the asset had scheduled depreciation but no impairment charges been applied up to the reporting date.

The recoverable amount depends heavily on the applied yield and the expected future cash inflows, as well as on the growth rate used for extrapolation purposes. All projections were subject to a higher level of uncertainty because of the financial and economic crisis. There was especially a high level of uncertainty with regards to the markets in Eastern Europe, and it may still be necessary to make significant changes in the carrying amounts of assets in the coming financial years.

The yield reflects current market valuations arising from uncertainties about the amounts and timing of future cash flows. The hotel yields for the calculation were as follows: for Poland between 7% and 9.5% (previous year: 7% to 9.5%), for the Czech Republic between 7.5% and 8.25% (previous year: 7.5% to 9%), and for Russia between 10% and 12.5% (previous year: 11% to 12.5%).

The planning period is generally 10 years plus the terminal value (residual value in year 10). The valuation includes a country-specific inflation rate.

A 0.5% lower yield would increase the reversal of impairment charges by EUR 6.32 million, while a 0.5% higher yield would increase the impairment charges by EUR 13.38 million.

If the expected cash flows were 10% higher or lower, the fair value of the hotels would change by plus EUR 29.04 million or minus EUR 29.04 million.

The impairment reversals and impairment charges are shown in item 6.4. Please see item 7.1. for information on the carrying amounts of these assets.

Measurement results for investment properties:
During the reporting period, Warimpex changed the accounting method for the measurement of investment properties to the fair value model. The Group regularly commissions independent external experts according to the same criteria that are applied for hotel properties. According to the valuation hierarchy defined by IFRS 13, the discounted cash flow (DCF) approach (fair value level 3) is used in determining the fair values if no observable prices (fair value level 1) or values that can be derived from market prices (fair value level 2) are available. The valuation results that stem from the changes in the fair values are recognized through profit or loss.

For investment properties, the Group differentiates between existing properties and properties under development, and applies different inputs for valuing each class. Further information on this can be found in item 8.1.3. Please see item 7.2. for information about the changes in investment properties. The valuation result is shown in item 6.4.

3.4.3. Measuring the fair value of financial instruments

The fair value of financial instruments is measured based on IFRS 13 (see item 3.4.1.).

If the fair value of recognized financial instruments cannot be measured using listed prices on active markets, it is determined using measurement methods including the discounted cash flow approach. The inputs used in the valuation models that fall under level 3 of the hierarchy are based on observable market data to the greatest extent possible. If such data are not available, the fair value is determined in large part at the discretion of the management. This discretion pertains to inputs such as liquidity risk, default risk, and volatility. When changes are made to the assumptions for these factors, this can have an effect on the recognized fair values of the financial instruments.

The available-for-sale securities and derivative financial instruments are recognized at fair value in the consolidated statement of financial position. Additional information is provided in items 7.9. and 7.13. Please refer to items 3.6. and 8.1. for further information about financial instruments and fair values.

3.4.4. Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss carryforwards of unused tax credits can be utilized. The amount of deferred tax assets is determined at the discretion of the management based on the expected time of occurrence and the amount of future taxable income as well as future tax planning strategies.

Other deferred tax assets are only shown in the statement of financial position if tax plans for the individual taxable entity make it appear probable that the deferrals can actually be utilized.

For additional information, please refer to the notes under items 6.8. Income taxes and 7.6. Deferred taxes (tax assets and liabilities).

3.5. Recognition of joint ventures

Interests in other companies are classified as interests in joint ventures when there is joint control of the entity by two or more partners. The Group recognizes its net investments in joint ventures using the equity method.

In accordance with the equity method of accounting, the shares in joint ventures are recognized in the statement of financial position at cost plus any changes in the share of net assets of the joint venture held by the Group. In addition to the cost of acquisition, the net investments include loans extended to joint ventures that are not planned or expected to be repaid in the foreseeable future. The goodwill associated with a joint venture is included in the carrying amount of the respective interest and is not subject to regular amortization or impairment tests. The Group’s share in the profit or loss of the associated company is recognized in the statement of comprehensive income.

Changes shown directly in equity of the joint venture are recognized in the amount of the Group’s pro-rata share and shown in the consolidated statement of changes in equity where applicable. Gains and losses from transactions between the Group and the joint venture are eliminated in line with the Group’s share in the joint venture.

The reporting dates and the accounting policies with regard to transactions and events that are similar in nature and occur under comparable circumstances are the same for the joint venture and the Group.

After applying the equity method, the Group determines whether or not it is necessary to recognize additional impairment charges for its interests in joint ventures. On every reporting date, the Group determines whether or not there are objective reasons to believe that the value of an interest in a joint venture may be lower than its carrying amount. If this is the case, the difference between the recoverable amount of the share in the joint venture and the carrying amount of the interest is recognized as an impairment charge through profit or loss.

Allocated profits from the joint venture are added to the reported value of the interest, losses allocated from the joint venture are deducted up to the acquisition costs of the interest.

If the net investment in a joint venture has been written down to zero because of the allocation of losses and if the proportionate equity in the joint venture is negative beyond this, an assessment is completed to determine whether provisions must be formed related to related liabilities or issued guarantees.

The financial statements of joint ventures are prepared for the same reporting period as that of the parent company, using consistent accounting policies. Adjustments are made to eliminate any differences in accounting policies that may exist.

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

Joint ventures are recognized in the consolidated financial statements using the equity method until the joint management of the venture by the Group ceases.

The breakdown of and changes in joint ventures are shown in detail in item 7.4.

3.6. Financial instruments

3.6.1. Financial assets

Financial assets within the meaning of IAS 39 are classified either as financial assets to be measured at fair value through profit or loss, as loans and receivables, or as available-for-sale financial assets. On initial recognition, financial assets are measured at fair value. In the case of financial assets other than those classified as recognized at fair value through profit or loss, transaction costs directly attributable to the acquisition of the respective asset are additionally taken into account. Classification of financial assets into one of the stated categories is effected upon initial recognition.

Financial assets measured at fair value through profit or loss:
The category of financial assets measured at fair value through profit or loss includes all derivative financial instruments with positive fair values not held for hedging purposes. There were no derivative financial instruments in hedging relationships on the reporting date.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method and taking into account value impairments, if any. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

Available-for-sale financial assets:

Available-for-sale financial assets are any non-derivative financial assets that are designated on initial recognition as available for sale rather than assigned to one of the above categories. Following initial recognition, available-for-sale assets are measured at fair value. Fair value changes are recognized directly in equity. The cumulated gain or loss that was recognized in equity is recognized in profit or loss when available-for-sale financial assets are derecognized.

3.6.2. Trade and other receivables

Trade receivables, which generally have a term of ten to ninety days, are recognized and carried at original invoice amount less impairment charges for any uncollectable amounts. An impairment charge is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

3.6.3. Derecognition of financial assets and liabilities

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the rights have been transferred.

If the Group has transferred its rights to receive cash flows from an asset and has retained all material risks and rewards of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

3.6.4. Impairment of financial assets

On each reporting date, the Group assesses whether a financial asset or group of financial assets is impaired. An impairment exists when one or more events have occurred since the first recognition of the asset (a “loss event”) that have an effect on the expected future cash flows of the financial asset or group of financial assets that can reliably be estimated. Evidence of impairment can exist when there are signs that a debtor is experiencing significant financial difficulties.

Assets carried at amortized cost:

If there is objective evidence that an impairment loss has been incurred on assets carried at amortized cost, 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 amount of the loss is recognized through profit or loss.

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

Impairment losses of trade receivables are partly recognized using value adjustment accounts. The decision of whether a default risk is accounted for by means of a value adjustment account or a direct value adjustment of the receivables item depends on the degree of reliability to which the risk situation can be assessed.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any reversal of an impairment loss is recognized in the statement of comprehensive income to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Available-for-sale financial assets:
On every reporting date, the Company determines whether there is evidence for impairment of the available-for-sale financial assets. For equity instruments classified as held for sale, a significant or lasting decline in the fair value below the cost of acquisition is considered to be such evidence. The criterion of "significant" is assessed on the basis of the original cost, while the criterion of "lasting" pertains to the period in which the fair value is less than the original cost.

The same principles as for financial assets recognized at amortized cost are applied for the determination of impairment of available-for-sale debt instruments.

If an asset is impaired, the cumulated loss is recognized on the statement of comprehensive income under financial expenses and deducted from the reserve for value changes for available-for-sale financial assets.

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

3.6.5. Financial liabilities
When recognized for the first time, financial liabilities are either categorized as financial liabilities recognized at amortized cost or as financial liabilities recognized at fair value through profit or loss.

Financial liabilities are measured at fair value on initial recognition. For financial liabilities recognized at amortized cost, the directly allocable transaction costs are deducted from the fair value.

Financial liabilities measured at fair value through profit or loss:
The category of financial liabilities measured at fair value through profit or loss includes all derivative financial instruments with negative fair values (including separately recognized embedded derivatives) not held for hedging purposes. Gains and losses from financial liabilities that are recognized at fair value are recognized through profit or loss.

Financial liabilities measured at amortized cost:
After initial recognition, financial liabilities are recognized at amortized cost using the effective interest rate method. Gains and losses are recognized through profit or loss the liabilities are derecognized, as well as through amortization.

3.6.6. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

The Group as lessee:

Finance leases, which essentially transfer to the Group all the risks and benefits incidental to ownership of the leased item, lead to the capitalization of the leased asset at its fair value at the inception of the lease or, if lower, at the present value of minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

If the Group will obtain ownership at the end of the lease term, capitalized leased assets are fully depreciated according to IAS 16 over the estimated useful life of the asset.

Where there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, capitalized leased assets are fully depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments for operating leases are written down as an expense on the statement of comprehensive income over the term of the lease.

The Group as lessor:

Leases under which all material risks and benefits incidental to ownership of the leased item are not transferred from the Group to the lessee are classified as operating leases.

The Group has concluded leases for the commercial letting of its investment properties. These have been classified as operating leases.

Please see item 9.2. for information about the leases.

3.6.7. Derivative financial instruments and hedging transactions

The Group uses derivative financial instruments. These are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments that are used for hedging purposes and that meet the requirements for hedge accounting according to IAS 39 are designated as part of the hedging relationship and recognized according to the hedge accounting rules (cash flow hedges). Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Embedded derivatives from convertible bonds were recognized for the first time in the financial year. No derivative financial instruments were used for hedging purposes on the reporting date.

Cash flow hedges:

These are instruments held to protect against the risk of fluctuations in cash flows associated with an asset or liability on the statement of financial position, for example loans subject to variable interest, a risk that may materialize related to a forecast transaction, or the currency risk associated with a firm off-balance-sheet commitment.

The effective portion of the gain or loss on the hedging instrument is recognized in equity, while any ineffective portion is recognized immediately through profit or loss.

Amounts taken to equity are transferred to the statement of comprehensive income when the hedged transaction affects the profit or loss of the period, such as when the hedged financial income or financial expense are recognized or when a forecast sale occurs. Where the hedged item is part of the cost of a non-financial asset or a non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs. The same treatment applies when it is determined that the financial instrument no longer meets the criteria for hedge accounting.

There were no derivative financial instruments in hedging relationships on the reporting date.

3.6.8. Fair value hierarchy

The fair value hierarchy is based on IFRS 13 (see item 3.4.1.).

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. Assets are classified as held for sale when the associated carrying amount is based primarily on a disposal transaction. It must be highly probable that the asset will be sold, and the asset or disposal group must be in an immediately saleable condition. Further criteria for classification as held for sale are related Management Board decisions, the initiation of a search for a buyer, or the implementation of the associated plans, and the expected sale within one year. The assets and liabilities of the subsidiary Evropský Investicni a.s. were classified as held for sale in the reporting period and were depicted in accordance with IFRS 5.

Non-current assets (or disposal groups) that are classified as held for sale are recognized at the lower of the carrying amount or the fair value less selling costs.

The classification of this subsidiary as held for sale does not involve discontinued operations. Detailed information on the assets held for sale can be found in item 5.3.

3.8. Foreign currency transactions and balances

The financial statements of foreign companies are translated into euros according to the concept of functional currency. The functional currency for each entity within the Group is determined on the basis of the relevant criteria. The items contained in the financial statements of each entity are translated on the basis of the functional currency.

Where the transactions that are relevant in determining an entity's functional currency change, this will lead to a change in the functional currency of the respective entity. An overview of the functional currencies is presented in item 4.

Foreign currency transactions and balances:
Foreign currency transactions are translated into the functional currency by the Group member company at the valid spot rate on the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on the reporting date using the valid spot rate on the reporting date.

For subsidiaries pertaining to the Hotels segment and for which the respective local currency is not the functional currency, all transactions affecting current income and expenses are translated on the basis of monthly interim financial statements at the weighted average exchange rate for the respective month. Significant transactions are translated at the spot rate that is valid for the date of the transaction. All translation differences are recognized in profit or loss.

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

Translation of the financial statements of the entities included in the consolidated financial statements:
The assets and liabilities of the foreign subsidiaries are translated into euros at the valid rate on the reporting date. Depending on the item, income and expenses are either translated using the rate on the date of the transaction (interest expense), average rates, or historical rates (write-downs). All exchange differences arising on translation are taken directly to a separate component of equity. Upon disposal of a foreign entity, the deferred cumulated amount relating to the particular subsidiary previously recognized in equity is transferred to the statement of comprehensive income. The translation differences from monetary items that are part of the net investments in a foreign business operation are recognized in the other comprehensive income, and are transferred from equity to the profit or loss statement in the event that the net investment is sold.

The exchange rates on 31 December 2013, which have been applied for all items that are translated at the closing rate as of the reporting date, are as follows:

	31/12/2013	31/12/2012
Polish zloty (PLN/EUR)	4,1472	4,0882
Czech koruna (CZK/EUR)	27,4250	25,140
Hungarian forint (HUF/EUR)	296,9100	291,29
Swiss franc (CHF/EUR)	1,2259	1,2072
US dollar (USD/EURO)	1,3783	1,3194
Russian rouble (RUB/EURO)	44,9699	40,2286
Romanian leu (RON/EURO)	4,4847	4,4291

3.9. Property, plant and equipment

Property, plant and equipment that is eligible for depreciation is recognized at cost of acquisition or production less scheduled depreciation and impairment charges and plus any impairment reversals in accordance with IAS 16. Scheduled depreciation is applied on a straight-line basis and is calculated for the estimated useful lives of the assets. Where significant components of an item of property, plant and equipment have different useful lives, depreciation is based on the useful lives of these components. Replacements that are capitalized are also written down over their estimated useful lives.

For accounting purposes, hotels are separated into their most significant components (land and rights equivalent to land, building fabric, heating facilities and other technical equipment, and furniture) and depreciated individually. Please see item 7.1. in the for information about the useful lives.

Straight-line depreciation is based on the estimated useful life of the asset. The carrying amounts of property, plant, and equipment items are tested for impairment whenever there is evidence to indicate that the carrying amount of the asset is greater than its recoverable amount.

Production costs of property, plant and equipment developed by the Group contain direct expense plus allocated material and production overheads. Borrowing costs are capitalized according to IAS 23 where they can be directly attributed to the project under development through specific project financing or loans from joint venture partners or minority shareholders. These costs are also written down over the estimated useful economic lives of the respective assets.

A property, plant and equipment item is derecognized upon its disposal or when no further economic benefit is expected from the continued use or disposal of the asset. The gains or losses associated with the derecognition of the asset are determined by calculating the difference between the net selling proceeds and the carrying amount of the asset and are reported on the statement of comprehensive income in the period in which the asset is derecognized.

3.10. Investment properties

These assets are recognized at fair value according to IAS 40. Changes in the fair value result in net valuation gains or losses during the financial year.

Real estate held as investment property is classified as such when there is no intention to sell it or use it for Group purposes and it is held to generate rental revenue or value increases.

Investment properties are derecognized upon the sale of such properties or when no further continued use is possible or no future economic benefit is expected from their disposal. Gains or losses from the disposal of investment property are recognized through profit or loss in the period in which the property is sold.

3.11. Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. The acquisition cost of a business entity is measured as the total of consideration made valued at its fair value at the time of the transaction and plus non-controlling interest in the acquired entity. For each business combination, the management of the parent company values the non-controlling interests in the acquired entity either at their fair value or as the proportionate share of the identifiable net assets of the acquired entity. Costs incurred related to the business combination are recognized on the statement of comprehensive income.

When the Group acquires a business entity, it determines the proper classification and designation of the financial assets and assumed liabilities in accordance with the provisions of the contract, the economic conditions and the general conditions prevailing at the time of the transaction. This also includes the separation of embedded derivatives.

For successive share purchases, the share of equity in the entity previously held by the acquiring company is remeasured at its fair value at the time of the transaction and the resulting gain or loss recognized on the statement of comprehensive income.

The agreed consideration is recognized at its fair value at the time of transaction. Subsequent changes in the fair value of conditional consideration representing an asset or liability are recognized either through profit or loss or directly in equity in accordance with IAS 39.

Goodwill acquired in a business combination is initially measured at cost, this being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired entity's identifiable assets and liabilities. If this consideration is less than the current fair value of the net assets of the acquired subsidiary, the difference is recognized through profit or loss.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

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

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.12. Other intangible assets

Currently, the only intangible assets held and presented by the Group relate to acquired computer software. The estimated useful life of software is five years based on straight-line depreciation. Internally generated intangible assets are not capitalized, as the required criteria are not fulfilled.

