warimpex

WARIMPEX

Report on the First Three Quarters of 2015

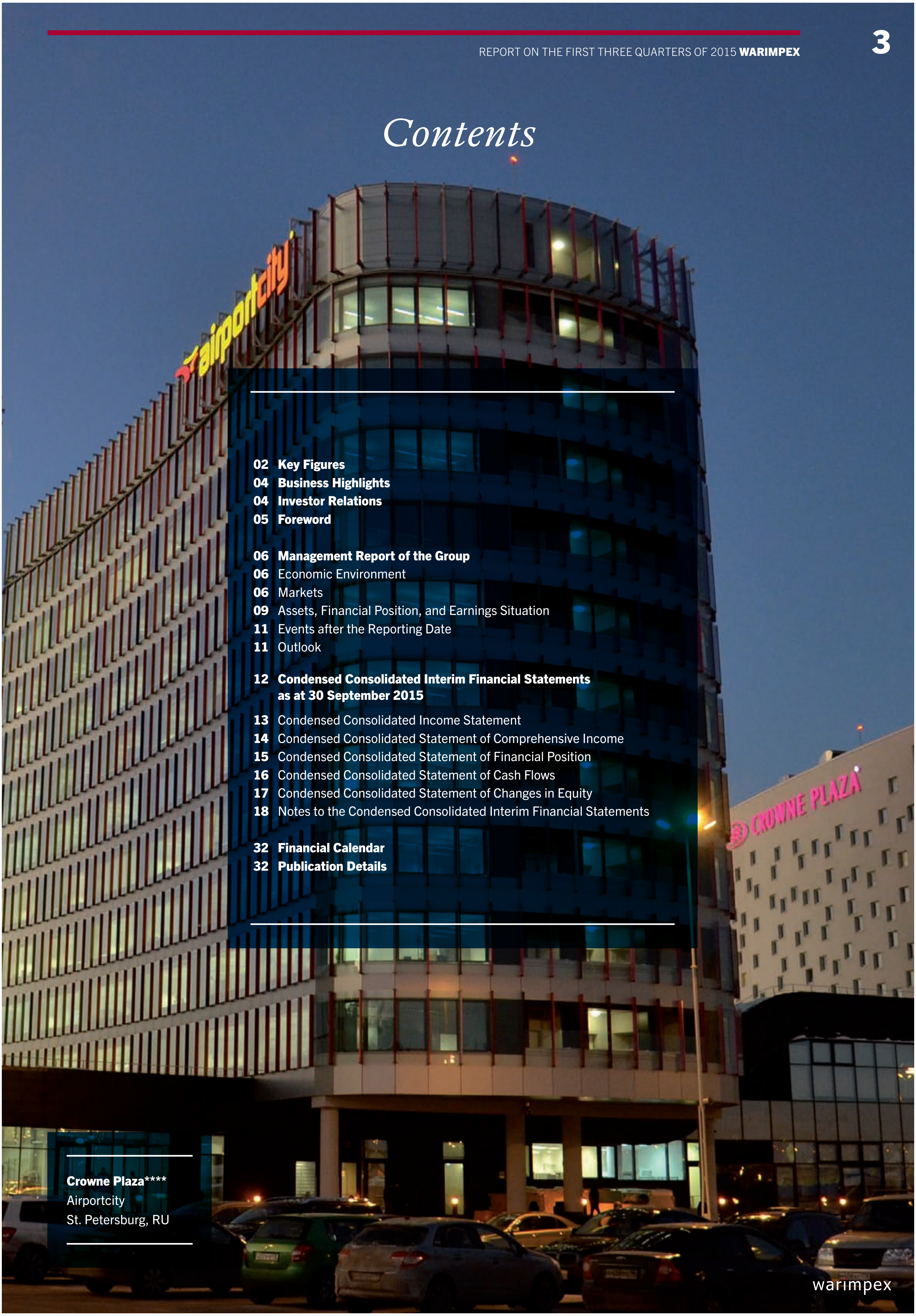
WARIMPEX GROUP

Key Figures

in EUR '000	**1–9/2015**	Change	1–9/2014
Hotels revenues	41,627	-12%	47.446
Investment Properties revenues	2,863	-61%	7.381
Development & Services revenues	1,616	50%	1.078
Total revenues	*46,105*	*-18%*	*55.905*
Expenses directly attributable to the revenues	-28,145	-19%	-34.541
Gross income from revenues	*17,960*	*-16%*	*21.364*
Gains or losses from the disposal of properties	2,551	–	6
EBITDA	16,268	19%	13.636
Depreciation, amortisation, and remeasurement	-29,287	221%	-9.112
EBIT	-13,019	–	4.524
Result from joint ventures	11,586	917%	1.139
Profit or loss for the period	-31,626	190%	-10.906
Net cash flow from operating activities	9,436	-33%	14.184
Equity and liabilities	406,524	-18%	498.601
Equity	36,138	-55%	79.713
Average number of shares in the financial year	54,000,000	–	54.000.000
Earnings per share in EUR	-0.25	67%	-0.15
Number of hotels	15	-3	18
Number of rooms (adjusted for proportionate share of ownership)	2,672	-494	3.166
Number of office and commercial properties	5	–	5
Segment information (including joint ventures on a proportionate basis):			
Total revenues	80,536	-11%	90.225
Hotels revenues	75,170	-7%	80.924
Hotels net operating profit (NOP)	23,522	-6%	25.119
NOP per available room	7,035	-3%	7.213
Investment Properties revenues	3,417	-57%	7.944
Investment Properties EBITDA	2,372	-48%	4.539
Development & Services revenues	1,949	44%	1.358
Gains or losses from the disposal of properties	12,825	–	6
Development & Services EBITDA	13,421	–	-3.262

	30/6/2015	Change	31/12/2014
Gross asset value (GAV) in EUR millions	459.8	-8%	498.0
Triple net asset value (NNNAV) in EUR millions	131.7	-18%	160.1
NNNAV per share in EUR	2.4	-20%	3.0
End-of-period share price in EUR	0.832	18%	0.705

Contents



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

Business Highlights

Operational highlights

3/2015
AIRPORTCITY St. Petersburg:
Successful closing of the sale of two office towers

6/2015
Sale and lease-back agreement with mLeasing for andel's Łódź

6/2015
Handover of Zeppelin office tower at AIRPORTCITY St. Petersburg to the tenant

7/2015
Union Investment secures andel's Berlin congress hotel from UBM and Warimpex

9/2015
Warimpex sells hotels in Ekaterinburg

9/2015
Sale of andel's Berlin concluded successfully

9/2015
Handover of office tower A at Erzsébet Office, Budapest, to the tenant

11/2015
Warimpex redeems and extends convertible bonds

Investor Relations

After closing 2014 at EUR 0.705 and PLN 3.13, the share price rose until around the middle of the year, but started to fall in mid-May. The closing price at 30 September 2015 was EUR 0.706 and PLN 2.79.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences in Zürs, Frankfurt, London, and Warsaw in 2015.

OTHER SECURITIES OF WARIMPEX FINANZ- UND BETEILIGUNGS AG AS AT 30/9/2015

	ISIN	Conversion price	Outstanding amount
Bond 03/16	PLWRMFB00016	–	PLN 63,065,000
Convertible bond 03/16	AT0000A100Y0	PLN 7.06	PLN 26,500,000
Convertible bond 10/16	AT0000A139E0	PLN 7.65	PLN 16,500,000
Bond 10/17	AT0000A139F7	–	PLN 1,500,000
Bond 02/18	PLWRMFB00024	–	PLN 3,000,000
Convertible bond 06/17	AT0000A18Q78	EUR 1.80	EUR 5,000,000

After the reporting date, the Company completed the early redemption of convertible bonds with a total volume of PLN 23.5 million (roughly EUR 5.5 million) that were to mature in March 2016 and October 2016 and the extension of existing convertible bonds with a volume of PLN 19.5 million (roughly EUR 4.6 million) for three years under new terms.

The convertible bonds that were issued on 28 March 2013 and would have matured on 31 March 2016 now have the following characteristics:

- Nominal value: PLN 19.5 million (around EUR 4.6 million)
- Interest rate: 2.5% p.a., payable semi-annually
- Maturity: 3 November 2018
- Conversion price: PLN 5.94 (around EUR 1.40)

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

According to estimates by the International Monetary Fund (IMF), Russia's economic recovery is still on shaky ground and is primarily dependent on geopolitical factors. There is light at the end of the tunnel, however, as IMF experts forecast minimal growth of 0.5 per cent for 2016. This outlook makes us quite optimistic for the coming year. At the moment, however, the trend seen in the first half of the year is continuing: While the performance of our hotels that are not dependent on Russian clientele was satisfying in all of our markets – occupancy and room rates were increased at the majority of the hotels and the NOP per available room rose by 14 per cent – the continuing weakness of the rouble caused revenues to decline at our hotels in St. Petersburg and Ekaterinburg. Revenues at the Russian hotels were roughly 34 per cent lower than in the previous year. At the same time, the Dvořák spa hotel in the Czech town of Karlovy Vary has not yet seen a recovery, either. Due to the continued absence of the hotel's primarily Russian guests, it suffered a decline in revenues of roughly 36 per cent.

This development had the following impact on the results for the first three quarters of 2015: Total revenues from hotel operations fell by 12 per cent to EUR 41.6 million. Consolidated revenues retreated by 18 per cent from EUR 55.9 million to EUR 46.1 million. While EBITDA increased by 19 per cent from EUR 13.6 million to EUR 16.3 million, EBIT declined from EUR 4.5 million to EUR -13 million. This decline can be attributed primarily to a non-cash loss from depreciation, amortisation, and remeasurement. Finance income including earnings from joint ventures was negatively affected by non-cash foreign currency losses in connection with exchange rate changes and went from EUR -16.2 million to EUR -18.7 million. Earnings from joint ventures rose from EUR 1.1 million to EUR 11.6 million due to the sale of the andel's hotel in Berlin. All in all, this led to a loss for the period of EUR 31.6 million due to negative measurement and exchange rate effects, compared with a negative result of EUR 10.9 million in the comparison period.

Despite the consequences of the difficult conditions on the Russian market, we also have some successes to report with regard to both transactions and developments. At the end of September, we sold our majority stake in the angelo and Liner hotels at Koltsovo International Airport in Ekaterinburg to a private investor. However, the withdrawal from Ekaterinburg should not be interpreted as a withdrawal from Russia – Russia will remain one of our most important core markets, where we are making good progress in the development of AIRPORTCITY St. Petersburg and still see tremendous potential. The Zeppelin office building was just completed here at the end of June, and the tenants have already moved in. The renovated office tower at Erzsébet Office in Budapest was also recently handed over to the tenant. In Berlin, the sale of the andel's hotel closed at the beginning of September. The profit from this transaction was roughly EUR 10 million. In terms of developments, planning is under way for two office development projects in the Polish city of Krakow: First, Warimpex is the owner of a development property next to the Chopin Hotel, which is to be the location of an office building with around 20,000 square metres of space. Second, an office building owned by Warimpex is to be demolished and replaced by a new office building, also with approximately 20,000 square metres of space. In Łódź, Warimpex purchased a property near the andel's hotel, where it plans to build a new office building with roughly 29,000 square metres of space.