In a business combination, the Group reviews the acquired assets to identify whether any separately identifiable intangible assets, such as trademarks or regular clientèle, have been acquired. So far, no separately identifiable intangible assets have been identified in a business combination since the Group has only acquired individual properties (such as hotels or investment properties).

3.13. Impairment of non-financial assets

At least once each year, the Group assesses whether there is any indication that an asset may be impaired. When such an indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the value in use or fair value less costs to sell. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to its recoverable amount. The value in use is calculated on the basis of the discounted anticipated future cash flows before taxes, discounted to the present value taking appropriate risk considerations into account. An appropriate valuation model is used to determine the fair value less costs to sell (see item 3.4.2.).

With the exception of goodwill, a previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This amount may not exceed the carrying amount that would apply for the asset had scheduled depreciation but no impairment charges been applied up to the reporting date. Such a write-up is recognized immediately in the period in which it is identified.

For real estate projects under development, the project's development progress is compared with market values and projected income forecasts. Impairment is recognized when original project development expectations show a negative change and the carrying amount is higher than the recoverable amount.

3.14. Other financial assets

The other financial assets contain other extended loans. Please see item 3.6.4. for information on their measurement.

In accordance with Group policy, guarantees and other commitments are secured by term deposits pledged as collateral. These term deposits are held with Austrian banks and carried at amortized cost.

3.15. Inventories

Inventories are valued at the lower of acquisition cost, production cost, or net realizable value. Inventories consist primarily of raw materials and merchandise (primarily food and beverages) from the Hotels segment. Consumption is recorded based on the FIFO (first in-first out) method.

Real estate projects under development or construction are reported at the lower of cost or net realizable value.

3.16. Cash and cash equivalents

Cash and cash equivalents on the statement of financial position comprise cash at banks and in hand and short-term deposits with a remaining maturity of three months or less.

3.17. Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to the formation of any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax interest rate. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

3.18. Pensions and other post-employment benefits

Provisions for severance payments and long-term service bonuses for employees and members of the Management Board are primarily recognized for employees of Austrian Group companies, since employees in Poland, the Czech Republic, and Hungary are not entitled to similar benefits and local laws only provide for a very limited range of employee benefits.

The provisions are measured using the projected unit credit method. For this, the expected benefits to be paid are distributed according to the active time of the employee until retirement. The provision amounts are determined on the reporting date by an external expert in the form of an actuarial opinion.

Valuation changes are recognized in other comprehensive income in the period in which they are incurred in line with the amendments to IAS 19 (see item 3.2.3.). The interest component is taken into account in finance expenses. Provisions for pensions and other long-term employee benefits pertain solely to the Development and Services segment.

A pension agreement was in force with one Management Board member of the parent company on the reporting date. Pension reimbursement insurance has been taken out for this pension commitment. Annual contributions are made to this insurance plan, which is dedicated to the coverage of the pension obligation and is of a long-term nature. This is not a pension plan asset within the meaning of IAS 19 and must be capitalized separately. The Group's pension plans are defined benefit plans and are unfunded.

Reimbursement rights from this pension reimbursement insurance in the amount of EUR 265,876 (2012: EUR 2,987,993) are reported under the non-current other financial assets. The pension reimbursement insurance include the actuarial capital including profit shares.

Due to the amount of the pension commitment, which is covered by the pension reimbursement insurance, no material risk is associated with the pension plan.

3.19. Revenue recognition

Income recognition in accordance with IAS 18:
Revenues from the sale of goods or rendering of services and income from rent are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer or when the services have been effectively rendered.
Interest income is recognized as interest entitlements accrue.
Dividend income is recognized when the Group's right to receive the payment is established.

Gains from the sale of subsidiaries:
Income is recognized when control of the subsidiary is lost in accordance with IAS 27.34. In the case of a sale of a subsidiary, the difference between the sale price and net assets plus cumulated foreign currency translation differences and the non-impaired goodwill are recognized in income.

Income from construction contracts according to IAS 11:
Construction contracts are recognized using the percentage of completion method. The expected income from the contract is reported in sales revenue in accordance with the degree of completion. The degree of completion, which is the basis for the recognized revenue, is generally determined based on the services rendered as of the reporting date as a percentage of the total estimated services to be rendered. If the revenue from the construction contract cannot be estimated reliably, revenue is only recognized in the amount of the incurred costs for the contract. The contract costs are recognized as expenses in the period in which they are incurred. If it is likely that the total contract costs will exceed the total contract revenue, the expected loss is recognized in full immediately.

3.20. Taxes

3.20.1 Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted by the reporting date.

3.20.2. Deferred taxes

Deferred income tax is provided for using the liability method on temporary differences as of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of deferred tax liabilities from initial recognition of goodwill, an asset, or a liability under a transaction other than a business combination which at the time of the transaction had an impact on neither the result according to the Austrian Enterprise Code nor the taxable result.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, and carryforwards of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses, and carryforwards of unused tax credits can be utilized.

The carrying amount of deferred income tax assets is reviewed on each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed on each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

3.20.3. Value added tax

Revenues, expenses, and assets are recognized net of the amount of VAT, except when:

- the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- receivables and payables are stated with the amount of VAT included; and
- the net amount of VAT recoverable from, or payable to, the tax authorities is included as part of receivables or payables in the statement of financial position.

3.21. Reserves in equity

Capital reserve:

The capital reserve consists of the portions of equity originating from outside the Group and that are not part of the capital stock of the parent company.

Revaluation reserve:

The revaluation reserve consists of the parts of the undisclosed reserves that are attributable to old shares and that were determined by the revaluation of the net assets at the time of the transaction as part of the successive acquisition of a subsidiary according to IFRS 3.

Reserve for currency translation:
Cumulated exchange rate differences resulting from the translation of annual financial statements of subsidiaries operating with functional currencies other than the euro are reported in the reserve for currency translation.

Available-for-sale reserve:
The available-for-sale reserve contains not-yet realized changed in the value of available-for-sale securities.

Cash flow hedge reserve:
Cumulated, not yet recognized changes in the fair value of derivative financial instruments that are designated as cash flow hedges are recorded in the cash flow hedge reserve. There was no cash flow hedge reserve on the reporting date.

IAS 19 reserve:
The IAS 19 reserve contains cumulated changes in the revaluation of obligations to provide benefits after or related to the termination of the employment relationship according to IAS 19 that are reported in other comprehensive income. This reserve will not be reclassified into profit or loss in future periods.

3.22. Convertible bonds

When a convertible bond is issued, the future payment flows are discounted for the agreed term at the agreed interest rate plus a premium that would have been paid had a bond without conversion rights been issued. The amount of this difference is recognized directly in the capital reserve as the value of the conversion right.

For convertible bonds that are not issued in the Group’s functional currency, no equity capital component is recognized; instead, the liabilities and the embedded derivatives are recognized separately. The transaction costs that can be allocated to the bond component are distributed over the term according to the effective interest rate method.

The non-derivative portion of the convertible bonds is assigned to the category of financial liabilities at amortized costs according to IAS 39 and recognized at amortized cost. In subsequent periods, the embedded derivatives are recognized at their fair value. Changes in the values are recognized through profit or loss.

[04] Companies included in the consolidated financial statements

The consolidated financial statements include the financial statements of Warimpex Finanz- und Beteiligungs AG as the parent company and the following entities:

Consolidated entities	Domicile	Shareholding direct	Shareholding indirect	Consolidation method[1] 2013	Consolidation method[1] 2012	Capital stock	Currency	Segment[2]	Functional currency 2013	Functional currency 2012
Louvre Warimpex Development GesmbH (i.L.)[3]	A-Vienna	100%	–	VK	VK	50.000	EUR	H	EUR	EUR
Grassi Hotelbeteiligungs- und Errichtungs GesmbH	A-Vienna	100%	–	VK	VK	2.943.252	EUR	H	EUR	EUR
→ Grassi H1 Hotelbeteiligungs GmbH	A-Vienna	–	100%	VK	VK	35.000	EUR	H	EUR	EUR
→ Leuchtenbergring HotelbetriebsgesmbH[3]	D-Munich	–	50%		EK	25.000	EUR	H	EUR	EUR
→ Recoop Tour a.s.	CZ-Prague	–	100%	VK	VK	24.000.000	CZK	H	EUR	EUR
WX-Leuchtenbergring GmbH[3]	D-Munich	–	100%	–	VK	25.000	EUR	H	EUR	EUR
→ Bürohaus Leuchtenbergring -										
- GmbH & Co. Besitz KG[3]	D-Munich	–	39,50%	–	EK	100.000	EUR	H	EUR	EUR
- GmbH & Co. KG[3]	D-Munich	–	39,50%	–	EK	60.000	EUR	H	EUR	EUR
- Verwaltungs GmbH[3]	D-Munich	–	39,50%	–	EK	25.565	EUR	H	EUR	EUR
UBX Objekt Berlin Ges.m.b.H	D-Munich	50%	–	EK	EK	25.000	EUR	H	EUR	EUR
UBX 2 Objekt Berlin Ges.m.b.H	D-Munich	50%	–	EK	EK	25.000	EUR	DS	EUR	EUR
UBX 3 Objekt Berlin Ges.m.b.H.	D-Munich	50%	–	EK	EK	25.000	EUR	DS	EUR	EUR
Berlin Konferenz Betriebs GmbH	D-Berlin	50%	–	EK	EK	25.000	EUR	DS	EUR	EUR
Revital z.R.t.	HU-Budapest	100%	–	VK	VK	220.500.000	HUF	DS	HUF	HUF
Becsinvestor kft	HU-Budapest	100%	–	VK	VK	35.380.000	HUF	IP	EUR	EUR
Warimpex Investconsult kft	HU-Budapest	100%	–	VK	VK	10.000.000	HUF	IP	EUR	EUR
Elsbet kft	HU-Budapest	100%	–	VK	VK	103.000.000	HUF	IP, DS	EUR	EUR
Warimpex Leasing GmbH	A-Vienna	100%	–	VK	VK	500.000	EUR	H	EUR	EUR
→ Amber Baltic Sp. z o.o.	PL-Międzyzdroje	–	100%	VK	VK	38.325.000	PLN	H	EUR	EUR
→ Hansa Sp. z o.o.[3]	PL-Międzyzdroje	liquidated	–	VK	VK	430.000	PLN	H	EUR	EUR
→ Evropský Investicni Holding a.s.	CZ-Prague	–	100%	VK	VK	100.000.000	CZK	H	EUR	EUR
UBX Praha 1 s.r.o.	CZ-Prague	100%	–	VK	VK	33.200.000	CZK	H	EUR	EUR
Warimpex CZ s.r.o.	CZ-Prague	100%		VK	VK	200.000	CZK	DS	CZK	CZK
Balnex 1 a.s.	CZ-Prague	100%	–	VK	VK	4.557.000	CZK	H	EUR	EUR
KHD s.r.o.[4]	CZ-Prague	–	–	VK	VK	2.000.000	CZK	H	EUR	EUR
MEP s.r.o. (i.L.)[3]	CZ-Prague	100%	–	–	VK	900.000	CZK	DS	EUR	EUR
WX Praha 1 s.r.o. (vormals Hotel Palace s.r.o.)[3]	CZ-Prague	100%	–	VK	VK	147.000.000	CZK	H	EUR	EUR
Le Palais Praha s.r.o.[3]	CZ-Prague	100%	–	VK	VK	155.801.500	CZK	H	EUR	EUR
Vladinvest Praha s.r.o.	CZ-Prague	100%	–	VK	VK	3.100.000	CZK	IP	EUR	EUR
UBX 3 s.r.o.	CZ-Prague	50%	–	EK	EK	200.000	CZK	DS	EUR	EUR
UBX Plzen s.r.o.	CZ-Prague	50%	–	EK	EK	200.000	CZK	H	EUR	EUR
Hotelinvestments (Luxembourg) SARL	LU-Luxembourg	50%	–	EK	EK	20.000	EUR	H	EUR	EUR
UBX Development (France) SARL	F-Paris	50%	–	EK	EK	50.000	EUR	H	EUR	EUR
→ UBX II (France) SARL	F-Paris	–	50%	EK	EK	50.000	EUR	H	EUR	EUR
UBX (Luxembourg) SARL[4]	LU-Luxembourg	–	–	EK	EK	50.000	EUR	H	EUR	EUR
→ RL UBX Hotelinvestissement[4]	F-Paris	–	–	EK	EK	15.800.000	EUR	H	EUR	EUR
France SARL Hotel Paris II SARL	F-Paris	50%	–	EK	EK	650.000	EUR	H	EUR	EUR
Asset Paris II (Luxembourg)[4]	LU-Luxembourg	–	–	EK	EK	50.000	EUR	H	EUR	EUR
→ Asset Paris II SARL[4]	F-Paris	–	–	EK	EK	5.530.000	EUR	H	EUR	EUR
Warimpex Management Services Sp. z o.o.[3] formerly: Warimpex Polska Sp. z o.o.)	PL-Warschau	50%	–	VK/EK	VK	9.095.000	PLN	DS	PLN	PLN
→ El Invest Sp. z o.o.	PL-Warsaw	81%	–	VK	VK	1.300.000	PLN	DS	PLN	PLN
→ Via Prop Sp. z o.o.	PL-Warsaw	100%	–	VK	VK	100.000	PLN	DS	PLN	–
Multidevelopment Sp. z o.o.	PL-Warsaw	100%	–	VK	VK	50.000	PLN	IP	PLN	PLN

Consolidated entities	Domicile	Shareholding direct	Shareholding indirect	Consolidation method[1] 2013	Consolidation method[1] 2012	Capital stock	Currency	Segment[2]	Functional currency 2013	Functional currency 2012
WX Krakow Sp. z o.o.	PL-Krakow	100%	–	VK	–	5.000	PLN	H	EUR	–
Hotel Rondo Krakow Sp. z o.o.	PL-Krakow	100%	–	VK	–	5.000	PLN	H	EUR	–
→ WX Krakow Sp. z o.o. SKA	PL-Krakow	–	100%	VK	VK	11.207.000	PLN	H	EUR	EUR
(vormals: Chopin Sp. z o.o.)										
Mogilska Office Development Sp. z o.o.	PL-Krakow	100%	–	–	VK	7.045.000	PLN	H	PLN	–
Warimpex Polska Sp. z o.o.	PL-Warsaw	100%	–	VK	VK	2.000.000	PLN	DS	PLN	PLN
(vormals: Evita Investments Sp. z o.o.)										
Synergie Patrimoine S.A.	LU-Luxembourg	100%	–	VK	VK	31.000	EUR	H	EUR	EUR
→ andel's Łódź Sp. z o.o.	PL-Warsaw	–	100%	VK	VK	50.000	PLN	H	EUR	EUR
Goulds Investments S.A.	LU-Luxembourg	100%	–	VK	VK	31.000	EUR	H	EUR	EUR
Ipopema Fund S.A.	PL-Warsaw	50%	–	EK	EK	200.000	PLN	H	EUR	EUR
→ Lanzarota Investments Sp. z o.o.										
Sienna Hotel S.K.A.	PL-Warsaw		50%	EK	EK	81.930.000	PLN	H	EUR	EUR
Lanzarota Sp. z o.o.	PL-Warsaw		50%	EK	EK	5.000	PLN	H	EUR	EUR
WX Budget Hotel Holding S.A.	LU-Luxembourg	100%	–	VK	VK	80.000	EUR	DS	EUR	EUR
→ Warimpex HU1 kft. (i.L.)	HU-Budapest	–	100%	VK	VK	12.600.000	HUF	DS	HUF	HUF
→ Warimpex Property HU 2 kft	HU-Budapest	–	100%	VK	VK	600.000	HUF	DS	HUF	HUF
RLX Dvořák SARL[4]	LU-Luxembourg	–	–	VK	VK	31.000	EUR	H	EUR	EUR
WX Krakow Holding S.A.	LU-Luxembourg	100%	–	VK	VK	31.000	EUR	DS	EUR	EUR
→ UBX Krakow Sp. z o.o.	PL-Warsaw	–	100%	VK	VK	50.000	PLN	H	EUR	EUR
→ WX Management Services Sp. z o.o.										
Prozna Development SKA	PL-Warsaw	–	100%	VK	VK	50.000	PLN	DS	EUR	EUR
(vormals: Prozna Development Sp. z o.o.)										
→ Le Palais Holding s. a r.l.	LU-Luxembourg	–	100%	VK	–	12.500	EUR	DS	EUR	EUR
→ Prozna Properties Sp. z o.o. (i.L.)	PL-Warsaw	–	100%	VK	–	3.650.000	PLN	DS	EUR	EUR
→ Prozna Investments Sp. z o.o.	PL-Warsaw	–	100%	VK	–	23.550.000	PLN	DS	EUR	EUR
Kopernik Development Sp. z o.o.	PL-Warsaw	100%	–	VK	VK	25.000	PLN	IP	PLN	PLN
WX Bialystok Holding S.A.[3]	LU-Luxembourg	–	–	VK	VK	31.000	EUR	DS	EUR	EUR
WX Warsaw Holding S.A.	LU-Luxembourg	100%	–	VK	VK	31.000	EUR	IP	EUR	EUR
→ GF Ramba Sp. z o.o.	PL-Warsaw	–	50%	EK	EK	138.800	PLN	IP	EUR	EUR
UBX Katowice Sp. z o.o.	PL-Warsaw	50%	–	EK	EK	50.000	PLN	H	EUR	EUR
Sugura S.A.	LU-Luxembourg	100%	–	VK	VK	31.000	EUR	H	EUR	EUR
→ Comtel Focus S.A.	RO-Bucharest	–	100%	VK	VK	10.232.402	RON	H	EUR	EUR
Reitano Holdings Limited	CY-Nikosia	60%	–	VK	VK	4.275.187	EUR	H	EUR	EUR
→ SAO Horeka Koltsovo	RU-Ekaterinburg	–	60%	VK	VK	157.600.000	RUB	H	RUB	RUB
→ OOO RusAvia Horeka	RU-Ekaterinburg	–	60%	VK	VK	1.000.000	RUB	H	RUB	RUB
ZAO Avielen A.G.[5]	RU-St. Petersburg	55%	–	EK	EK	370.000.500	RUB	div	RUB	RUB

i.L. = in liquidation
[1] FC = full consolidation, EC = equity method of consolidation
[2] Segments: H = Hotels; IP = Investment Properties; DS = Development and Services; div = Multiple segments (For details, see the segment information in item 2.)
[3] Liquidated and sold companies are included in the consolidated financial statements for the periods in which they were still owned by the Group.
[4] The company is consolidated despite the fact that the Group holds no shares in the company because the Group bears the majority of the opportunities and risks of an owner and therefore exerts control for the purposes of SIC 12 (Consolidation – Special Purpose Entities).
[5] The company was merged with the Group company WX Warsaw Holding S.A. in 2012.
[6] The interest in ZAO Avielen A.G. is recognized according to the equity method as a joint venture because the articles of incorporation grant the joint venture partners such extensive rights that there is no control according to IAS 27.