We aim to advance our current development projects in line with the prevailing conditions and to continue taking advantage of the positive transaction climate for prudent property sales in the future. We are also working continuously to boost the earnings from our hotel assets and to strengthen our financial base.

Franz Jurkowitsch

Management Report of the Group

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015

Economic Environment

In its World Economic Outlook update in October 2015, the International Monetary Fund (IMF) updated its July economic projections for 2015 as follows: The Eurozone economy is now expected to grow by 1.5 per cent in 2015 (July 2015 projection: 1.5 per cent), and by 1.6 per cent (1.7 per cent) in 2016. The projections for Russia improved once again, rising from -3.4 per cent to -2.7 per cent for 2015 and from 0.2 per cent to 0.5 per cent for 2016. Economic growth is now expected to total 3.0 per cent (2.9 per cent) in emerging and developing Europe[1] in 2015. The IMF growth projection for 2016 is 3.0 per cent (2.9 per cent).

[1] **Emerging and developing Europe**
Composed of 13 countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Kosovo, Lithuania, FYR Macedonia, Montenegro, Poland, Romania, Serbia, and Turkey

Markets

POLAND

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 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.

Occupancy at the InterContinental hotel increased from 79 per cent to 80 per cent, and the average room rate in euros rose as well. The andel's hotel in Łódź achieved an occupancy rate of 62 per cent (1–9 2014: 58 per cent), and the average room rate in euros remained stable. Occupancy at the Chopin Hotel in Krakow advanced from 67 per cent to 74 per cent, and the average room rate in euros edged up slightly. At the andel's hotel in Krakow, occupancy came in at 81 per cent (1–9 2014: 76 per cent), and the average room rate rose by around 10 per cent. Room occupancy at the Amber Baltic beachfront resort amounted to 58 per cent (1–9 2014: 56 per cent), and the average room rate increased by roughly 15 per cent. Due to its location on the Baltic coast, occupancy rates at this hotel are subject to stronger seasonal fluctuations, and cannot be compared with those of city hotels.

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

Under development:
3 office buildings, 1 development property

Warimpex is the owner of a development property next to the Chopin Hotel, on which an office building with around 20,000 square metres of space is to be built. Planning for this project is under way.

In addition, an office building owned by Warimpex in Krakow is to be demolished and replaced by a new office building with around 20,000 square metres of space. Planning for this project is under way.

In Łódź, Warimpex purchased a property near the andel's hotel for the development of an office building. The Company plans to build a new office building with roughly 29,000 square metres of space.

Warimpex owns a development property in Białystok.

CZECH REPUBLIC

Existing portfolio: 4 hotels
In the Czech Republic, Warimpex owns the Diplomat Hotel 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 IFRS. The Savoy Hotel (61 rooms) in Prague was sold at the end of June 2014.

In the reporting period, the Diplomat Hotel and the angelo hotel in Prague achieved occupancy rates of 74 and 73 per cent (1–9 2014: 71 and 68 per cent), respectively; the average room rates increased slightly at both establishments. Occupancy at the Dvořák spa hotel in Karlovy Vary declined to 54 per cent (1–9 2014: 62 per cent). The average room rate fell by around 47 per cent. The share of Russian and Ukrainian guests is very high in Karlovy Vary, and the strong depreciation of the rouble has impacted travel by this customer segment. Occupancy at the angelo hotel in Plzeň improved from 66 to 70 per cent, and the average room rate increased by roughly 20 per cent.

HUNGARY

Existing portfolio: 3 office properties
In Budapest, Warimpex owns the Erzsébet, Dioszegi, and Sajka office buildings, which together have a total net floor space of around 17,000 square metres.

The Dioszegi office building has roughly 800 square metres of lettable space and is almost fully occupied. The Sajka office building with its approximately 600 square metres of lettable space is fully let out.

In the previous financial year, 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 (of the 14,500 square metres in total) 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. Groupama moved into the newly renovated building A at the end of September. Tenants are being sought for the remaining space.

ROMANIA

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 into an angelo hotel, saw an occupancy increase from 56 to 62 per cent. The average room rate in euros was up slightly.

GERMANY

Warimpex held 50 per cent of the andel's hotel in Berlin until 2 September 2015. Occupancy at the andel's hotel was 77 per cent (1–9 2014: 72 per cent). The average room rate was down slightly.

Union Investment Real Estate GmbH acquired the hotel for EUR 105 million at the beginning of September. The hotel has been leased to Vienna International since 1 August 2015.

Under development: commercial space and conference centre
A piece of land adjacent to the andel's in Berlin was purchased in 2009 for the development of a conference centre and commercial space. Planning for this project is under way. At the end of October 2015, 44 per cent (of 50 per cent) was sold (see section 8.4 in the notes to the consolidated interim financial statements).

FRANCE

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. Occupancy at the hotels came to 77 and 70 per cent (1–9 2014: 78 and 73 per cent). The average room rate was raised by roughly 10 per cent at both establishments.