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

5.1. Disposals of properties and shares

The following properties and equity interests were sold during the reporting period:

a) 39.5% joint venture share in Leuchtenbergring in January 2013 (recognized according to IFRS 5 on 31 December 2012)
b) 50% of the shares in Warimpex Polska Sp. z o.o. (now: WX Management Services Sp. z o.o.) as of 30 June 2013; the remaining 50% stake is consolidated according to the equity method
c) sale of Palace Hotel Prague (property and operations) in July 2013 (recognized according to IFRS 5 on 31 December 2012)
d) 100% of the company Hotel Le Palais Prague in December 2013

The sales had the following effects on the annual financial statements:

	Assets	Equity and liabilities
Consolidated statement of financial position:		
Property, plant and equipment and intangible assets	(15,465)	–
Interests in joint ventures	50,228	–
Current receivables and liabilities	(134,683)	74,713
Cash and cash equivalents (thereof recognized according to IFRS 5: EUR 224,314)	(249,334)	–
Assets and liabilities of a disposal group classified as held for sale (IFRS 5)	(31,387,371)	20,041,192
Currency reserves	–	(144,380)
	(31,736,625)	**19,971,525**

	2013
Consolidated income statement	
Carrying amount of the proportionate net assets of the sold shares and properties	(11,765,101)
Agreed (net) purchase price for the shares and properties	16,378,706
Directly allocable costs associated with the disposal of equity interests and properties	(2,583,854)
Net gain	**2,029,751**
Cash flow:	
The disposal transactions above led to the following inflows of cash during the reporting period:	
Agreed payments	16,378,706
Directly allocable cash paid	(2,583,854)
Purchase price receivable on the reporting date	(2,733,062)
Payments received for the sale of shares	11,061,790
Less outflow of cash and cash equivalents	(249,334)
Cash flow	**10,812,456**

The purchase price claim was paid in January 2014.

5.2. Other changes in the scope of consolidation

The following companies whose assets and liabilities did not represent a business for the purposes of IFRS 3 at the time of acquisition were acquired in the reporting period:

Le Palais Holding SARL
Prozna Properties Sp. z o.o. (i.L.)
Prozna Investments Sp. z o.o.

The individually identifiable assets and assumed liabilities were recognized at their fair values according to IFRS 3.2 (b). The purchase price for the companies came to EUR 1.5 million; the cash and cash equivalents received amounted to EUR 0.7 million.

5.3. Disposal groups classified as held for sale

At the end of 2012, the operating company of Palace Hotel in Prague and the stake in the Leuchtenbergring joint venture remaining after the partial sale in 2012 were classified as held for sale and reclassified according to IFRS 5. The stake in the Leuchtenbergring joint venture was sold at the beginning of January 2013, and the stake in the operating company of the Palace Hotel at the beginning of July 2013.

At the beginning of April 2013, the assets and liabilities of Le Palais Hotel in Prague were classified as held for sale; the company was sold in December 2013.

The assets and liabilities of all disposal groups changed as follows during the reporting period:

	As of 1/1	Addition	Change in period acc. to IFRS 5	Disposal by sale	As of 31/12
Assets:					
Real estate	19,930,000	15,331,230	(955,949)	(27,005,281)	7,300,000
Joint ventures	4,198,312	–	–	(4,198,312)	–
Other current receivables	486,369	445,745	(643,723)	(183,778)	104,613
Cash and cash equivalents	224,112	175,283	(78,752)	(224,314)	96,329
	24,838,793	15,952,258	(1,678,424)	(31,611,685)	7,500,942
Liabilities:					
Project loan	(13,064,000)	(10,975,844)	(295,141)	19,700,037	(4,634,947)
Current liabilities	(584,761)	(800,277)	859,793	341,156	(184,090)
thereof to associated companies (VI)	*(195,814)*	*(224,490)*	*420,304*	–	–
	(13,648,761)	(11,776,121)	564,652	20,041,193	(4,819,037)
Net assets IFRS 5	**11,190,032**	**4,176,137**	**(1,113,772)**	**(11,570,492)**	**2,681,905**

The assets and liabilities recognized according to IFRS 5 as of the reporting date pertain to the company Evropský Investitcni Holding a.s. Of the total amount of the project loan for the Hotel Savoy, EUR 946,369 are current and the remaining amount is non-current. The project loan has a remaining term of four years. The average interest rate is 2.12 per cent.

The hotel property classified as held for sale was measured at the fair value in the amount of the expected sales proceeds less the anticipated transaction costs. Because this value is not observable, this measurement falls under level 3 of the fair value hierarchy and was determined on the basis of the best available data.

The result of the disposal groups classified as held for sale from the point at which they qualified as held for sale is as follows:

	2013
Profit contribution:	
Income	3,545,426
Expenses	(3,446,587)
Gross profit	98,839
Other finance costs	(473,848)
Impairment charges	(1,016,415)
Pre-tax loss from disposal groups	(1,391,424)
Contribution to profit or loss for the period	(1,391,424)
Contribution to total comprehensive income	**(1,391,424)**
Cash flows:	
Operating activities	(117,231)
Investment activities	(60,466)
Financing activities	98,945
Changes in cash and cash equivalents of disposal groups	**(78,752)**

5.4. Disposal of shares and property in the previous year

The joint venture Sienna Hotel SKA sold the property of the InterContinental hotel in Warsaw under an asset deal in December 2012. The Group still holds its shares in the joint venture. Because of this, the only effect that this sale had on the consolidated financial statements was in “Profit allocation from joint ventures” in the amount of EUR 11,580,357.
In November 2012, 10% of the 49.5% Leuchtenbergring Munich joint venture was sold.
The sale of the Louvre joint venture in 2011 was settled during the reporting period.

All sales had the following effects on the annual financial statements:

	2012
Consolidated income statement	
Agreed (net) purchase price for the shares and real estate 2012	5,000
Purchase price adjustments from sales in prior periods	206,695
Net sale price for the shares	**211,695**

Cash flow:

Payments received related to the sale of the 10% share in the Leuchtenbergring joint venture and the settlement of sales from prior periods break down as follows:

Agreed payments from the sale of shares and properties	5,000
Payments received for sales transactions from prior periods	206,695
Payments received from retained purchase price shares from prior periods	811,463
Cash flow	**1,023,158**

A purchase price adjustment and an inflow of cash to the Group from released accounts in the amount of EUR 2,080,793 was recorded in the reporting period in connection with the sale of the InterContinental hotel in Warsaw.

[06] Notes to the consolidated income statement

6.1. Revenues

Development revenues:
In addition to the hotel revenues and rental revenues, the Group generated development revenues in the amount of EUR 10,019 thousand. Roughly EUR 8,388 thousand of this is revenues from the Le Palais Offices building in Warsaw.

The Group renovated the Le Palais Offices building for the owner. This generated revenues of roughly EUR 8,081 thousand in the previous year.

The property was sold with the involvement of Warimpex during the reporting period. The Group has undertaken to provide various services such as the acquisition of tenants and the completion of finishing work for tenants so that the let building could be sold. The capitalized tenant finishing work was reported as real estate projects under development or construction under the inventories in the previous year, and was retired from the inventories with the realization of the development revenue upon the closing of the sale (see also item 7.7.).

The development revenues also include revenues with joint ventures in the amount of EUR 265,557 (2012: EUR 150,961).

6.2. Expenses directly allocable to revenues

	2013	2012
Breakdown of direct Hotels expenses:		
Expenses for materials and services rendered	(24,984,239)	(26,648,154)
Personnel expenses	(13,974,711)	(14,385,672)
Other administrative expenses	(1,400,922)	(2,211,546)
	(40,359,872)	**(43,245,372)**

Expenses for materials and services rendered include management fees from the Hotels segment to a related party (Vienna International Hotelmanagement AG) in the amount of EUR 3,559,657 (2012: EUR 3,593,624).

	2013	2012
Breakdown of direct Investment Properties expenses:		
Expenses for materials and services rendered	(437,504)	(541,837)
Personnel expenses	(19,998)	(20,700)
Other administrative expenses	(286,272)	(286,853)
	(743,774)	**(849,390)**
Breakdown of direct Development and Services expenses:		
Expenses for materials and services rendered	(686,918)	(784,243)
Personnel expenses	(366,046)	(340,635)
Other services	(5,153,118)	(9,132,211)
	(6,206,082)	**(10,257,089)**

Of the direct expenses for Development and Services, EUR 4,379,503 (2012: EUR 8,591,347) are related to the Le Palais Offices building in Warsaw (see item 6.1.).

6.3. Administrative expenses

	2013	2012
Breakdown:		
Other personnel expenses	(4,842,440)	(3,991,010)
Other administrative expenses	(5,884,126)	(5,274,560)
	(10,726,566)	**(9,265,569)**

6.3.1. Personnel expenses

	2013	2012 adjusted
Breakdown:		
Wages and salaries	(13,811,013)	(14,701,100)
Social security costs	(2,714,257)	(2,867,318)
Other payroll-related taxes and contributions	(612,838)	(626,181)
Voluntary employee benefits	(6,853)	(14,113)
Expenses for posted employees	(1,229,466)	(877,389)
Changes in provisions and expenses related to pensions and severance payments	(630,962)	224,016
Changes in accrual for compensated absences	61,793	(167,127)
	(18,943,596)	(19,029,211)
Changes in payroll-related provisions according to item 7.15.1.	(260,099)	291,195
	(19,203,195)	(18,738,016)
Less personnel expenses directly attributable to revenues	14,360,755	14,747,007
Other personnel expenses	**(4,842,940)**	**(3,991,010)**

During the reporting period, the Group had an average of 1,070 (2012: 1,114) employees.
Please see item 9.3.2.2. for information about directors' remuneration.

6.3.2. Other administrative expenses

	2013	2012
Breakdown:		
Legal fees	(896,703)	(760,689)
Administrative costs	(1,429,954)	(1,065,760)
Advertisement and marketing	(280,733)	(332,297)
Non-recoverable VAT	(445,534)	(427,760)
Lease payments for andel's Krakow and other lease payments	(2,423,123)	(2,595,127)
Property costs	(837,407)	(966,899)
Other administrative expenses	(1,285,954)	(1,624,428)
	(7,599,407)	(7,772,958)
Less other administrative expenses directly attributable to revenues	1,766,780	2,498,399
Sundry other administrative expenses	**(5,832,626)**	**(5,274,560)**

Non-recoverable VAT primarily results from the Dvořák spa hotel in Karlovy Vary, Czech Republic, as this hotel differentiates between its hotel operations and (VAT-exempt) medical spa operations. Property costs consist primarily of owner expenses such as insurance premiums and property taxes.
During the financial year, fees were paid to the Group financial auditor, Ernst & Young Wirtschaftsprüfungs GmbH, Vienna, as follows: EUR 111,000 (2012: EUR 108,000) for auditing services, and EUR 9,500 (2012: EUR 7,155) for other services.

6.4. Depreciation, amortization and revaluation

	2013	2012 adjusted
Breakdown:		
Scheduled amortization and depreciation	(9,746,204)	(10,527,095)
Impairment of property, plant and equipment	(1,499,545)	(1,339,048)
Other impairments acc. to IFRS 5 (see item 5.3.)	(1.016.415)	–
Reversal of impairments on property, plant and equipment	7.762,355	6,879,225
Valuation gains (from investment properties)	1,978,007	2,028,700
Valuation losses (from investment properties)	(154,963)	(401,629)
	(2,676,766)	**(3,359,847)**

The scheduled depreciation, impairments, and impairment reversals pertain to the property, plant ,and equipment (primarily hotel properties) that are recognized at amortized cost according to IAS 16. Valuation gains and losses result from the changes in the fair values of the investment properties, which are recognized at fair value according to IAS 40.

Appraisals were obtained from the property valuation company CBRE Hotels for the hotel properties on the reporting date. These valuations are based on assumptions about the future development of earnings that reflect the prevailing market conditions on the reporting date. In accordance with IFRS, all assets revealed to be impaired were written down to the lower recoverable amounts on the reporting date.

Impairment reversals:
The most important impairment reversals were made in the Hotels segment in the amount of EUR 7,045 thousand (2012: EUR 6,164 thousand). Impairment reversals in the amount of EUR 665 thousand (2012: EUR 716 thousand) were made in the Development and Services segment.

One hotel property was recognized at its fair value, which was determined on the basis of the transaction value, less transaction costs. Please refer to item 5.3. for additional information. For other hotels and for assets in the Development and Services segment, the values were measured on the basis of the value in use, which rose due to higher projected cash flows in annual comparison. The higher projected cash flows are based on expectations of improved occupancy figures in the future and higher room revenues compared with the assumptions used in the valuation as of the prior reporting date.

The capitalization interest rates for determining the value in use are between 8.25% and 12.5%.

The recoverable amount of the property, plant and equipment in the Hotels segment, for which an impairment reversal was recognized in the reporting period, comes to EUR 111,080 thousand; this amount in the Development and Services segment is EUR 3,500 thousand.

Impairments:
All impairments in the reporting period pertain to development properties in the Development and Services segment (2012: minus EUR 257 thousand). In the previous year, impairments of minus EUR 1,082 were recognized in the Hotels segment. The impairments were the result of changes in the estimated future cash flows.

The land is measured at its fair value less costs of disposal or at the value in use according to expert opinions. The valuation falls under level 3 of the fair value hierarchy.

The recoverable amount for property, plant, and equipment for which impairments were recognized in the reporting period is EUR 6,586 thousand.

6.5. Financial revenue

	2013	2012
Breakdown:		
Interest income from cash management	140,890	135,617
Other	211,813	–
Interest gains on other loans	612,421	–
Unrealized gains on derivative financial instrumentsn	–	974,290
thereof from the cross currency swap related to the convertible bond 05/2014: EUR 0 (2012: EUR 972,850)		
	965,124	**1,109,907**

The other financial revenue pertains to the revaluation of the convertible bond 05/2011 to 05/2014 during the year related to the early redemption and exchange with the bonds and convertible bonds issued during the year.

6.6. Financing expenses

	2013	2012
Breakdown:		
Interest on short-term borrowings, project loans and other loans	(12,398,264)	(14,701,002)
Interest on bonds and convertible bonds	(2,811,124)	(1,240,813)
Interest on loans from minority shareholders	(245,769)	(239,483)
Interest paid to related parties	(43,862)	–
Discount expenses on other loans	–	(536,834)
Interest cost for provisions for pensions and other long-term employee benefits	(140,449)	(147,659)
Other financing expenses	(1,312,884)	(1,113,277)
Not-yet realized losses on derivative financial instruments	(421,533)	(6,792)
thereof from the cross currency swap related to the convertible bond 05/2014: EUR 11,108 (2012: EUR 0)		
Realized losses from derivative financial instruments	(540,000)	–
	(17,815,829)	**(17,985,861)**

The not-yet realized losses from derivative financial instruments are the result of the valuation of the embedded derivatives related to the convertible bonds issued during the financial year (see also item 7.13.1.).
Please see item 7.12.5. for information about the terms for interest-bearing financial liabilities. Other financing expenses include lending commitment fees and transaction costs, costs associated with the assumption of financial liabilities, and other loan-related costs distributed over the respective terms using the effective interest rate method.

6.7. Exchange rate changes in the financial result

	2013	2012
Breakdown:		
From (convertible) bonds in PLN	(30,645)	(1,188,425)
From loans in CHF	340,837	(164,111)
From EUR financing in subsidiaries	(3,981,371)	1,311,039
	(3,671,178)	**(41,497)**

The exchange rate gains and losses from CHF loans pertain to unrealized losses from the valuation of CHF loans on the reporting date for which the currency risk is not hedged. Further information is provided in item 8.2.2.
The foreign currency gains and losses related to the financing of subsidiaries pertain to subsidiaries whose functional currency is the respective local currency and the financing is denominated in euros.