AUSTRIA

Existing portfolio: 1 hotel
In Vienna, Warimpex holds around 10 per cent of the project company behind the Palais Hansen Kempinski hotel in Vienna together with Wiener Städtische Versicherung/Vienna Insurance Group and UBM. The hotel is Warimpex's first project in Austria and was opened in March 2013.

RUSSIA

Existing portfolio: 1 hotel, 1 office property
In Russia, Warimpex held 60 per cent of the Liner Hotel and of the angelo hotel at Koltsovo airport in Ekaterinburg during the reporting period. These stakes were sold on 29 September 2015. The sale was completed under the currently difficult market conditions. Despite the withdrawal from Ekaterinburg, Russia will remain one of the most important core markets.

In St. Petersburg, Warimpex holds 55 per cent of AIRPORTCITY St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and an office building with 16,800 square metres of lettable space were opened at the end of December 2011. AIRPORTCITY St. Petersburg is being developed by ZAO AVIELEN A.G. together with CA Immo and UBM and is directly next to Pulkovo 2 international airport in St. Petersburg. AIRPORTCITY is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

The contract for the sale of the Jupiter 1 and Jupiter 2 office towers was signed in November 2014, and the deal closed in the first quarter of 2015.

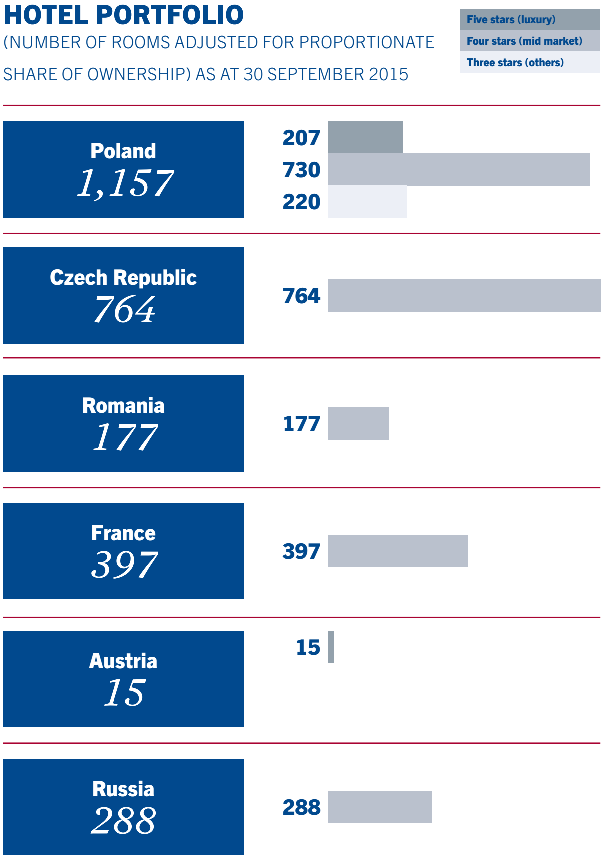
The Zeppelin office building with 16,000 square metres of lettable space was completed at AIRPORTCITY at the end of June 2015. The office tower is already fully let out.

Occupancy at the Liner Hotel declined from 65 to 52 per cent. At the more expensive angelo hotel, occupancy decreased from 66 to 50 per cent, and the average room rate in euros was some 25 per cent lower due to the weakness of the rouble. The Crowne Plaza achieved occupancy of 76 per cent (1–9 2014: 76 per cent) and the average room rate in euros also fell by about 25 per cent.

Under development: 1 parking garage, 1 development property
Planning for a parking garage and further office buildings is under way.

HOTEL PORTFOLIO

(NUMBER OF ROOMS ADJUSTED FOR PROPORTIONATE SHARE OF OWNERSHIP) AS AT 30 SEPTEMBER 2015



The reduction in the number of rooms by 494 in annual comparison from 3,166 to 2,672 can be attributed to the sale of the andel's Berlin as well as the Liner and angelo hotels in Ekaterinburg.

Assets, Financial Position, and Earnings Situation

Development of revenues

In the first nine months of 2015, hotel operations continued to be impacted by the Russia crisis and the depreciation of the rouble as against the prior-year period. The decrease in revenues was caused primarily by in part substantial revenue contractions at the Dvorak (Karlovy Vary), Liner (Ekaterinburg), angelo Ekaterinburg, and Crowne Plaza (St. Petersburg) hotels. The Dvorak spa hotel in Karlovy Vary suffered a revenue slide of roughly 36 per cent due to a lack of bookings by Russian guests. Russian hotels saw their revenues decline by some 34 per cent in euro terms compared with the previous year.

Revenues from the letting of office properties (Investment Properties revenues) contracted as a result of the sale of the two Jupiter office towers in St. Petersburg.

Total revenues fell by 18 per cent from EUR 55.9 million to EUR 46.1 million. Roughly 90 per cent of the revenues were generated by Hotel operations, some 6 per cent by the letting of office properties, and roughly 4 per cent by the Development & Services segment.

Expenses directly attributable to revenues were cut by 19 per cent to EUR 28.1 million.

Earnings situation

Income from the sale of properties
The deal for the sale of both Jupiter office towers in St. Petersburg closed during the reporting period. The posting of the transaction costs resulted in a loss from the disposal of properties in the amount of roughly EUR 1.4 million in connection with this transaction.

The two fully consolidated hotels in Ekaterinburg were sold at the end of September 2015. The deconsolidation resulted in a gain of roughly EUR 3.9 million.

EBITDA – EBIT
Earnings before interest, taxes, depreciation, and amortisation and gains/losses on the remeasurement of investment properties (EBITDA) increased by 19 per cent from EUR 16.3 million to EUR 19.2 million. EBIT fell from EUR 4.5 million to EUR -13 million.

This can be attributed primarily to a non-cash loss from depreciation, amortisation, and remeasurement (EUR -29.3 million).

Finance income
Finance income (including earnings from joint ventures) went from EUR -16.2 million to EUR -18.7 million.

Non-cash losses of EUR 15.1 million (previous year: EUR 4.0 million) in connection with exchange rate changes had a negative impact on the financial result for the period.

Earnings from joint ventures went from EUR 1.1 million to EUR 11.6 million. The increase is the result of the sale of the andel's hotel in Berlin.

Profit or loss for the period
The total loss for the period for the Warimpex Group went from EUR 10.9 million in the previous year to EUR 31.6 million due to negative measurement and exchange rate effects.

Segment analysis

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

Hotels segment*

in EUR ’000	**1–9/2015**	1–9/2014
Revenues for the Group	75,170	80,924
Average number of hotel rooms for the Group**	3,344	3,482
GOP for the Group	29,710	31,905
NOP for the Group	23,522	25,119
NOP/available room in EUR	7,035	7,213

* Including all joint ventures on a proportionate basis

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

In the reporting period, the average number of available rooms falling under Group ownership declined by 4 per cent due to the sale of the Savoy Hotel in June 2014 and the andel’s Berlin in early September 2015, while the sale of the two hotels in Ekaterinburg at the end of September 2015 did not yet have any impact on the average number of available rooms in the Group.

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership after GOP such as management fees, insurance, land tax, etc.).

Investment Properties segment*

in EUR ’000	**1–9/2015**	1–9/2014
Revenues for the Group	3,417	7,944
Segment EBITDA	2,372	4,539

* Including all joint ventures on a proportionate basis

The revenues and EBITDA of the Investment Properties segment fell due to the sale of the two Jupiter office towers at AIRPORTCITY, St. Petersburg.

Investment Properties revenues will increase significantly in the second half of the year now that the two office developments Zeppelin at AIRPORTCITY St. Petersburg (16,150 square metres) and Erzsébet in Budapest (15,000 square metres) have been completed.

Development & Services segment*

in EUR ’000	**1–9/2015**	1–9/2014
Revenues for the Group	1,949	1,358
Gains or losses from the disposal of properties	12,825	6
Segment EBITDA	13,421	-2,457

* 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. The segment EBITDA resulted from the proceeds from the sale of the andel’s hotel in Berlin (roughly EUR 10.3 million) and the effect of the deconsolidation of the two hotels in Ekaterinburg (around EUR 3.9 million), offset by the loss on the disposal of the two Jupiter office towers (EUR 1.3 million) resulting from the posting of the transaction costs.

Events after the Reporting Date

Please see section 8.4. of the notes to the consolidated interim financial statements for information about key events after the reporting date.

Outlook

We will continue to concentrate on increasing our hotels' earnings figures and advancing ongoing development projects to market maturity. In doing so, we will maintain sufficient diversification in our portfolio in terms of property holdings and development projects. We see great potential for new developments and property sales, which we intend to leverage in a prudent manner.

Vienna, 30 November 2015

Franz Jurkowitsch
Chairman
of the Management Board

Georg Folian
Vice-Chairman
of the Management Board

Alexander Jurkowitsch
Member of the
Management Board

Florian Petrowsky
Member of the
Management Board

Condensed Consolidated Interim Financial Statements

AS AT 30 SEPTEMBER 2015

andel's Hotel****
Łódź, PL

Condensed Consolidated Income Statement

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015 – UNAUDITED

in EUR '000	Note	1–9/2015	7–9/2015	1–9/2014	7–9/2014
Hotels revenues		41,627	15,849	47,446	16,469
Investment Properties revenues		2,863	2,148	7,381	2,455
Development & Services revenues		1,616	163	1,078	276
Revenues		**46,105**	**18,160**	**55,905**	**19,200**
Expenses from the operation of hotels		(26,848)	(9,521)	(31,111)	(10,280)
Expenses from the operation of investment properties		(574)	(241)	(2,388)	(764)
Expenses directly attributable to Development & Services		(723)	(75)	(1,042)	(234)
Expenses directly attributable to the revenues	5.1.	**(28,145)**	**(9,837)**	**(34,541)**	**(11,278)**
Gross income from revenues		**17,960**	**8,323**	**21,364**	**7,922**
Income from the sale of properties		65,484	1	7,588	–
Disposal of carrying amounts and expenses related to sales		(62,933)	3,959	(7,582)	(29)
Gains or losses from the disposal of properties	5.2.	**2,551**	**3,960**	**6**	**(29)**
Other operating income	5.3.	**4,410**	**967**	**430**	**135**
Administrative expenses	5.4.	**(6,505)**	**(2,052)**	**(6,080)**	**(1,467)**
Other expenses	5.5.	**(2,148)**	**(834)**	**(2,084)**	**(596)**
EBITDA (results of operating activities before finance income, taxes, depreciation, and amortisation)		**16,268**	**10,363**	**13,636**	**5,964**
Scheduled depreciation and amortisation on property, plant, and equipment and intangible assets		(6,675)	(1,647)	(9,481)	(3,353)
Impairment of property, plant, and equipment		(5,808)	(21)	(337)	13
Reversals of impairment on property, plant, and equipment		1,337	477	726	380
Remeasurement result from assets held for sale		–	–	2,130	3,000
Gains/losses on remeasurement of investment property		(18,141)	(3,017)	(2,150)	(82)
Depreciation, amortisation, and remeasurement	5.6.	**(29,287)**	**(4,208)**	**(9,112)**	**(43)**
EBIT (operating profit)		**(13,019)**	**6,155**	**4,524**	**5,921**
Finance income	5.7.	1,871	350	2,442	934
Financing expenses	5.8.	(17,140)	(5,305)	(15,774)	(4,598)
Changes in foreign exchange rates	5.9.	(15,065)	(19,543)	(4,023)	(3,153)
Result from joint ventures (equity method) after taxes	6.3.	11,586	9,158	1,139	703
thereof from the sale of andel's Berlin		*10,275*	*10,275*	–	–
Finance income		**(18,748)**	**(15,340)**	**(16,216)**	**(6,114)**
Earnings before taxes		**(31,767)**	**(9,185)**	**(11,692)**	**(192)**
Income taxes		(17)	(6)	(157)	(12)
Deferred income taxes		158	2,440	944	(514)
Taxes		**141**	**2,434**	**786**	**(526)**
Profit or loss for the period		**(31,626)**	**(6,751)**	**(10,906)**	**(719)**
Profit or loss for the period attributable to:					
- Equity holders of the parent		(13,532)	2,325	(7,889)	(205)
- Non-controlling interests		(18,094)	(9,076)	(3,017)	(514)
		(31,626)	**(6,751)**	**(10,906)**	**(719)**
Earnings per share in EUR:					
Basic loss for the period attributable to ordinary equity holders of the parent		(0.25)	0.04	(0.15)	(0.00)
Diluted loss for the period attributable to ordinary equity holders of the parent		(0.25)	0.04	(0.15)	(0.00)