6.8. Income taxes

A reconciliation between income tax expense and the product of accounting profit multiplied by the Group's domestic tax rate (valid corporate income tax rate in Austria) of 25% for the reporting period (2012: 25%) is as follows:

	2013	2012 adjusted
Reconciliation of tax expenses:		
Consolidated income statement		
Profit before tax	2,530,199	9,420,175
Accounting profit before income tax x 25% tax rate	(632,550)	(2,355,044)
± Other foreign tax rates	(162,637)	(719,474)
± Effects of tax-exempt results	2,545,198	2,738,794
± Permanent differences	(648,772)	(149,010)
± Expired loss carryforwards	(500,353)	–
± Effects of changes in the previous year	(3,313)	–
± Impairment of deferred tax assets	(32,157)	(114,883)
± Use of previously unrecognized tax assets	1,281,366	3,664,186
± Unused temporary differences	(2,753,405)	(1,929,681)
± Foreign withholding taxes and minimum corporate income taxes	(17,735)	(347,483)
± Effects of exchange rate fluctuations	819,286	(178,569)
Taxes according to the statement of comprehensive income	**(105,071)**	**608,837**
Effective tax rate	4,15%	–6,46%
Consolidated statement of comprehensive income		
± Cash flow hedges	(139,602)	10,520
± Revaluation of available-for-sale securities	127,155	(822,658)
± Remeasurement according to IAS 19	112,695	124,263
± OCI result allocation from joint ventures	(725)	6,194
± Non-controlling interests	16,173	580
± Effects of exchange rate fluctuations	25,589	1,216
	141,285	**(679,885)**

Of the current income taxes in the reporting period, EUR 38,718 are the result of corrections for prior years.

In both the reporting period and the prior periods, no deferred tax liabilities were recognized for unremitted earnings of subsidiaries, since intragroup dividend distributions within the European Union are not taxed.

However, deferred tax assets and liabilities were recognized for all temporary differences associated with joint ventures. Deferred tax assets and liabilities were recognized in the outside basis differences for all temporary differences associated with equity interests in subsidiaries.

The Group has loss carryforwards of EUR 98,372,053 (2012: EUR 102,266,094) at its disposal. Of these tax loss carryforwards, EUR 24,040,618 (2012: EUR 33,548,449) are offset against deferred tax liabilities; deferred taxes were recognized for tax loss carryforwards in the amount of EUR 98,688 (2012: EUR 480,061) because these will be offset against taxable profits in the foreseeable future.

The tax loss carryforwards originated:	
in the Czech Republic (can be carried forward for 5 years, tax rate 19%)	9,042,929
in Poland (can be carried forward for 5 years, tax rate 19%)	12,402,792
in Hungary (can be carried forward indefinitely, tax rate 19%))	2,392,237
in Luxembourg (can be carried forward indefinitely, tax rate 30%)	3,233,163
in Romania (can be carried forward for 7 years, tax rate 16%)	4,253,987
in Russia (can be carried forward for 10 years, tax rate 20%)	13,561,184
in Austria (can be carried forward indefinitely, tax rate 25%)	53,485,762
	98,372,053

Applied loss carryforwards in the amount of EUR 390,121 will expire in the coming financial year. If these cannot be offset against taxable income in the coming financial year, the associated tax expenses will amount to EUR 74,123 in the coming financial year.

No deferred tax claims were recognized for tax loss carryforwards in the amount of EUR 74,232,747 (2012: EUR 68,237,583) because they may not be used against the taxable profits of other companies in the Group and arose in subsidiaries that have been generating losses for some time already.

If the Group had capitalized all deferred tax claims that were not taken into account in the previous years, the profit for the period would have been EUR 1,346,007 lower. However, the equity would be EUR 24,072,648 higher.

Deferred tax assets according to IAS 12.44 (outside basis differences) in the amount of EUR 9,315,170 (2012: EUR 120,221) were not recognized because the the temporary differences are not expected to reverse in the foreseeable future.

Deferred tax liabilities according to IAS 12.38 (outside basis differences) in the amount of EUR 1,906,197 (2012: EUR 605,890) were not recognized because the the temporary differences are not expected to reverse in the foreseeable future.

[07] Notes to the statement of financial position

7.1. Property, plant and equipment

Property, plant and equipment developed and breaks down as follows:

	Land and equivalent rights	Buildings incl. buildings on lease-hold land	Business equipment, (hotel) furniture	technical Plant	Total
Changes in 2012:					
Net carrying amount on 1 January	51,501,647	209,428,873	15,539,505	679,136	277,149,161
Additions	509,655	189,472	1,786,831	27,818	2,513,776
Reclassification according to IFRS 5	(2,437,924)	(16,765,699)	(726,378)	–	(19,930,000)
Scheduled depreciation and amortization	(201,780)	(6,961,690)	(3,217,551)	(49,224)	(10,430,245)
Impairment charges	–	(1,339,048)	–	–	(1,339,048)
Reversal of impairments	715,500	4,690,572	1,473,153	–	6,879,225
Exchange adjustments	416,425	1,088,532	153,776	67,039	1,725,772
Net carrying amount on 31 December	**50,503,523**	**190,331,012**	**15,009,337**	**724,770**	**256,568,642**
Breakdown on 31/12/2012:					
Cost of purchase or construction	52,658,440	260,913,658	35,628,391	984,472	350,184,961
Cumulated amortization and impairment	(2,154,917)	(70,582,646)	(20,619,054)	(259,702)	(93,616,319)
	50,503,523	**190,331,012**	**15,009,337**	**724,770**	**256,568,642**
Thereof pledged as security for interest-bearing loans (see item 7.12.4.)					*254,324,588*
Changes in 2013:					
Net carrying amount on 1 January	50,503,523	190,331,012	15,009,337	724,770	256,568,642
Additions	1,690,289	3,340,475	1,078,540	373,681	6,482,985
Disposals	–	–	(51,606)	–	(51,606)
Reclassification according to IFRS 5	(1,880,000)	(12,965,217)	(484,049)	-	(15,329,265)
Eliminations from the scope of consolidation	–	–	(15,232)	–	(15,232)
Scheduled depreciation and amortization	–	(5,426,119)	(3,970,822)	(67,555)	(9,464,497)
Impairment charges	(409,947)	(1,089,599)	–	–	(1,499,545)
Reversal of impairments	3,197,133	4,512,200	–	–	7,709,332
Exchange adjustments	(317,589)	(4,150,150)	(498,064)	(12,488)	(4,978,291)
Net carrying amount on 31 December	**52,783,409**	**174,470,968**	**10,999,736**	**1,018,407**	**239,272,521**
Breakdown on 31/12/2013:					
Cost of purchase or construction	55,887,851	237,335,285	31,875,365	1,341,489	326,439,989
Cumulated amortization and impairment	(3,104,442)	(62,864,317)	(20,875,628)	(323,081)	(87,167,468)
	52,783,409	**174,470,968**	**10,999,736**	**1,018,407**	**239,272,521**
Thereof mortages for interest-bearing loans (see item 7.12.4.)					*235,641,839*

Further information on the impairments and impairment reversals on property, plant and equipment is provided in item 6.4.

	2013	2012
The Group's uniform estimates for the assets' useful lives are as follows:		
• Buildings (including finance leasing)	60 years	60 years
• Heating facilities and technical equipment – hotels	15 years	15 years
• Furnishings, fixtures, and equipment – hotels	7 years	7 years
• Furniture, fixtures and equipment	7-10 years	7-10 years
• Plant	20 years	20 years

In accordance with IAS 16.43 (component approach), the acquisition costs of hotels are separated into the components of building fabric, heating facilities and technical equipment, and furnishings, fixtures, and equipment, and are subject to scheduled depreciation over differing useful lives.

7.2. Investment properties

The Group measures investment properties at their fair value. Please see Note 8.1.3. for information on the material inputs for this measurement.

The investment properties developed and break down as follows:

	Existing properties	Property under development	**Total 2013**	Total 2012 adjusted
Development:				
Net carrying amount on 1 January	9,823,645	6,209,348	16,032,993	13,562,844
Adjustment due to a change in the accounting method	–	–	–	822,156
Carrying amount on 1 January (adjusted)	9,823,645	6,209,348	16,032,993	14,385,000
Additions	14,083	968,527	982,610	20,921
Net valuation result	369,576	1,453,468	1,823,044	1,627,072
Exchange adjustment	–	(15,647)	(15,647)	–
Net carrying amount on 31 December	**10,207,305**	**8,615,695**	**18,823,000**	**16,032,993**

	31/12/2013	31/12/2012 adjusted	31.12.2011 adjusted
Breakdown:			
Acquisition or construction costs	19,365,652	18,463,356	18,438,831
Cumulated valuation results	(542,652)	(2,430,363)	(4,053,831)
Net carrying amount on 31 December	**18,823,000**	**16,032,993**	**14,385,000**
Thereof land value	*4,485,552*	*2,301,552*	*1,466,781*
Thereof mortages as for interest-bearing loans (see item 7.12.4.)	*18,823,000*	*16,032,993*	*14,385,000*

	2013	2012
Result from investment properties:		
Rental income and charged expenses	1.552,979	1,567,215
Direct expenses	(437,504)	(541,837)
Maintenance and repair	(100,620)	(113,584)
Personnel expenses related to investment properties	(19,998)	(20,700)
Other expenses related to investment properties	(185,652)	(173,270)
Net rental income	**809,205**	**717,825**

The adjustment due to a change in the recognition method pertains to the change from recognition based on the cost of acquisition according to IAS 40.56f to measurement at fair value according to IAS 40.33f. The effects of this change are presented in detail in item 3.2.1.

The additions to the investment properties contain no subsequent acquisition costs.

The other expenses related to investment properties include expenses in the amount of EUR 36,772 (2012: EUR 0) for properties that generate no income.

7.3. Intangible assets

The intangible assets developed and break down as follows:

	Goodwill	Other intangible assets	Total
Changes in 2012:			
Net carrying amount on 1 January	921,266	219,470	1,140,737
Additions	–	906	906
Scheduled amortization	–	(96,850)	(96,850)
Exchange adjustment	–	31	31
Net carrying amount on 31 December	**921,266**	**123,556**	**1,044,823**
Breakdown on 31/12/2012:			
Cost of purchase	921,266	890,670	1,811,937
Cumulated amortization and impairment	–	(767,114)	(767,114)
	921,266	**123,556**	**1,044,823**
Changes in 2013:			
Net carrying amount on 1 January	921,266	123,556	1,044,823
Additions	–	8,469	8,469
Eliminations from the scope of consolidation	–	(233)	(233)
Scheduled amortization	–	(78,684)	(78,684)
Exchange adjustment	–	(24)	(24)
Net carrying amount on 31 December	**921,266**	**51,120**	**972,386**
Breakdown on 31/12/2013:			
Cost of purchase	921,266	725,327	1,646,593
Cumulated amortization and impairment	–	(674,207)	(674,207)
	921,266	**51,120**	**972,386**

The other intangible assets consist primarily of data processing software that is amortized on a straight-line basis. The amortization is included under scheduled amortization and depreciation in the income statement. The average useful life is 5 years.

The recognized goodwill was identified as part of the acquisition of a company and pertains to angelo hotel in Prague.

The recoverable amount of the cash-generating unit is determined on the basis of the fair value (which corresponds to the value in use) in accordance with an external expert opinion. The measurement falls under level 3 of the fair value hierarchy and uses an income-based approach.

The discounted cash flow approach was used to calculate the fair value. The projected cash flow is based on the approved budget for the angelo hotel Prague for the current and coming year. The capitalization factor (yield) for the calculation was 10% (2012: 10%) for the ongoing cash flows. The yield reflects the current market valuation arising from uncertainties about the amounts and timing of future cash flows. In the expert opinion, an extrapolation for 10 years and an exit value in the 11th year with a capitalization factor of 8% (2012: 8%) is calculated on the basis of the budgets and the experience and market knowledge of the appraiser. The assumed growth rate outside of the detailed planning period is 2% (2012: 2%).

Changes to the material inputs that are deemed possible would lead to no write-downs on the goodwill.

7.4. Net investments in joint ventures (recognized using the equity method)

7.4.1. General

The financial investments recognized using the equity method are all net investments in joint ventures. The net investments include shares in the joint ventures and loans extended to joint ventures that are not planned or likely to be repaid in the foreseeable future. Proportionate gains and losses are recognized as allocated results when they are covered by the net investment. Any impairment according to IAS 28.31 is also taken into account.

The Group held stakes in the following joint ventures with the following functions/activities at the end of the financial year:

Company:	Function/activity:
UBX Development (France) SARL	(Holding for UBX II (France) SARL)
→ UBX II (France) SARL	Leaseholder of Dream Castle hotel Paris (finance lease)
Hotelinvestments SARL	(Guarantor for UBX II (France) SARL)
Hotel Paris II SARL	Leaseholder of Magic Circus hotel Paris (finance lease)
IPOPEMA 66 Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych	(Holds the shares in Sienna Hotel S.K.A.)
→ Sienna Hotel S.K.A.	
Lanzarota Investments Sp. z o.o.	Operates the InterContinental hotel in Warsaw
→ Lanzarota Sp. z o.o.	(General partner in Sienna Hotel S.K.A.)
UBX 1 Objekt Berlin Ges.m.b.H	Owns and operates the andel's hotel Berlin
UBX 2 Objekt Berlin Ges.m.b.H	(Owner/developer of the property next to andel's hotel Berlin)
UBX 3 Objekt Berlin Ges.m.b.H.	(Owner/developer of the property next to andel's hotel Berlin)
Berlin Konferenz Betriebs GmbH	(SPV for project development in UBX 2 & 3 Berlin GesmbH)
UBX Katowice Sp. z o.o.	Owns and operates the angelo hotel Katowice
UBX Plzen s.r.o.	Owns and operates the angelo hotel Plzeň
UBX 3 s.r.o.	(Hotel project development in the Czech Republic)
GF Ramba Sp. z o.o.	Owns and operates the Parkur Tower office building
ZAO Avielen A.G.	Owns and operates the Crowne Plaza hotel in St. Petersburg
	Owns and operates the Jupiter 1 and 2 office towers in St. Petersburg
	Developing the Zeppelin office tower in St. Petersburg

Further information about the equity interests can be found in the list of Group companies in item 4.

7.4.2. Breakdown of and changes in the net investments in joint ventures

The net investments in joint ventures developed and break down as follows:

	Capital shares Joint ventures	Loans to Joint ventures	Total
Breakdown as of 31/12/2011 (adjusted):			
Net investments in joint ventures	38,176,378	96,718,873	134,895,251
Cumulated allocated results from the profit or loss for the period	(18,432,535)	(17,026,665)	(35,459,200)
Cumulated allocated results from the other comprehensive income	(24,774)	–	(24,774)
Impairments	–	(6,038,561)	(6,038,561)
	19,719,069	**73,653,647**	**93,372,716**
Breakdown as of 31/12/2012 (adjusted):			
Net investments in joint ventures	38,342,771	76,261,596	114,604,367
Cumulated allocated results from the profit or loss for the period	(22,688,710)	(4,205,966)	(26,894,675)
Cumulated allocated results from the other comprehensive incomes	(24,774)	–	(24,774)
Impairments	–	(1,647,819)	(1,647,819)
	15,629,287	**70,407,812**	**86,037,098**
Breakdown as of 31/12/2013:			
Net investments in joint ventures	38,392,999	82,705,893	121,098,892
Cumulated allocated results from the profit or loss for the period	(18,258,677)	(2,990,043)	(21,248,720)
Cumulated allocated results from the other comprehensive income	(21,873)	–	(21,873)
Impairments	–	(1,825,543)	(1,825,543)
	20,134,322	**79,715,850**	**98,002,756**

The cumulated impairments came to EUR 1,825,543 in the reporting period (2012: EUR 1,647,819; 2011: EUR 6,038,561). They pertain primarily to net investments in the joint ventures to which the Group has extended shareholder's loans in excess of its proportionate share in the entity, and for which the joint venture partner has no contribution obligations.

	2013	2012 adjusted
Changes in the net investments in joint ventures:		
Net carrying amount on 1 January	86,037,098	92,252,489
Adjustment according to IAS 40.31 (switch to fair value)	–	1,120,227
Adjusted carrying amounts on 1 January	**86,037,098**	**93,372,716**
Increase in capital shares	50,228	228,392
IFRS 5 reclassification	–	(4,198,312)
Extension(+)/redemption(-) of loans	1,906,667	(21,815,187)
Use of provisions related to joint ventures	(1,037,347)	–
Interest received from extended loans	4,537,630	5,474,410
Impairments/impairment reversals	(177,724)	5,845,528
Allocated results from the profit or loss for the period	6,683,302	7,154,325
Allocated results from the other comprehensive income	2,902	(24,774)
Net carrying amount on 31 December	**98,002,756**	**86,037,098**

7.4.3. Other information about joint ventures

The following table contains summarized financial information about the net investments in joint ventures. The amounts are adjusted for the Group's share:

	31/12/2013	31/12/2012 adjusted	31/12/2011 adjusted
Share of the assets and liabilities of the joint ventures:			
Current assets	49,740,760	26,609,742	19,689,193
Non-current assets	160,304,357	197,962,686	248,629,800
Current liabilities	(9,148,225)	(37,591,552)	(31,166,044)
Non-current liabilities	(102,897,502)	(103,233,418)	(140,264,720)
Proportionate net capital	97,999,390	83,747,458	96,888,230
Discount on proportionate acquisition of receivables			(4,492,315)
Provisions and uncovered portion of unrecoverable losses from joint ventures	3,365	1,041,113	976,801
	98,002,756	84,788,571	93,372,716
Plus proportionate net capital from joint ventures according to IFRS 5	–	1,248,527	–
Carrying amount of the net investment	**98,002,756**	**86,037,098**	**93,372,716**

The proportionate net capital of all joint ventures breaks down as follows:

	31/12/2013	31/12/2012 adjusted	31/12/2011 adjusted
Proportionate net capital:			
Equity of the joint ventures	17,119,043	9,137,449	2,025,563
Loans received from Warimpex Group (proportionate)	44,265,387	40,920,433	50,918,297
Loans received from joint venture partners (proportionate)	36,614,961	33,689,576	43,944,370
	97,999,390	**83,747,457**	**96,888,230**

	2013	2012 adjusted
Share of the income and expenses of the joint ventures:		
Income	56,433,016	63,897,063
Expenses	(49,753,078)	(56,803,285)
	6,679,937	7,093,778
Allocation/release of provisions related to joint ventures	–	60,546
Result	**6,679,937**	**7,154,325**

7.5. Other financial assets

	31/12/2013	31/12/2012
Non-current:		
Loans and other non-current receivables	5,564,594	5,081,821
Deposits with banks pledged as collateral	4,680,663	1,507,879
Pension reimbursement insurance rights	265,876	2,987,993
Other non-current financial assets	500,000	1,500,000
	11,011,134	**11,077,694**

	31/12/2013	31/12/2012
Current:		
Deposits with banks pledged as collateral	241,127	–
Other	–	2
	241,127	**2**

The assets pledged as security for debts and contingent debts amount to EUR 4,921,790. The terms correspond to the standard terms for each contract partner.