Condensed Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015 – UNAUDITED

in EUR '000	Note	1–9/2015	7–9/2015	1–9/2014 adjusted	7–9/2014 adjusted
Profit or loss for the period		**(31,626)**	**(6,751)**	**(10,906)**	**(719)**
Foreign currency translation		639	7,743	(399)	(127)
thereof reclassification in profit or loss		*(2,146)*	*(2,146)*	–	–
Measurement of cash flow hedges		(603)	(457)	–	–
Other comprehensive income from joint ventures (equity method)		1	(2)	750	–
Gains or losses from available-for-sale financial assets		(515)	880	(101)	(101)
(Deferred) taxes in other comprehensive income	5.10.	(30)	(2,485)	(104)	67
Other comprehensive income (to be classified in profit or loss in subsequent periods)		**(507)**	**5,679**	**145**	**(162)**
Allocation of revaluation reserve		–	–	1,561	1,561
(Deferred) taxes in other comprehensive income	5.10.	–	–	(299)	(299)
Other comprehensive income (not to be reclassified in profit or loss in subsequent periods)		–	–	**1,263**	**1,263**
Other comprehensive income		**(507)**	**5,679**	**1,408**	**1,101**
Total comprehensive income for the period		**(32,133)**	**(1,072)**	**(9,497)**	**383**
Total comprehensive income for the period attributable to:					
- Equity holders of the parent		(14,324)	5,315	(6,461)	(158)
- Non-controlling interests		(17,810)	(6,387)	(3,036)	540
		(32,133)	**(1,072)**	**(9,497)**	**383**

Condensed Consolidated Statement of Financial Position

AS AT 30 SEPTEMBER 2015 – UNAUDITED

in EUR '000	Note	30/9/15	31/12/14	30/9/14
ASSETS				
Property, plant, and equipment	6.1.	218,937	249,118	268,511
Investment property	6.2.	84,285	87,751	80,853
Goodwill	6.3.	921	921	921
Other intangible assets		35	41	5
Financial assets, available for sale	6.6.	–	6,468	–
Net investments in joint ventures (equity method)	6.3.	41,506	36,222	37,401
Other financial assets	6.4.	22,646	8,704	10,536
Deferred tax assets		35	22	37
Non-current assets		**368,365**	**389,247**	**398,265**
Inventories		589	759	842
Trade and other receivables	6.5.	14,432	21,098	10,094
Financial assets, available for sale	6.6.	12,501	7,052	7,024
Cash and cash equivalents	6.7.	6,091	9,765	12,376
Non-current assets held for sale	8.4.	4,546	65,483	70,000
Current assets		**38,159**	**104,157**	**100,336**
TOTAL ASSETS		**406,524**	**493,404**	**498,601**
EQUITY AND LIABILITIES				
Share capital		54,000	54,000	54,000
Capital reserves		4,661	4,661	17,550
Retained earnings		(4,790)	8,742	8,618
Treasury shares		(301)	(301)	(301)
Other reserves		6,396	5,041	4,323
Equity attributable to equity holders of the parent		**59,965**	**72,143**	**84,190**
Non-controlling interests		(23,827)	(14,467)	(4,476)
Equity		**36,138**	**57,676**	**79,713**
Convertible bonds	6.8.	8,056	13,051	12,977
Other bonds	6.8.	13,257	18,953	20,930
Other financial liabilities	6.8.	239,556	298,393	277,627
Derivative financial instruments	6.9.	1,540	385	594
Other liabilities	6.3.	17,348	7,316	8,742
Provisions		2,284	2,220	1,955
Deferred tax liabilities		10,533	10,649	12,142
Deferred income	6.10.	7,303	1,481	1,616
Non-current liabilities		**299,879**	**352,447**	**336,583**
Convertible bonds	6.8.	5,996	–	–
Other bonds	6.8.	14,778	5,215	–
Other financial liabilities	6.8.	35,103	41,740	62,490
Derivative financial instruments	6.9.	19	17	–
Trade and other payables	6.11.	11,912	35,265	18,684
Provisions		1,103	431	507
Income tax liabilities		33	73	84
Deferred income	6.10.	1,564	539	539
Current liabilities		**70,507**	**83,280**	**82,304**
Liabilities		**370,386**	**435,727**	**418,887**
TOTAL EQUITY AND LIABILITIES		**406,524**	**493,404**	**498,601**

Condensed Consolidated Statement of Cash Flows

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015 – UNAUDITED

in EUR '000	**1–9/2015**	**7–9/2015**	1–9/2014	7–9/2014
Cash receipts				
from hotel operations and rent received	46,406	17,641	59,450	23,045
from real estate development projects	243	1	911	52
from interest income	783	291	72	42
Cash receipts from operating activities	**47,431**	**17,933**	**60,432**	**23,139**
Cash payments				
for real estate development projects	(1,181)	(606)	(3,555)	(3,046)
for materials and services received	(15,872)	(5,178)	(21,531)	(5,542)
for personnel expenses	(12,916)	(4,186)	(14,337)	(4,712)
for other administrative expenses	(7,997)	(3,047)	(6,691)	(2,330)
for income taxes	(29)	(6)	(133)	–
Cash payments for operating activities	**(37,995)**	**(13,024)**	**(46,248)**	**(15,631)**
Net cash flows from operating activities	**9,436**	**4,908**	**14,184**	**7,508**
Cash receipts from				
the sale of disposal groups and property	41,360	(1)	2,721	(29)
less outflow of cash and cash equivalents from disposal groups sold	(70)	(70)	(67)	–
disposal proceeds from purchase price receivables relating to disposals in prior periods	–	–	3,483	750
dividends from available-for-sale financial instruments	–	–	346	247
other financial assets	(47)	–	241	–
returns on joint ventures	1,757	1,634	1,305	32
Cash receipts from investing activities	**43,001**	**1,564**	**8,030**	**1,000**
Cash payments for				
investments in property, plant, and equipment	(1,137)	(110)	(1,618)	(634)
investments in investment property	(23,757)	(1,897)	(5,703)	(3,821)
the purchase of software	(3)	(1)	–	–
other financial assets	(625)	335	297	27
joint ventures	–	–	–	–
Cash paid for investing activities	**(25,522)**	**(1,673)**	**(7,024)**	**(4,428)**
Net cash flows from investing activities	**17,479**	**(109)**	**1,006**	**(3,429)**
Cash received from the issue of (convertible) bonds	12,116	(63)	9,165	–
Payments for the redemption of convertible bonds	(8,541)	17	(2,977)	–
Cash received from loans and borrowings	79,693	9,188	20,369	18,927
Payments made for the repayment of loans and borrowings	(100,104)	(8,635)	(21,837)	(13,522)
Paid interest (for loans and borrowings)	(11,084)	(3,229)	(10,993)	(2,378)
Paid interest (for bonds and convertible bonds)	(2,614)	(1,213)	(2,366)	(990)
Paid financing costs	(962)	(127)	–	–
Payments received and made for derivatives	–	–	(563)	–
Net cash flows for financing activities	**(31,496)**	**(4,064)**	**(9,201)**	**2,037**
Net change in cash and cash equivalents	**(4,581)**	**736**	**5,989**	**6,116**
Foreign exchange rate changes in cash and cash equivalents	51	43	(262)	115
Foreign exchange rate changes in other comprehensive income	855	(256)	31	(110)
Cash and cash equivalents at the beginning of the period	9,765	5,568	6,618	6,255
Cash and cash equivalents at the end of the period	**6,091**	**6,091**	**12,376**	**12,376**
Cash and cash equivalents at the end of the period consist of:				
Cash and cash equivalents of the Group	**6,091**	**6,091**	**12,376**	**12,376**

Condensed Consolidated Statement of Changes in Equity

AS AT 30 SEPTEMBER 2015 – UNAUDITED

in EUR '000	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	TOTAL		
As at 1 January 2014	**54,000**	**17,051**	**16,507**	**(301)**	**2,895**	**90,151**	**(1,440)**	**88,711**
Convertible bond equity	–	500	–	–	–	**500**	–	**500**
Total comprehensive income for the period	–	–	(7,889)	–	1,428	**(6,461)**	(3,036)	**(9,497)**
thereof profit or loss for the period	–	–	*(7,889)*	–	–	***(7,889)***	*(3,017)*	***(10,906)***
thereof other comprehensive income	–	–	–	–	*1,428*	***1,428***	*(20)*	***1,408***
As at 30 September 2014	**54,000**	**17,550**	**8,618**	**(301)**	**4,323**	**84,190**	**(4,476)**	**79,713**
As at 1 January 2015	**54,000**	**4,661**	**8,742**	**(301)**	**5,041**	**72,143**	**(14,467)**	**57,676**
Changes in the scope of consolidation	–	–	–	–	2,146	**2,146**	8,450	**10,596**
Total comprehensive income for the period	–	–	(13,532)	–	(792)	**(14,324)**	(17,810)	**(32,133)**
thereof profit or loss for the period	–	–	*(13,532)*	–	–	***(13,532)***	*(18,094)*	***(31,626)***
thereof other comprehensive income	–	–	–	–	*(792)*	***(792)***	*285*	***(507)***
As at 30 September 2015	**54,000**	**4,661**	**(4,790)**	**(301)**	**6,396**	**59,965**	**(23,827)**	**36,138**