Loans pertain primarily to a non-current purchase price receivable in the amount of EUR 8 million, which has been discounted at a rate of 12% for a remaining term of 3 years.

Deposits with banks pledged as collateral relate to the hotel andel's Krakow, which was sold in 2009 (see item 9.1.3.2), and the InterContinental hotel in Warsaw, which was sold in 2012 (see item 9.1.3.). The other non-current assets pertain to a not freely available financial asset that has been pledged as collateral related to the project loan for angelo Airporthotel Bucharest.

Pension reimbursement insurance rights relate to pension reimbursement insurance taken out to cover pension obligations.

7.6. Deferred taxes (tax assets and liabilities)

The deferred taxes break down and changed as follows:

	Available deferred tax assets		Thereof deferred tax assets recognized	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012 adjusted
Breakdown:				
Temporary differences from property, plan and equipment	3,221,439	3,897,820	596,994	97,978
Temporary differences related to shares in joint ventures	6,441,498	10,404,301	3,836,881	6,403,794
Valuation differences in current assets	585,606	28,865	15,826	13,739
Differences in the tax treatment of long-term employee benefits	278,192	669,320	–	–
Temporary differences from liabilities and provisions	1,425,232	1,877,025	970,523	1,198,361
Tax loss carry-forwards	22,263,476	22,314,784	5,072,912	6,246,925
Wertberichtigungen auf latente Steuern			(805,816)	(187,337)
	34,215,443	39,192,115	9,687,321	13,773,460
Offset within legal tax units and jurisdictions			(9,660,576)	(13,334,548)
			26,745	438,912

	Deferred tax liabilities	
	31/12/2013	31/12/2012 adjusted
Breakdown:		
Temporary differences from property, plant, and equipment	(14,361,336)	(16,428,647)
Revaluation of property, plant and equipment	(1,286,101)	(1,286,101)
Temporary differences related to shares in joint ventures	(3,924,323)	(5,851,803)
Valuation differences in current assets	(787,378)	(1,242,036)
Temporary differences from liabilities and provisions	(670,983)	(651,665)
	(21,030,120)	(25,460,252)
Offset within legal tax units and jurisdictions	9,660,576	13,334,548
	(11,369,544)	(12,125,704)

	Deferred tax assets		Deferred tax liabilities	
	2013	2012 adjusted	**2013**	2012 adjusted
Breakdown:				
Balance of deferred items on 1 January		351,654		(12,386,386)
Change of accounting methods (IAS 40)		(109,853)		(13,839)
As of 1 January (adjusted)	438,912	241,801	(12,125,704)	(12,400,225)
Changes in the scope of consolidation	84,696	–	(193)	–
Change recognized in equity:				
Foreign currency translation	(304,500)	2,226	346,262	(429)
Other comprehensive income from joint ventures	(725)	6,194	–	–
Revaluation of securities available for sale	–	(296,426)	127,155	(526,232)
Revaluation according to IAS 19	112,695	124,263	–	–
Cash flow hedges	–	–	(139,602)	10,520
Change recognized in profit or loss for the period	(304,333)	360,855	422,538	790,662
Balance on 31 December	26,745	438,912	(11,369,544)	(12,125,704)

7.7. Inventories

	31/12/2013	31/12/2012
Breakdown:		
Inventory	699,585	833,920
Real estate projects under development or construction	–	1,124,196
	699,585	**1,958,116**

Inventory primarily relate to the hotels' stocks of food and beverages and are of a short-term nature. There was no need to recognize impairments on the inventories.

The amount of inventories that was recognized as expenses in the reporting period can be seen in item 6.2. (expenses directly allocable to revenues).

The real estate projects reported on 31 December 2012 pertain to the Offices building in Warsaw. Further information can be found in the revenues disclosures in item 6.1.

7.8. Trade and other receivables (current)

	31/12/2013	31/12/2012
Breakdown:		
Trade receivables	3,068,953	3,358,544
(thereof related to Le Palais Offices in Warsaw)	*626,641*	*1,026,056*
Receivables from tax authorities	809,418	312,760
Receivables relating to the sale of subsidiaries	2,733,062	–
Advance payments made	300,588	740,678
Other current receivables and assets	1,108,970	801,527
Receivables due from joint ventures	38,197	76,948
Deferred expenses	529,638	544,617
	8,588,826	**5,835,074**

The receivables relating to the sale of subsidiaries pertain to the disposal of the company Le Palais Praha s.r.o. (see item 5.1.) and were received in January 2014.

The maturity structure of trade receivables is as follows:

	31/12/2013	31/12/2012
Breakdown:		
• Neither overdue, nor bad debt provision made	2,470,346	2,446,029
• 30 days overdue, no bad debt provision made	380,693	532,395
• 60 days overdue, no bad debt provision made	147,253	125,571
• 90 days overdue, no bad debt provision made	51,956	88,259
• 120 days overdue, no bad debt provision made	16,612	18,872
• >120 days overdue, no bad debt provision made	2,092	147,417
• Impaired receivables	234,554	313,172
	3,303,507	**3,671,715**

Specific provisions for trade receivables developed as follows:

	2013	2012
Development:		
As of 1 January	(313,172)	(223,098)
Changes in the scope of consolidation	15,728	–
Use of impairments	(15,044)	(84,090)
Allocation of impairments	62,819	–
Exchange effects	15,114	(5,984)
Balance on 31 December	**(234,554)**	**(313,172)**

Trade receivables are non-interest-bearing and generally have terms of ten to ninety days.

7.9. Securities, available for sale

	2013	2012
Development:		
Carrying amount on 1 January	7,279,433	3,988,802
Additions	1,836,189	–
Revaluation	(508,621)	3,290,631
Carrying amount on 31 December	**8,607,000**	**7,279,433**

The available-for-sale securities pertain to a 9.88% share in Palais Hansen Immobilienentwicklung GmbH, which owns the Palais Hansen property. The Palais consists of a hotel, which was opened in March 2013, and luxury apartments. As there is no active market for this shareholding, its measurement is based primarily on purchase prices for comparable apartment transactions, and for the hotel portion on a fair value calculated using the discounted cash flow method, and was determined on the basis of an appraisal.

7.10. Cash and cash equivalents

	31/12/2013	31/12/2012
Breakdown:		
Cash in hand	121,940	156,848
Cash at banks	4,826,537	6,511,935
Other	–	476,185
	4,948,478	**7,144,968**

This item consists of cash and cash equivalents.
Cash at banks earns interest at variable rates based on daily bank deposit rates. Short-term deposits are made for varying periods which depend on the liquidity requirements of the Group and range from one to three months. They earn interest at the respective short-term deposit rates.
The fair value of cash and cash equivalents corresponds to the carrying amount.

7.11. Equity

7.11.1. Share capital, earnings per share

The Company's share capital is divided into 54,000,000 non-par-value shares and is fully paid up.
At the reporting date, the Company had purchased 66,500 treasury shares at an average price of EUR 4.53 per share.
The weighted average number of shares in free float between 1 January 2012 and 31 December 2013 was 53,933,500.

	31/12/2013	31/12/2012
Breakdown of shares and potential shares:		
Shares 1 January to 31 December	54,000,000	54,000,000
Less treasury shares	-66,500	-66,500
Weighted average number of shares	**53,933,500**	**53,933,500**
Dilution effect of potential shares:		
Approved shares convertible bond 05/2011–05/2014 weighted	2,526,000	5,179,828
Approved shares convertible bond 04/2013–03/2016 weighted	2,776,592	–
Approved shares convertible bond 10/2013–10/2016 weighted	360,462	–
Weighted approved shares convertible bonds	5,663,054	5,179,828
Weighted average number of shares adjusted for the dilution effect	59,596,554	59,113,328

	2013	2012 adjusted
Earnings per share (based on the weighted average number of shares):		
Profit or loss for the period allocable to the shareholders of the Group:		
Undiluted	2,613,354	7,951,251
Adjustment related to potential conversion of convertible bonds	1,620,595	1,290,445
Diluted	5,424,478	9,192,062
Earnings per share, undiluted = diluted	0.05	0.15

	2013	2012
Changes in approved shares from convertible bond 2011–2014		
As of 1 January	5.179,828	5,179,828
Buyback/exchange of convertible bond	-4,202,502	–
Balance on 31 December	**977,326**	**5,179,828**
Changes in approved shares from convertible bond 04/2013–03/2016		
As of 1 January	–	–
Issue	3,753,541	–
Balance on 31 December	**3,753,541**	**–**
Changes in approved shares from convertible bond 10/2013–10/2016		
As of 1 January	–	–
Issue	2,156,863	–
Balance on 31 December	**2,156,863**	**–**

When calculating the undiluted earnings per share, the result attributable to the holders of shares in the parent company is divided by the weighted average number of shares in circulation during the reporting period.

When calculating the diluted earnings per share, the result attributable to the holders of shares in the parent company, adjusted for changes related to a conversion of the potential shares, is divided by the weighted average number of shares in circulation during the reporting period plus the weighted average number of shares that would result from the conversion of the convertible bond. This diluted result is only applied when the conversion would reduce the earnings per share or would increase the loss for the period. Otherwise, the diluted result is the same as the undiluted result.

The Company has no knowledge of special rights or limitations that are associated with the shares.

According to the Austrian Stock Corporation Act, the separate financial statements as of 31 December 2013 of the parent company Warimpex Finanz- und Beteiligungs AG, which have been prepared under the Austrian Uniform Commercial Code, provide the basis for the declaration of a dividend.

These financial statements show retained earnings in the amount of EUR 5,016,020, which corresponds to the net profit. Pursuant to the provisions of the Austrian Enterprise Code, the retained earnings are subject to a profit distribution restriction. The managing directors propose to the annual general meeting to carry forward the retained earnings.

7.11.2. Capital management

The equity reported in the consolidated financial statements is used for the purposes of capital management at the Group level. The primary objective of the Group's capital management policy is to ensure that the Group preserves a favourable equity ratio to support its business activities and maximize shareholder value.

The Group is not subject to capital requirements, either under its articles of association or under external regulations. Legal requirements only apply to the share capital and legal reserves, and are complied with in full.

The Group monitors its capital on the basis of its equity ratio, which should be between 20% and 40%.

The equity ratio was 23.2% on the reporting date (2012: 21.7%), and was within the target range.

	31/12/2013	31/12/2012
Determining the equity ratio:		
Equity	92,376,048	90,861,977
Borrowings	306,351,769	327,394,570
Total liabilities	398,727,817	418,256,547
Equity ratio in%	**23.2%**	**21.7%**

7.11.3. Reserves

In addition to the share capital from the parent company, the Group's equity consists of the following reserves: capital reserve and other reserves (revaluation reserve, reserve for currency translation, available-for-sale reserve, cash flow hedge reserve, IAS 19 reserve). Further information about the type and purpose of the reserves can be found in item 3.21.

The other comprehensive income per unit of equity capital breaks down as follows:

	Revaluation reserve	reserve for currency conversion	Available-for-sale reserve	Cash flow Hedge reserve	IAS 19 reserve	Total
Changes in 2012 (adjusted):						
As of 1 January	5,358,755	(3,708,252)	–	(557,458)	–	1,093,045
Other comprehensive income (ongoing)	–	341,090	3,290,631	(55,366)	(497,052)	3,079,303
Other comprehensive income from joint ventures	–	(24,774)	–	–	–	(24,774)
(Deferred) taxes	–	7,410	(822,658)	10,520	124,263	(680,465)
Total other comprehensive income	–	323,726	2,467,973	(44,846)	(372,789)	2,374,064
Balance on 31 December	**5,358,755**	**(3,384,526)**	**2,467,973**	**(602,304)**	**(372,789)**	**3,467,108**
Changes in 2013:						
As of 1 January	5,358,755	(3,384,526)	2,467,973	(602,304)	(372,789)	3,467,108
Changes in scope of consolidation	–	144,380	–	–	–	144,380
thereof reclassification to profit or loss	–	*144,380*	–	–	–	*144,380*
Other comprehensive income (ongoing)	–	(627,271)	(508,621)	741,906	(450,781)	(844,766)
thereof reclassification to profit or loss	–	–	–	*540,000*	–	*540,000*
Other comprehensive income from joint ventures	–	2,902	–	–	–	2,902
(Deferred) taxes	–	24,863	127,155	(139,602)	112,695	125,112
Total other comprehensive income	–	(599,506)	(381,466)	602,304	(338,086)	(716,753)
Balance on 31 December	**5,358,755**	**(3,839,652)**	**2,086,507**	**–**	**(710,875)**	**2,894,736**

The other comprehensive income allocable to non-controlling interests in the amount of minus EUR 446,339 pertains to currency translation to which deferred taxes of EUR 16,173 apply.

7.12. Financial liabilities

Financial liabilities contain interest-bearing liabilities – primarily convertible bonds, bonds, and loans from financial institutions or companies – that serve to cover the Group's financing needs. These do not correspond to the financial liabilities for the purposes of IAS 32, which are shown separately under item 8.1.1.

7.12.1. Convertible bonds

	31/12/2013	31/12/2012
Breakdown:		
Convertible bond 05/2011–05/2014	2,980,156	15,396,168
Convertible bond 04/2013–03/2016	5,391,158	–
Convertible bond 10/2013–10/2016	2,636,937	–
	11,008,252	**15,396,168**

Please refer to the information in item 3.22. and the information about the embedded derivative financial instruments in item 7.13.1. for details about the recognition of the convertible bonds. The potential shares from the convertible bonds are shown in item 7.11.1.

Convertible bonds with a total nominal value of PLN 66.25 million (roughly EUR 16.8 million) were issued in 2011. The denomination is PLN 250,000. The convertible bonds have a term of three years and come due for redemption on 6 May 2014. The conversion price was set at PLN 12.79. The coupon dates are 6 November and 6 May of each year. The interest rate is 8.5%. Convertible bonds with a total nominal value of PLN 53.75 million (roughly EUR 12.9 million) were redeemed or exchanged for newly issued convertible bonds in the reporting period.

In spring 2013, convertible bonds with a total nominal value of PLN 26.5 million (EUR 6.4 million) and a denomination of PLN 250,000 were issued with a term of three years and a coupon of 4.875% p.a., payable semi-annually. The coupon dates are 31 October and 30 April of each year. The conversion price was set at PLN 7.06. A share of PLN 6.5 million (roughly EUR 1.6 million) was swapped out of the existing convertible bonds from 2011. Of the issue proceeds, PLN 6.5 million (roughly EUR 1.6 million) were used for the early redemption of the convertible bonds from 2011.

In October 2013, convertible bonds with a total nominal value of PLN 16.5 million (roughly EUR 3.9 million) were issued with a term of three years and a coupon of 3.9% p.a., payable semi-annually on 30 April and 31 October of each year. The conversion price was set at PLN 7.65. A share of PLN 13.5 million (roughly EUR 3.2 million) was swapped out of the existing convertible bonds from 2011. Of the issue proceeds, PLN 0.5 million (roughly EUR 0.1 million) were used for the early redemption of the convertible bonds from 2011.

In addition, proportionate transaction costs were recognized according to the effective interest rate method.

7.12.2. Other Bonds

	31/12/2013	31/12/2012
Breakdown:		
Bond 03/2013–03/2016	15,127,438	–
Bond 10/2013–10/2017	1,992,107	–
	17,119,545	**–**

A bond with a total nominal value of PLN 63.065 million (roughly EUR 15.3 million) was issued at the beginning of March 2013. The coupon is 7% plus the six-month WIBOR, with semi-annual payment on 31 March and 30 September of each year. The term is three years. A nominal share of PLN 26.75 million (roughly EUR 6.5 million) was swapped out of the existing convertible bonds from 2011.

In October 2013, a bond was issued with a total nominal value of PLN 8.5 million (roughly EUR 2 million), a term of four years, and a coupon of 6.4% p.a. plus the six-month WIBOR, payable semi-annually on 30 April and 31 October of each year. It includes a call option for Warimpex after three years. The call option is an embedded derivative that has not been assigned a separate value.

In addition, proportionate transaction costs were recognized according to the effective interest rate method.

7.12.3. Other financial liabilities (loans)

	31/12/2013	31/12/2012
Breakdown of non-current loans:		
Project loans	159.242,089	136,391,006
Holding company borrowing facilities	647,577	12,766,368
Loans from non-controlling interests	3,766,884	3,613,990
Other loans	22,647,322	19,735,135
	186,303,872	**172,506,498**

	31/12/2013	31/12/2012
Breakdown of current loans:		
Overdraft and borrowing facilities	22,130,353	19,106,605
Project loans	23,985,695	58,306,127
Other loans	4,035,815	3,359,172
	50,151,522	80,771,904
Total loans	**236,455,394**	**253,278,402**

Please see Note 8.2.4. for information on the maturity of the project loans.

Loans with overdue payments:
On the reporting date, payments in the amount of EUR 4,392 thousand were outstanding for credit obligations of EUR 20,677 thousand. The Group is in constant, open contact with the corresponding credit institutions in this regard, and agreed a new repayment plan for the borrowing facility in the amount of EUR 9,998 thousand before the approval of the publication of the consolidated financial statements. The maturity of this loan was extended to 1 July 2015. The remaining amount pertains to a project loan in Hungary for which negotiations for extension and subsequent refinancing with multiple banks are currently under way.

7.12.4. Changes in interest-bearing financial liabilities

The interest-bearing financial liabilities developed and break down as follows:

	Project loans	Borrowing loans	Bonds, convertible bonds	Loans from minorities and others	Total
Changes in 2012:					
As of 1 January	212,235,361	43,793,669	13,774,416	28,609,552	298,412,998
Reclassification according to IFRS 5	(13,064,000)	–	–	–	(13,064,000)
Borrowing/cumulated interest	–	5,989,845	–	2,900,439	8,890,284
Repayment of loans	(5,590,121)	(17,910,541)	–	(5,528,067)	(29,028,729)
Exchange rate and other changes	1,115,892	–	1,621,752	726,373	3,464,016
Balance on 31 December	**194,697,132**	**31,872,973**	**15,396,168**	**26,708,297**	**268,674,570**
thereof current (due < 1 year)	*58,306,127*	*19,106,605*	*–*	*3,359,172*	*80,771,904*
thereof non-current (due > 1 year)	*136,391,006*	*12,766,368*	*15,396,168*	*23,349,125*	*187,902,666*
Changes in 2013:					
As of 1 January	194,697,132	31,872,973	15,396,168	26,708,297	268,674,570
Reclassification according to IFRS 5	(11,270,985)	–	–	–	(11,270,985)
Reclassification other	–	–	–	–	–
Borrowing/cumulated interest	53,407,531	–	15,164,588	1,303,751	69,875,870
Repayment of loans	(53,950,382)	(9,095,383)	(1,699,993)	(5,404,558)	(70,150,316)
Exchange rate and other changes	344,487	–	(732,966)	7,842,530	7,454,051
Balance on 31 December	**183,227,784**	**22,777,590**	**28,127,797**	**30,450,020**	**264,583,191**
thereof current (due < 1 year)	*23,985,695*	*22,130,353*	*2,980,156*	*4,035,815*	*53,131,679*
thereof non-current (due > 1 year)	*159,242,089*	*647,237*	*25,147,640*	*26,414,206*	*211,451,512*

Financial liabilities in a total amount of EUR 210,739,056 (2012: EUR 224,567,795) are secured by mortgages on land and buildings. Of this, EUR 191,916,056 (2012: EUR 208,534,802) pertain to property, plant and equipment and EUR 18,823,000 (2012: EUR 16,032,993) to investment properties.

7.12.5. Interest rate terms on financial liabilities

	31/12/2013	31/12/2012
Interest on financial liabilities:		
Thereof fixed rate	141,258,243	114,181,730
Thereof variable rate	123,324,947	154,492,839
	264,583,191	**268,674,570**
Interest rate in per cent:		
Fixed rate percentage share	53%	42%
Variable rate percentage share	47%	58%

Range of the variable interest for:	Basis	Surcharge 2013	Surcharge 2012
• Bonds	6M-WIBOR	6,4 – 7%	n/a
• Overdraft/borrowing facilities	3M-EURIBOR	1,5 – 3%	1,5 – 2,25%
• Project loans	3M-SFR-LIBOR	0,5 – 2,25%	0,5 – 2,25%
	3M-EURIBOR	1,75 – 4,5%	1,3 – 4,5%

Please see item 8.1.1. for information about the market values of interest-bearing financial liabilities.

7.13. Derivative financial instruments

7.13.1. Breakdown

	31/12/2013	31/12/2012
Non-current:		
Conversion rights related to convertible bonds	2,730,042	–
Interest rate swaps related to Chopin Hotel project financing	98,073	–
	2,828,115	**–**
Current:		
Cross currency swap related to convertible bond 2011–2014	549,595	538,486
Interest rate swap related to Chopin Hotel project financing	–	741,906
	549,595	**1,280,393**

The conversion rights are embedded derivatives related to the PLN convertible bonds issued during the reporting period. Further information about the fair value is provided in item 8.1.3.

Because of the terms of the underlying transactions (convertible bonds), which entitle the holder to convert the bond into equity capital or to demand the repayment of the nominal value on the maturity date, no payment flows are associated with the embedded derivatives reported in accordance with IAS 32 and IAS 39.

7.13.2. Derivative financial instruments related to financing loans

The following derivative financial instruments are related to financing agreements and serve to hedge interest rate and currency risks. The most important terms and parameters are as follows:

	2013	2012
Interest rate swap related to Chopin Hotel financing loan, Krakow (until 09/2013)		
Agreement: 3-month EURIBOR against 3.91%		
Nominal loan amount on 31 December	–	9,807,075
Fair value of swap on 31 December	–	(741,906)

The loan was refinanced and the associated interest rate swap, which was reported as a cash flow hedge, settled during the financial year. A reclassification from equity to total profit or loss took place and can be seen in the statement of comprehensive income.

	2013	2012
Two interest rate swaps related to the lease-back transaction for Chopin Hotel, Krakow (until 09/2015)		
Agreement: 3-month EURIBOR against 1.4% and 1.45%		
Nominal loan amount on 31 December	12,750,775	–
Fair value of swaps on 31 December	(98,073)	–

The interest rate swaps were concluded for an amount of 40% of the total financing and have terms and payment dates corresponding to those of the lease-back agreement.

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

On 6 November and 6 May (starting on 6 November 2011 and ending on 6 May 2014), the Group receives 8.5% interest for the nominal amount of PLN 38.2 million and pays 6.7% interest for the nominal amount of EUR 9,714,514. At the end of the term, the Group pays EUR 6.875 million and receives PLN 27 million (FX rate 3.927) and EUR 2.839 million in exchange for PLN 11.2 million (FX rate 3.945)..

	2013	2012
Fair value on 31 December	(549,595)	(538,486)

The derivative financial instruments related to financial liabilities serve solely to hedge interest rate and currency risks related to the financing agreements. The notional amounts presented relate to the volume of the underlying of the derivative financial instruments as of the reporting date. The expected cash flows are substantially lower. The reported fair values correspond to the valuations of the respective financial institutions that are party to the contracts. The Group's credit risk and the credit risk of the contract partner were not taken into account due to the immateriality of the amounts. The negative fair values of these instruments are presented within current liabilities under the heading "Derivative financial instruments", positive fair values are presented within current assets under the heading "Other financial assets".

7.14. Other non-current liabilities

	31/12/2013	31/12/2012
Breakdown:		
Security deposits received	177,598	767,162
Leasing obligations (operating)	–	6,569
Trade liabilities due to joint ventures	3,875,000	–
	4,052,598	**773,731**

The liabilities due to joint ventures pertain to a received payment, which serves as collateral for a guarantee issued by Warimpex for the joint venture vis-à-vis third parties.

7.15. Provisions

The provisions pertain to pensions and other long-term employee benefits and other provisions. The provisions for pensions and other long-term employee benefits are long-term provisions.

7.15.1. Provisions for pensions and other long-term employee benefits (note 3.18)

	Voluntary commitments for pension benefits	Legal obligations for severance payments	Legal obligations for long-term service bonuses	Total
Changes in 2012 (adjusted):				
As of 1 January	1,929,736	1,032,405	78,123	3,040,264
Service costs	(43,684)	109,863	9,036	75,216
Remuneration	(218,698)	(147,713)	–	(366,411)
Change recognized in personnel expenses	(262,381)	(37,850)	9,036	(291,195)
Revaluation recognized in other comprehensive income	497,052	–	–	497,052
Interest costs	96,486	47,541	3,632	147,659
Balance on 31 December	**2,260,893**	**1,042,096**	**90,791**	**3,393,780**
Changes in 2013:				
As of 1 January	2,260,893	1,042,096	90,791	3,393,780
Service costs	223,624	61,420	(24,945)	260,099
Allocation of pension reimbursement insurance	539,504	–	–	539,504
Change recognized in personnel expenses	763,128	61,420	(24,945)	(2,093,721)
Actuarial losses from changed financial assumptions	43,066	(45,948)	(2,882)	
Other (restatements based on experience)	(2,539)	(364,386)	(366,925)	
Remeasurement recognized in other comprehensive income	40,527	410,254	–	450,781
Settlement of pension reimbursement insurance	(2,893,324)	–	–	(2,893,324)
Interest costs	90,436	47,621	2,392	140,449
Balance on 31 December	**261,660**	**1,561,391**	**68,238**	**1,891,289**

The provisions are determined using the projected unit credit method. The salary increase is estimated at 2.75% (2012: 2.75%) for severance payments and for anniversary bonuses. The annual increase for pension entitlements is contractually set at 2.125%. The discount rate is 3.5% (2012: 4%). A fluctuation discount was not applied. The provision is valued in accordance with the actuarial tables AVÖ 2008-P für Angestellte. The average term of the obligations for pension benefits is 37.5 years and for severance payments 6.3 years.

During the financial year, entitlements resulting from the pension reimbursement insurance were transferred to Management Board members. The transactions with Management Board members are presented under item 9.3.2.2.

The following table shows the sensitivity of the net cash values of the obligations in response to certain changes in the inputs that, based upon reasonable judgement, may in principle occur. All other variables remain constant.

Actuarial assumption	Possible change	Change in the net cash value for: Voluntary commitments for pension benefits	Change in the net cash value for: Severance payments
Discount rate	+ 1 percentage point	(78,498)	(88,999)
Discount rate	- 1 percentage point	116,177	103,052
Salary increase	+ 0,5 percentage points		48,403
Salary increase	- 0,5 percentage points		(45,280)

The amounts for the current period and the past four reporting periods are as follows:

	2013	2012	2011	2010	2009
• Defined benefit obligations	1,891,289	3,393,780	3,040,264	3,333,555	3,234,434
• Revaluations (actuariale gains/losses)	450,781	497,052	(223,544)	(57,045)	(54,307)

7.15.2. Other provisions

	Current	Non-currrent	Total
Changes in 2012:			
As of 1 January	1,330,616	976,801	2,307,417
Utilized	(50,850)	–	(50,850)
Release	(95,889)	60,546	(35,343)
Transfers according to IFRS 5	(18,514)	–	(18,514)
Exchange adjustments	6,102	–	6,102
Balance on 31 December	**1,171,465**	**1,037,347**	**2,208,812**
Changes in 2013:			
As of 1 January	1,171,465	1,037,347	2,208,812
Changes in the scope of consolidation	(33,762)	–	(33,762)
Utilized	(571,096)	–	(571,096)
Additions	(12,594)	–	(12,248)
Release	–	(1,037,347)	(1,037,347)
Transfers according to IFRS 5	(51,912)	–	(51,912)
Exchange adjustments	(2,196)	–	(2,196)
Balance on 31 December	**499,905**	**–**	**499,905**

The projected cash flow from current provisions is generally for a period of up to 12 months. The non-current provisions from the previous year pertain solely to provisions related to joint ventures when the proportionate equity is lower than the available measurable assets and the Group is subject to obligations. The provision was released in the financial year due to the increase in the net investment in the joint venture.

An external tax audit of Warimpex Finanz- und Beteiligungs AG was begun during the financial year, and was not yet completed at the time that the annual financial statements were prepared. The Group accounted for any back tax payments that may be required in the provisions.

7.16. Deferred income

The deferred income relate to the deferred disposal profit from a sale and lease-back transaction ("refinancing") for the property and building of Chopin Hotel in Krakow. The disposal profit from the sale transaction will be realized over the term of the leasing agreement until 2018.

7.17. Trade payables

	31/12/2013	31/12/2012
Breakdown:		
Trade liabilities	3,525,330	4,190,291
(thereof related to Le Palais Offices, Warsaw)	*397,658*	*1,270,920*
Interest-bearing construction invoice for andel's hotel Łódź	–	8,676,736
Trade liabilities due to joint ventures	502,223	298,801
Trade liabilities due to related parties	4,754,048	4,707,840
Other liabilities	3,483,659	3,502,536
Security deposits received	233,161	–
Advance payments received	638,727	3,769,159
(thereof related to Le Palais Offices, Warsaw)	*–*	*2,993,561*
	13,137,148	**25,145,363**

Other payables contain tax liabilities of EUR 1,004,250 (2012: EUR 1,341,923), liabilities for social security contributions of EUR 308,012 (2012: EUR 351,758), and accruals for compensated absences of EUR 435,019 (2012: EUR 534,327).

For information on terms and conditions for transactions with related parties, please refer to item 9.3.2.

Trade receivables are non-interest-bearing and generally have terms of 10 to 60 days. Current tax liabilities and liabilities for social security contributions are non-interest-bearing, except for late payment. These liabilities are generally due within 30 days. Other liabilities are non-interest-bearing.

The current interest-bearing liability related to andel's hotel Łódź was converted into a loan with a repayment plan during the reporting period, and is therefore presented under the other loan liabilities in 2013.

[08] Information about financial instruments, at fair value and about financial risk management

8.1. Financial instruments and fair value

The following information is based on the rules of IFRS 7 regarding financial instruments and of IFRS 13 regarding fair value, which was mandatory for the first time in the reporting period.

8.1.1. Carrying amounts and fair values by classes and measurement categories

The following shows the carrying amounts for financial instruments and for assets and liabilities that are measured at fair value, broken down by classes.

Measurement category according to IAS 39 or other IFRS	Assets – classes	IFRS 13 Level	Carrying amount **31/12/2013**	Fair value **31/12/2013**	Carrying amount 31/12/2012	Fair value 31/12/2012
IAS 40	Investment properties (existing)	3	10,207,305	10,207,305	9,821,977	9,821,977
IAS 40	Investment properties (in development)	3	8,615,695	8,615,695	6,211,016	6,211,016
IAS 19	Refund claims (other financial assets)		265,876	265,876	2,987,993	2,987,993
LaR	Other financial assets		10,874,905	10,874,905	8,089,701	8,089,701
	Non-current non-financial assets and non-current assets not measured at fair value		338,274,408		344,089,474	
	Total non-current assets		368,238,189		371,200,161	
LaR	Receivables		7,190,309	7,190,309	4,237,021	4,237,021
LaR	Cash and cash equivalents		4,852,149	4,852,149	7,144,968	7,144,968
AfS	Available-for-sale securities	3	8,607,000	8,607,000	7,279,433	7,279,433
IFRS 5	Disposal groups held for sale	3	7,480,413	7,480,413	24,838,793	24,838,793
	Non-financial current assets and current assets not measured at fair value		2,412,248		3,556,172	
	Total current assets (including IFRS 5)		30,489,628		47,056,386	
	Total assets		**398,727,817**		**418,256,547**	

Measurement category according to IAS 39 or other IFRS	Liabilities – classes	IFRS 13 Level	Carrying amount **31/12/2013**	Fair value **31/12/2013**	Carrying amount 31/12/2012	Fair value 31/12/2012
FL	Fixed-rate convertible bonds	3	(8,028,095)	(8,781,045)	(15,396,168)	(15,396,168)
FL	Variable-rate bonds	3	(17,119,545)	(17,331,816)	–	–
FL	Fixed-rate loans	3	(113,490,566)	(124,386,600)	(84,389,437)	(82,660,222)
FL	Variable-rate loans	3	(72,813,306)	(75,263,743)	(88,117,062)	(86,363,081)
FL	Other non-current liabilities		(4,052,598)	(4,052,598)	(773,731)	(773,731)
FVTPL	Derivative financial instruments – conversion rights	3	(2,730,042)	(2,730,042)	–	–
FVTPL	Derivative financial instruments – interest rate swaps	3	(98,073)	(98,073)	–	–
FL	Provisions for pensions		(261,660)	(261,660)	(2,260,893)	(2,260,893)
	Non-financial non-current liabilities and non-current liabilities not measured at fair value		(15,018,871)		(14,295,938)	
	Total non-current liabilities		(233,612,755)		(205,233,227)	
FL	Fixed-rate convertible bonds	3	(2,980,156)	(2,986,928)		
FL	Liabilities		(10,777,586)	(10,777,586)	(21,376,204)	(21,376,204)
FL	Fixed-rate loans	3	(16,759,426)	(17,008,222)	(14,396,126)	(14,628,314)
FL	Variable-rate loans	3	(33,392,097)	(33,447,758)	(66,375,778)	(66,179,681)
FVTPL	Derivative financial instruments	3	(549,595)	(549,595)	(538,486)	(538,486)
Hedge	Derivative financial instruments with hedging relationships	3	–	–	(741,906)	(741,906)
IFRS 5	Disposal groups held for sale	3	(4,768,707)	(4,768,707)	(13,648,761)	(13,648,761)
	Non-financial current liabilities and current liabilities not measured at fair value		(8,280,153)		5,084,081	
	Total current liabilities (including IFRS 5)		(72,739,014)		(122,161,343)	
	Total liabilities		**(306,351,769)**		**(327,394,570)**	

Note:
LaR = loans and receivables
AfS = available for sale
FVTPL = at fair value through profit or loss
FL = financial liabilities at amortized cost
Hedge = derivative financial instruments with a hedging relationship

The fair values were determined as follows:

The investment properties are recognized at fair value according to IAS 40. The fair values of the properties is calculated by an external real estate appraiser using the discounted cash flow (DCF) approach. Please see item 3.4.2. for information about the latitude of judgement and material estimates.

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

Please see items 7.9. and 8.1.3. for information about the measurement of the fair value of the available-for-sale financial assets.

The valuation of the disposal groups recognized according to IFRS 5 is described under item 5.3.

The fair value for convertible bonds, bonds, and loans in level 3 was determined by discounting the future payment flows with the Group-specific interest rate for new financing as estimated on the reporting date, taking the Group‘s credit risk into account.

The conversion rights represent embedded derivative financial instruments that were measured using the Black/Scholes model, taking the Group‘s credit risk into account.

The other derivatives pertain to interest rate and cross currency swaps, and are measured by the credit institutions with which the derivative transactions were concluded using recognized valuation models. The performance risk of the contract partners and the Group’s own credit risk were deemed to be immaterial, and were therefore not taken into account separately.

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

Development:	**2013**
Net carrying amount on 1 January	22,032,033
Additions	(9,317)
Disposals	540,000
Profit or loss through valuation result	1,271,936
Other comprehensive income valuation result	217,639
Net carrying amount on 31 December	**24,052,290**

An amount of EUR 540,000 pertains to realized losses from the settlement of a cash flow hedge and was reclassified from other comprehensive income to profit or loss. The other valuation result pertains to unrealized gains and losses that relate to the valuation result under write-downs and to value changes and the financing expenses on the statement of comprehensive income.

8.1.3. Measurement methods and inputs (recurring fair value measurement)

Level	Classes	Measurement method	Material inputs
3	Investment properties (existing)	Income-based	Capitalization interest rate, sustainable Estimated rent value (ERV)/m²
3	Investment properties (in development)	Income-based	Outstanding investment costs, property value
3	Available-for-sale securities	Income-based	Capitalization interest rate
3	Non-current derivative financial instruments – conversion right	Income-based	Volatility, share prices
3	Non-current derivative financial instruments – interest rate swaps	Income-based	Interest rate structure curve
3	Current derivative financial instruments	Income-based	Interest rate structure curve

INo changes were made to the measurement methods in the reporting period.

The following is quantitative information about material, unobservable inputs that were used in the measurement of fair value. The cumulated, discounted expected payment flows correspond to the fair values.

Level	Classes	Material inputs	Quantitative information
3	Investment properties (existing)	Capitalization interest rate	7.5–9%
3	Investment properties (existing)	ERV / m²	6.43 EUR / m²
3	Investment properties (in development)	Outstanding investment costs	53.843 T EUR
3	Investment properties (in development)	property value	61.417 T EUR
3	Available-for-sale securities	Capitalization interest rate	4,25%
3	Non-current derivative financial instruments – conversion right	Volatility	30%
3	Non-current derivative financial instruments – interest rate swaps	Interest rate structure curve	n/a
3	Current derivative financial instruments	Interest rate structure curve	n/a

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

Level	Input	Change of assumption	Change in result before taxes (in EUR '000)
3	*Investment properties (existing):*		
	ERV / m²	+ 10%	863
	ERV / m²	- 10%	(863)
	Capitalization interest rate (investment properties)	+ 0.5 percentage points	(1.215)
	Capitalization interest rate (investment properties)	- 0.5 percentage points	108
3	*Investment properties (in development):*		
	Outstanding investment costs	+ 10%	(5.384)
	Outstanding investment costs	- 10%	5.384
	property value	+ 10%	6.142
	property value	- 10%	(6.142)
3	*Available for sale securities:*		
	Payment flows (available-for-sale securities)	+ 5%	595
	Payment flows (available-for-sale securities)	- 5%	(595)
3	*Non-current derivative financial instruments – conversion right:*		
	Volatility of Warimpex share price in PLN	+ 5 percentage points	(289)
	Volatility of Warimpex share price in PLN	- 5 percentage points	275
3	*Non-current derivative financial instruments – interest rate swaps*		
	Interest rate structure curve	+ 0.5 percentage points	113
3	*Current derivative financial instruments*		
	Interest rate structure curve	+ 0.5 percentage points	2

8.1.5. Net results from financial instruments

The following information pertains to the income and expense items and the gains and losses per measurement category as related to the financial instruments:

	Measurement categories according to IAS 39					
	FVTPL	LaR	AfS	FL	Hedge	Total
Financial year 2012:						
Allocation/release of allowances for bad debts		-84,090				-84,090
Interest and other financial revenue		135,617				135,617
Interest costs		-536,834		-17,294,575		-17,831,410
Unrealized valuation result	974,290		3,290,631		-6,792	4,258,129
Result from exchange rate changes				-41,497		-41,497
Net result	**974,290**	**-485,307**	**3,290,631**	**-17,336,072**	**-6,792**	**-13,563,251**
Financial year 2013:						
Allocation/release of allowances for bad debts		63,503				63,503
Interest and other financial revenue		140,890		824,233		965,124
Interest costs				-16,811,902		-16,811,902
Unrealized valuation result	-421,533		-508,621			-930,154
Realized valuation result					-540,000	-540,000
Result from exchange rate changes				-3,671,178		-3,671,178
Net result	**-421,533**	**204,393**	**-508,621**	**-19,658,847**	**-540,000**	**-20,924,608**

All financial instruments that are measured at fair value through profit or loss are classified upon initial recognition.
Changes in the value of available-for-sale assets affect the other comprehensive income.

8.2. Financial risk management

In terms of financial risk management, the goal of the Group is to minimize risks to the greatest extent possible, taking the associated costs into account. A detailed description of the material financial risks to which the Group is exposed and the associated financial risk management (qualitative information on financial risks) can be found in the risk reporting section of the Group management report (“Material risks and uncertainties to which the Group is exposed and risk management”).

The following information is about the qualitative risks that relate to financial instruments.

8.2.1. Interest rate risk

The Group strives to maintain a risk-oriented relationship between fixed- and variable-rate financial liabilities.
Taking into account existing interest rate swaps, about 53% (2012: 42%) of the Group’s debt obligations were fixed-rate obligations on the reporting date and are not subject to interest rate risk. Details about the interest rate terms for the variable-rate financial liabilities can be found in item 7.12.5.

Sensitivity of interest rate changes:

The following table shows the sensitivity of Group profit before tax to certain changes in market interest rates that, based upon reasonable judgement, may in principle occur (owing to the impact of such changes on variable-rate loans). All other variables remain constant.

	Increase in basis points	Effect on the pre-tax profit	Decrease in basis points	Effect on the pre-tax profit
2013				
3M-EURIBOR	+50	(788,894)	-15	236,668
3M-SFR LIBOR	+50	(30,796)	-50	30,796
6M-WIBOR	+50	(680)	-50	680
2012				
3M-EURIBOR	+50	(798,408)	-15	239,522
3M-SFR LIBOR	+50	(38,178)	- 50	38,178
6M-WIBOR	+50	(195)	- 50	195

Interest rate risk for financial liabilities:

The following table shows the variable-rate financial liabilities of the Group that are subject to interest rate risk broken down by contractual maturity:

31/12/2012 in EUR ’000	2013	2014	2015	2016	2017	Over five years	Total
Project loans	54,109	17,558	7,097	7,403	36,232	12,778	135,176
Borrowing/overdraft facilities	12,240	6,431	431	216	–	–	19,318
	66,348	**23,989**	**7,528**	**7,619**	**36,232**	**12,778**	**154,494**

31/12/2013 in EUR ’000	2014	2015	2016	2017	2018	Over five years	Total
Project loans	21,073	8,997	33,937	12,221	8,169	8,892	93,288
Borrowing/overdraft facilities	12,270	431	216	–	–	–	12,918
Bonds	–	–	15,127	1,992	–	–	17,120
	33,343	**9,428**	**49,280**	**14,213**	**8,169**	**8,892**	**123,325**

8.2.2. Currency risk

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

31/12/2012:	CHF	PLN	RUB	EUR	Total
in foreign currencies	31,522,411	65,304,647	145,385,738		
in EUR	26,112,004	15,396,168	3,613,990	223,552,409	**268,674,570**
31/12/2013:					
in foreign currencies	30,116,410	117,241,029	158,200,210		
in EUR	24,530,588	28,269,924	3,624,756	208,157,922	**264,583,191**

The following table shows the sensitivity of the Group's pre-tax profit to certain changes in exchange rates that, based upon reasonable judgement, may occur for the respective currency versus the euro. The Group expects the exchange rates to fluctuate more than in the previous year. All other variables remain constant.

Sensitivity 2012:	CHF	CZK	PLN	RON	RUB	Total
Increase by 5%	(1,226,529)	(958,110)	(1,344,669)	(93,590)	1,846,481	(1,776,419)
Decrease by 5%	1,226,529	958,110	1,333,040	93,590	(1,846,481)	1,764,789
Sensitivity 2013:						
Increase by 10%	2,453,059	(1,994,857)	(4,465,810)	(169,232)	3,497,489	(679,350)
Decrease by 10%	(2,453,059)	1,994,857	4,465,810	169,232	(3,497,489)	679,350

The following table shows the sensitivity of the Group's pre-tax equity to certain changes in exchange rates that, based upon reasonable judgement, may occur for the respective currency versus the euro. The Group expects the exchange rates to fluctuate more than in the previous year. All other variables remain constant.

Sensitivity 2012:	CHF	CZK	PLN	RON	RUB	Total
Increase by 5%	(1,226,529)	(1,015,555)	(533,681)	5,229	1,852,727	(917,810)
Decrease by 5%	1,226,529	1,015,555	533,681	(5,229)	(1,852,727)	917,810
Sensitivity 2013:						
Increase by 10%	(2,453,059)	70,976	(2,785,681)	28	3,450,600	(1,717,137)
Decrease by 10%	2,453,059	(70,976)	2,785,681	(28)	(3,450,600)	1,717,137

The exchange rate changes recognized through profit or loss that were related to financial liabilities amounted to minus EUR 3,671,178 in the financial year (2012: minus EUR 41,497).

8.2.3. Default risk

Please refer to item 7.8. for quantitative information about default risk. This shows the impairments that were recognized and the maturity structure of the receivables. The maximum default risk is limited to the carrying amount of the financial receivables. There is no evidence of impairment for the financial assets that are neither past due nor impaired.

Because of the business activities of the Group, default risk is not seen as a core risk; impairment charges are recognized to the extent necessary.

8.2.4. Liquidity risk

The Group had current financial liabilities in the amount of EUR 64,458,860 (2012: EUR 117,077,261) on the reporting date. Of this, EUR 53,131,679 pertain to current financial liabilities serving Group financing purposes.

The share of debt falling due within 12 months should not exceed 35% of total liabilities. On 31 December 2013, 23.7% (2012: 37.3%) of the liabilities were current.

During the financial year, the Group succeeded in substantially improving the maturity structure of its liabilities and reducing its liabilities overall by arranging long-term refinancing for project loans, issuing bonds and convertible bonds, and disposing of assets.

Nevertheless, to secure the liquidity needed to ensure the continued operation of the Company, it will remain necessary to extend operating credit lines, to refinance them and/or convert them into long-term financing, and to generate additional liquidity inflows. In this context, the Management Board adopted a two-year bond programme with the approval of the Supervisory Board in February 2014. The first two tranches in the amount of PLN 9 million (EUR 2.25 million) respective EUR 2 million has already been placed.. Two short-term operating credit lines with an outstanding volume of roughly EUR 19,858 thousand were also extended until the middle of 2015. It is also planned to strategically sell assets to generate additional liquidity. Further information on the measures that have already been taken can be found in item 9.4. Events after the reporting date.

The maturity structure of the Group's non-derivative financial liabilities was as shown below on the reporting date. The figures are stated on the basis of contractual, non-discounted payment obligations.

Non-derivative financial liabilities:	Within 1 year	1 to 5 years	Over 5 years	Total
Fixed-rate convertible bonds	3,695,881	8,798,748	–	12,494,629
Variable-rate bonds	1,788,071	20,268,909	–	22,056,979
Fixed-rate project loans	8,695,999	40,632,410	88,135,224	137,463,632
Variable-rate project loans	24,699,537	69,421,513	10,564,001	104,685,051
Fixed-rate borrowing/overdraft facilities	10,109,058	–	–	10,109,058
Variable-rate borrowing/overdraft facilities	12,429,547	657,715	–	13,087,262
Other loans and borrowings	5,828,128	23,602,383	3,766,884	33,197,394
Trade and other payables	10,777,586	4,052,598	–	14,830,184
Provisions for pensions	–	–	261,660	261,660
Total	**78,023,807**	**167,434,275**	**102,727,768**	**348,185,850**

Information about the maturity analysis of the derivative liabilities can be found in item 7.13. No derivative liabilities have a remaining maturity of more than five years.

[09] Other information

9.1. Other commitments, litigation and contingencies

9.1.1. Litigation

There were no legal disputes as of the reporting date that have a significant effect on the assets or financial or earnings position of the Company.

9.1.2. Contractual obligations

The owner of Le Palais Offices in Warsaw sold the property during the reporting period with the assistance of Warimpex. As part of the closing of the transaction, Warimpex undertook to renovate the street in front of the building and the façades of the buildings on the other side of the street within three years.

9.1.3. Contractual bonds and guarantees

The Group was subject to the following contractual bonds and guarantees on the reporting date:

Guarantees and bonds in the Group:	Note	Agreed/outstanding amount
Guarantee relating to the sale of andel's hotel Prague	9.1.3.1.	1,000,000
Guarantee relating to the sale of andel's hotel Krakow	9.1.3.2.	3,857,500
Guarantee related to the sale of Le Palais Offices, Warsaw	9.1.3.4.	31,701,382

Guarantees and bonds related to joint ventures	Note	Agreed/outstanding amount
Obligation related to the Dream Castle Hotel, Paris	9.1.3.5.	19,109,945
Obligation related to the Magic Circus hotel, Paris	9.1.3.6.	8,688,750
Contractual liability related to a loan for andel's Berlin	9.1.3.7.	31,770,833
Contractual liability related to a loan for angelo Plzeň	9.1.3.7.	2,458,077
Contractual liability related to a loan for Parkur Tower, Warsaw	9.1.3.7.	2,925,417
Contractual liability related to a loan for Avielen, St. Petersburg	9.1.3.7.	17,820,000
Business guarantee related to the leasing of the InterContinental hotel, Warsaw	9.1.3.7.	3,875,000

9.1.3.1. Guarantees related to andel's hotel Prague (sold in 2005)

In connection with the companies Andel Investment s.r.o. and Hotel Andel Praha a.s., which were sold, grounds for the early termination of the management agreement with Vienna International AG applied in the year of sale and were covered by a payment of EUR 1 million as part of the sale.

If the new owner terminates the management agreement by the end of 2014, an additional payment of EUR 1 million will come due.

9.1.3.2. Guarantees in connection with andel's hotel Krakow (sold in 2009)

The subsidiary UBX Krakau Sp.z.o.o. sold its property, the andel's hotel Krakow, to an international fund in 2009 and leased the hotel back for a period of 15 years. The annual lease fee was originally around EUR 2 million, and is index-linked. The guarantee is equivalent to 1.5 gross annual lease payments. A restricted account in the amount of EUR 1.58 million was pledged as collateral.

Also as part of the sale, Warimpex issued a guarantee to the manager of the hotel, Vienna International AG, stipulating a payment in the amount of the average management fees I and II for the past three years times two in the event that the new owner of the hotel terminates the management agreement early.

9.1.3.3. Lease obligation of Vladinvest s.r.o.

The Group company Vladinvest s.r.o. concluded a master lease for other commercial space covering an area of 4,256 m^2 with the company owning andel's hotel in Prague (see item 9.1.3.1.) for a net rent of roughly EUR 0.4 million p.a. (indexed). This rent is reduced by any rental income that the sold former subsidiary will be able to generate from renting out the property.

The lease agreement was concluded for a term of 12 years and ends on 30 September 2017.

9.1.3.4. Guarantees related to the sale of Le Palais Offices, Warsaw

Warimpex had a contractual right of repurchase for the Les Palais Offices building; this right was exercised by the new owner upon the closing of the sale transaction in October 2013. Warimpex generated development revenue from this transaction (see also the information in item 6.1.). In return, Warimpex issued various guarantees for the new owner up to a maximum amount of the overall purchase price. For the most part, these guarantees cover the standard warranty obligations of a seller with regards to the characteristics of the property and the legal title to the property. Warimpex is also obligated to renovate the street and the façades of the buildings on the other side of the street (see item 9.1.2.).

9.1.3.5. Dream Castle Hotel, Paris

In connection with the finance lease, the lessor has sell-out rights to Warimpex and the joint venture partner UBM Realitätenentwicklung AG. Warimpex is jointly liable for the 50% share in the joint venture partner.

The obligations arising from this joint liability above and beyond the financial liabilities recognized on the statement of financial position totalled EUR 19.1 million on the reporting date (2012: EUR 19.5 million).

9.1.3.6. Magic Circus hotel, Paris

In connection with the finance lease, the lessor has sell-out rights to Warimpex and the joint venture partner UBM Realitätenentwicklung AG. Warimpex is jointly liable for the 50% share in the joint venture partner.

The obligations arising from this joint liability above and beyond the financial liabilities recognized on the statement of financial position totalled EUR 8.7 million on the reporting date (2012: EUR 9.1 million).

9.1.3.7. Guarentees related to joint ventures

Warimpex has entered into contractual guarantees related to various joint ventures; these obligations are listed above (item 9.1.3.). In general, the liability for each joint venture is limited to the value of the equity interest. Please see items 9.1.3.5. and 9.1.3.6. for information about joint and several liability.

9.2. Information about leasing agreements

9.2.1. Finance leases as lessee

During the reporting period, a sale and lease-back agreement was concluded for the sale and subsequent leasing of Chopin Hotel and the associated property for a period of 5 years. It is agreed that the property will be repurchased for EUR 1 after the end of the lease. The lease stipulates that the assumption of other material obligations, major maintenance and repair on the building, and legal resolutions require the approval of the lessor. It is also agreed that 40% of the future interest payments will be hedged with an interest rate swap. The minimum lease payments correspond to the market value of the property at the signing of the contract. The interest rate is variable and is based on the three-month Euribor.

	31/12/2013
Net carrying amount of property, plant and equipment in finance leases	20,905,626

Reconciliation of future minimum lease payments:	31/12/2013	Thereof up to 1 year	Thereof 1 to 5 years
Minimum lease payments	14,944,825	770,780	14,174,045
Less interest contained in the minimum lease payments	-2,194,049	-482,823	-1,711,226
Cash value of minimum lease payments	**12,750,776**	**287,957**	**12,462,818**

9.2.2. Operating leasing as lessee

The Group is party to the following material operating leasing agreement:
- Lease for andel's hotel Krakow (see item 9.1.3.2.)

	2013
Expenses from minimum lease payments in 2013	2,143,432

	31/12/2013	Thereof up to 1 year	Thereof 1 to 5 years	More than 5 years
Future minimum lease payments	23,577,751	2,143,432	8,573,728	12,860,592

9.2.3. Operating leasing as lessor

The Group is party to operating leasing agreements as lessor in relation to its let investment properties. During the reporting period, this pertained to the following properties and subsidiaries:
- Vladinvest Prague (see item 9.1.3.3.)
- Elsbet office tower, Budapest
- Smaller properties in Budapest

	31/12/2013	Thereof up to 1 year	Thereof 1 to 5 years	More than 5 years
Future minimum lease payments, non-cancellable	1,903,320	841,342	1,061,978	–

9.3. Related party disclosures

9.3.1. Overview of related parties

The following enterprises/persons are related parties to the Group and have the following business relations:

Amber Privatstiftung:
A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178109a, Commercial Court Vienna), as of the reporting date holds 10.7% of the shares in Warimpex Finanz- und Beteiligungs AG and 30.4% of the shares in Vienna International AG. The entity is a related party due to Franz Jurkowitsch being a beneficiary.

Bocca Privatstiftung:
A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178104v, Commercial Court Vienna), as of the reporting date holds 10.6% of the shares in Warimpex Finanz- und Beteiligungs AG and 30.4% of the shares in Vienna International AG. The entity is a related party due to Georg Folian being a beneficiary.

Management Board:
Franz Jurkowitsch
Is Chairman of the Management Board of the Company and held 14.1% of the shares of Warimpex Finanz- und Beteiligungs AG on the reporting date.

Georg Folian
Is Deputy Chairman of the Management Board of the Company and held 14.3% of the shares of Warimpex Finanz- und Beteiligungs AG on the reporting date.

Alexander Jurkowitsch
Is a member of the Management Board of the Company and held 0.6% of the shares of Warimpex Finanz- und Beteiligungs AG on the reporting date.

Supervisory Board:
The Supervisory Board of Warimpex Finanz- und Beteiligungs AG is composed of the following members:
Günter Korp, Chairman of the Supervisory Board
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 (from 19 June 2013)

Vienna International AG:
A-1200 Vienna, Dresdnerstrasse 87, manages all hotels of the Group with the exception of the InterContinental Warsaw, Crowne Plaza St. Petersburg, and the Savoy Hotel in Prague.

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

All subsidiaries and joint ventures:
For more information, see the comments in item 4.

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 in the reporting period.

9.3.2.2. Transactions with Management Board members

	2013	2012
Directors' remuneration 1 January to 31 December	2,197,654	1,551,361
Liabilities to Management Board members as of 31 December	1,563,820	1,704,030
The directors' remuneration breaks down among the Management Board members as follows:		
Franz Jurkowitsch	863,376	437,430
Georg Folian	863,376	430,620
Alexander Jurkowitsch	470,902	337,278
Christian Fojtl (Management Board member until 31/12/2012)	–	346,033
	2,197,654	1,551,361
The directors' remuneration breaks down as follows:		
Current benefits	946,293	1,442,984
thereof variable (bonus)	*104,500*	*379,360*
Allocation of reserve for severance payments	447,706	39,623
Allocation of pension reimbursement insurance and pension reserve	803,655	68,754
	2,197,654	1,551,361

The variable remuneration (bonus) for the Management Board amounts to 4% (2012: 5%) of the annual profit attributable to the shareholders of the parent and is voluntarily deferred by the members of the Management Board when needed.

A pension plan was only in force for the Management Board member Alexander Jurkowitsch (fixed, indexed amount) on the reporting date. Pension reimbursement insurance was taken out for these commitments. The right to pension benefits starts when the beneficiary reaches the legal retirement age of 65 years. The Company transferred the pension plans for the other two Management Board members in the amount of EUR 819,378 (pension reimbursement insurance offset by reserve) to these Management Board members during the reporting period.

Eligibility to pension benefits under the Company pension plan lapses if the employment contract is terminated for the grounds stated in Section 27 Employees Act, or if a director resigns or terminates his or her work contract for no material reason. With regards to the pension reimbursement insurance, in the event that a director's employment contract is terminated prior to reaching the age of 65, he or she will be entitled to the payment of the surrender value of the policy instead of pension benefits.

Other termination entitlements are governed by the Austrian Salaried Employee Act (AngG).

9.3.2.3. Transactions with Supervisory Board members

	2013	2012
Supervisory Board member's fees 1 January to 31 December	(105,000)	(110,000)
Balance with Supervisory Board members as of 31 December	–	–

The Supervisory Board member's fees break down among the Supervisory board Board members as follows:

	2013	2012
Günter Korp	25,000	25,000
Thomas Aistleitner	20,000	–
Wolfgang Mitterberger	7,500	20,000
Heinrich Geyer	7,500	20,000
Harald Wengust	15,000	15,000
William de Gelsey	15,000	15,000
Hannes Palfinger	15,000	15,000
	105,000	110,000

All Supervisory board member's fees are current liabilities.
Transactions with the members of the Supervisory Board all pertain solely to the parent company.

9.3.2.4. Transactions with Vienna International Hotelmanagment AG (VI)

Remuneration for hotel management is provided on a variable basis and depends on the revenue and gross operating profit (GOP) of the respective hotel. The contracts with Vienna International AG contain standard industry periods of notice for termination.

	2013	2012
Transactions between Group companies (fully consolidated) and Vienna International AG:		
Assessed management fee 1 January to 31 December	(3,559,657)	(3,593,624)
Other services rendered in hotel operations	(1,560,314)	(877,389)
Non-recurring expenses related to contract terminations	(771,468)	–
Balance with Vienna International AG as of 31 December 2013	(3,190,228)	(3,003,809)
Transactions between joint ventures (recognized using the equity method) and Vienna International AG		
Assessed management fee 1 January to 31 December	(1,957,959)	(2,263,377)
Other services rendered in hotel operations	(592,438)	(241,476)
Balance with Vienna International AG as of 31 December 2013	(358,888)	(720,280)

9.3.2.5. Transactions with joint ventures

	2013	2012
Earnings from transactions with joint ventures 1 January to 31 December	4,803,186	5,514,410
Liabilities to joint ventures as of 31 December	(4,339,027)	(275,976)

Earnings from joint ventures pertain primarily to interest income from loans to joint ventures. The liabilities to joint ventures include the non-current payable related to the allocation of a security account for a rent guarantee.

Please refer to item 9.1.3. for information about contractual bonds and guarantees issued for joint ventures.

9.4. Events after the reporting date

In February 2014, the Management Board adopted a multiple-tranche bond programme that with the approval of the Supervisory Board. The programme will run for two years and have a total nominal volume of EUR 50 million (roughly PLN 200 million).

The first tranche of this bond programme was already placed successfully in Poland in February 2014. The nominal value of this issue is about PLN 9 million (roughly EUR 2.16 million); the coupon is 6% plus the six-month WIBOR, with semi-annual payment. The term is four years. It includes a call option for Warimpex after three years.

A second tranche of this bond programme with a nominal value of EUR 2 million was successfully issued in April 2014. The term is 18 months and the coupon is is 6.9 per cent, payable semi-annually.

Two short-term operating credit lines with an outstanding volume of roughly EUR 19,858 thousand were also extended until the middle of 2015.

Vienna, 23 April 2014

Franz Jurkowitsch	**Georg Folian**	**Alexander Jurkowitsch**
Chairman of the Management Board	Deputy Chairman of the Management Board	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, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, 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, 2013, 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.

*) 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.

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, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 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, April 23, 2014

ERNST & YOUNG

WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT MBH

HELMUT MAUKNER MP
Certified Auditor

PPA HANS-ERICH SORLI MP
Certified Auditor

REPORT BY THE SUPERVISORY BOARD

Fundamental aspects

The Management Board informed the Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft of all significant business activities, the development of business, and the Company's economic situation at regular meetings during the 2013 financial year and fulfilled all of the duties required of it by law, the articles of association of the Company, and the terms of reference of the Supervisory Board. We regularly advised the Management Board on the direction of the Company's operations and monitored its activities. The Chairman of the Supervisory Board also maintained regular contact with the Chairman of the Management Board, in particular to discuss strategy, the development of business, and risk management. One of the key topics at the Supervisory Board meetings was comprehensive, timely reports on the economic and structural changes in Central and Eastern Europe and the associated opportunities and risks. The development of sales and earnings, liquidity forecasts, and the Company's financial position were also regularly discussed at these meetings.

The Company is committed to compliance with the Austrian Code of Corporate Governance as well as the Polish best practices for listed companies. The Supervisory Board faithfully fulfilled the duties and responsibilities laid down in these codes and also monitored the Company's compliance with these rules. The articles of association and the terms of reference of the Management Board and Supervisory Board are regularly amended to account for changes. 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. In line with the provisions of the 2007 Issuer Compliance Ordinance as amended, the Compliance Officer's annual report was submitted to the Supervisory Board and discussed.

Five Supervisory Board meetings were held in financial year 2013. All members of the Supervisory Board fulfilled the required minimum attendance requirements. Five decisions were also taken by way of circular resolution, namely related to the issue of bonds in April and October 2013, the refinancing of the two hotels in Ekaterinburg, and the sale of the Le Palais Hotel in Prague. The circular resolutions that were adopted were also discussed at subsequent Supervisory Board meetings.

Committees

For the purposes of preparing its negotiations and decisions, monitoring the execution of its decisions, and to meet pertinent legal requirements, the Supervisory Board has set up three permanent committees: 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. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members.

Two Audit Committee meetings and one Personnel Committee meeting were held during the 2013 financial year. One circular resolution was adopted by the Project Committee.

Audit Committee

In accordance with the law and the rules of procedure of the Supervisory Board, the Supervisory Board has set up a permanent committee for reviewing and accepting the annual financial statements, the proposal for the appropriation of profits, and the management report for the Company and the Group (Audit Committee). The Audit Committee reviewed the consolidated annual financial statements and issued a proposal on the selection of the financial auditor, and reported to the Supervisory Board on this. The chairman of the Supervisory Board, Günter Korp, is a member of the Audit Committee and applies his special knowledge and practical experience in finance and accounting and in financial reporting (financial expert). Two other members of the Supervisory Board who are independent according to the rules of procedure of the Supervisory Board also sit on the Audit Committee.

Project Committee

The Supervisory Board has set up a permanent committee to monitor and approve transactions that are subject to approval according to law and the rules of procedure of the Management Board, provided that the total transaction costs do not exceed EUR 50,000,000 (Project Committee). When the total costs of the intended transaction exceed this limit, the transaction must be reviewed and approved by the Supervisory Board as a whole. The Project Committee is chaired by Supervisory Board member Harald Wengust. Two other members of the Supervisory Board who are independent according to the rules of procedure of the Supervisory Board also sit on the Project Committee.

Personnel Committee

The Supervisory Board has formed a permanent committee that is responsible for personnel matters between the Company and the Management Board (remuneration, issue of proposals for the filling of vacant posts on the Management Board, and succession planning) (Personnel Committee). The Personnel Committee is authorized to conclude service agreements with the members of the Management Board. The Personnel Committee is chaired by Supervisory Board chairman Günter Korp. Two other members of the Supervisory Board who are independent according to the rules of procedure of the Supervisory Board also sit on the Personnel Committee.

Changes in the Supervisory Board

All resolutions were passed at the 27th Annual General Meeting of the Company held on 19 June 2013. The former analyst and Polish capital market expert Tomasz Mazurczak was newly appointed to the Supervisory Board. Hannes Palfinger was reappointed to the Supervisory Board. Günter Korp was reappointed as chairman of the Supervisory Board at the Board meeting following the 27th ordinary Annual General Meeting, and Thomas Aistleitner was again appointed as the deputy chairman of the Supervisory Board. The Supervisory Board again consists of six members.

Sale of the Palace and Le Palais hotels

Warimpex sold the five-star Palace Hotel in Prague in July 2013. The Supervisory Board had already approved the sale of this asset in 2012. The second five-star hotel in Prague, the Le Palais, was sold in December 2013. The Supervisory Board also discussed this transaction and adopted the corresponding resolutions. The final selling price was decided by way of circular resolution.

Refinancing of the two hotels in Ekaterinburg and of Airport City St. Petersburg

In February 2013, refinancing was arranged for the two hotels in Ekaterinburg. The Supervisory Board approved the final refinancing terms by way of circular resolution.

In August 2013, a refinancing agreement was concluded for Airport City St. Petersburg. The Supervisory Board discussed this transaction at great depth and adopted the corresponding resolutions.

Approval of the annual financial statements for 2013

The annual financial statements, the management report, and the consolidated financial statements for the year ended 31 December 2013 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The final result of this audit revealed no grounds for objection and the legal provisions were fully complied with, so that unqualified auditor's reports were issued.

The annual financial statements, the management report, and the corporate governance report were reviewed by the Audit Committee at its meeting on 23 April 2014, and their acceptance was proposed to the Supervisory Board. The Supervisory Board reviewed and approved them, the annual financial statements, and the group management report. The Supervisory Board also reviewed and approved the Management Board's proposal to not pay out a dividend for financial year 2013. The annual financial statements as of 31 December 2013 were approved. The Audit Committee also proposed to the Supervisory Board that Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. be appointed as the financial auditor for the Company and the Group for the financial year ending on 31 December 2014.

The Supervisory Board acknowledged and approved the consolidated financial statements, including the group management report.

The Supervisory Board thanks the Management Board, the Company's managers, and all employees of Warimpex Group for their commitment during the financial year and wishes the Company continued success in the future.

Vienna, April 2014

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 give a true and fair view of the financial position, financial performance, and cash flows of the Group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Franz Jurkowitsch
Chairman of the
Management Board
Responsibilities:
strategy, investor relations,
corporate communications,
organization and legal issues

Georg Folian
Deputy Chairman of the
Management Board
Responsibilities:
finance and accounting,
financial management and personnel

Alexander Jurkowitsch
Member of the
Management Board
Responsibilities:
planning, construction,
information management and IT

SELECTED WARIMPEX GROUP PROPERTIES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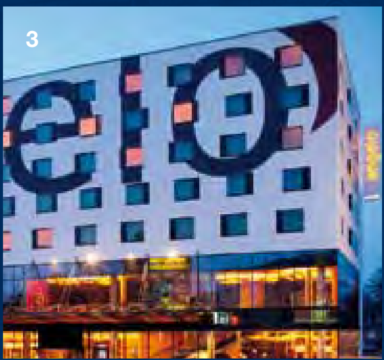
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1) Palais Hansen Kempinski***, Vienna**
A-1010 Vienna, Schottenring 24
152 rooms (opened in 2013)

2) InterContinental***, Warsaw**
PL-00 125 Warsaw, ul. Emilii Plater 49
414 rooms (opened in 2003)

3) angelo hotel**, Katowice**
PL-40-086 Katowice, ul. Sokolska 24
203 rooms (opened in March 2010)

4) angelo Hotel**, Prague**
CZ-150 00 Prague 5, Radlická 1g
168 rooms (opened in June 2006)

5) andel's hotel**S, Berlin**
D-10407 Berlin,
Landsberger Allee 106
557 rooms (opened in March 2009)

6) andel's hotel**, Łódź**
PL-91 065 Łódź, ul. Ogrodowa 17
278 rooms (opened in June 2009)

7) angelo Airporthotel**,**
Ekaterinburg-Koltsovo
RU-Airport Ekaterinburg-Koltsovo
203 rooms (opened in September 2009)

WWW.WARIMPEX.COM

Financial calendar

24 April 2014	Publication of the Annual Report for 2013
28 May 2014	Publication of the results for the first quarter of 2014
6 June 2014	Annual General Meeting
29 August 2014	Publication of results for the first half of 2014
28 November 2014	Publication of the results for the first three quarters of 2014

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