Condensed Consolidated Segment Information

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015 – UNAUDITED

	Hotels		Investment Properties	
in EUR '000	**2015**	2014	**2015**	2014
SEGMENT OVERVIEW PROFIT OR LOSS FOR THE PERIOD				
External revenues	75,170	80,924	3,417	7,944
Intragroup services	–	–	–	–
Expenses directly attributable to the revenues	(51,648)	(55,807)	(897)	(2,697)
Gross income from revenues	**23,522**	**25,117**	**2,520**	**5,247**
Gains or losses from the disposal of properties	–	–	–	–
Other operating income	–	–	–	–
Expenses for development projects	–	–	–	–
Personnel expenses	(992)	(905)	–	–
Other expenses	(5,353)	(4,360)	(148)	(675)
Intragroup services	(527)	(557)	–	(33)
Segment EBITDA	**16,649**	**19,294**	**2,372**	**4,539**
Scheduled depreciation and amortisation	(9,377)	(13,327)	–	–
Impairments	(5,442)	(324)	–	2,130
Reversals of impairment	1,640	1,013	–	–
Measurement gains	–	–	72	–
Measurement losses	–	–	(1,605)	(230)
Segment EBIT	**3,470**	**6,656**	**839**	**6,439**
Finance income	151	21	3	33
Financing expenses	(10,565)	(9,939)	(1,939)	(1,333)
Changes in foreign exchange rates	(7,098)	(3,852)	(5,768)	–
Result from joint ventures	–	–	–	–
Income taxes	(984)	(1)	–	–
Deferred income taxes	(81)	509	34	146
Segment overview – profit or loss for the period	**(15,106)**	**(6,606)**	**(6,831)**	**5,285**

	Development & Services		Segment total 1 January–30 September		Reconciliation		Group total 1 January–30 September	
	2015	2014	2015	2014	2015	2014	2015	2014
	1,949	1,358	80,536	90,225	(34,431)	(34,320)	46,105	55,905
	527	591	527	591	(527)	(591)	–	–
	(840)	(1,167)	(53,385)	(59,671)	25,240	25,130	(28,145)	(34,541)
	1,636	781	27,678	31,145	(9,718)	(9,781)	17,960	21,364
	12,825	6	12,825	6	(10,274)	–	2,551	6
	4,053	430	4,053	430	–	–	4,053	430
	(127)	(81)	(127)	(81)	1	1	(126)	(80)
	(3,042)	(2,531)	(4,034)	(3,437)	207	188	(3,827)	(3,248)
	(1,925)	(1,868)	(7,426)	(6,903)	3,083	2,068	(4,344)	(4,835)
	–	–	(527)	(591)	527	591	–	–
	13,421	(3,262)	32,442	20,570	(16,174)	(6,934)	16,268	13,636
	(43)	(113)	(9,419)	(13,440)	2,744	3,960	(6,675)	(9,481)
	(366)	(13)	(5,808)	(337)	–	–	(5,808)	(337)
	51	–	1,691	3,143	(354)	(287)	1,337	2,856
	1,020	–	1,092	–	(826)	–	266	–
	(17,083)	(2,104)	(18,688)	(2,333)	280	184	(18,408)	(2,150)
	(2,999)	(5,492)	1,310	7,602	(14,330)	(3,078)	(13,019)	4,524
	1,721	2,393	1,875	2,448	(4)	(6)	1,871	2,442
	(6,635)	(6,949)	(19,138)	(18,220)	1,998	2,445	(17,140)	(15,774)
	(2,199)	(171)	(15,065)	(4,023)	–	–	(15,065)	(4,023)
	193	502	193	502	11,393	637	11,586	1,139
	(10)	(157)	(994)	(157)	977	–	(17)	(157)
	239	288	191	943	(33)	1	158	944
	(9,689)	(9,585)	(31,626)	(10,906)	–	–	(31,626)	(10,906)

in EUR '000	Segment total 1 January–30 September 2015	2014	Reconciliation 1 January–30 September 2015	2014	Subtotal Group 1 January–30 September 2015	2014
HOTELS SEGMENT – OVERVIEW EBIT						
Revenues from hotels	**74,960**	80,712	**(33,543)**	(33,478)	**41,416**	47,234
Expenses for materials	**(27,181)**	(30,504)	**13,303**	14,350	**(13,878)**	(16,154)
Personnel expenses	**(18,069)**	(18,303)	**8,572**	7,452	**(9,497)**	(10,852)
Gross operating profit (GOP)	**29,710**	**31,905**	**(11,669)**	**(11,676)**	**18,041**	**20,228**
Income after GOP	**210**	212	**–**	–	**210**	212
Management fee	**(4,038)**	(4,424)	**1,866**	1,872	**(2,172)**	(2,552)
Exchange adjustments	**313**	185	**21**	27	**335**	212
Property costs	**(2,674)**	(2,759)	**1,037**	993	**(1,637)**	(1,765)
Net operating profit (NOP)	**23,522**	**25,119**	**(8,744)**	**(8,785)**	**14,778**	**16,335**
Other costs after NOP	**(2,432)**	(1,303)	**742**	(228)	**(1,690)**	(1,531)
Lease/rent	**(3,913)**	(3,965)	**2,346**	2,332	**(1,567)**	(1,633)
Scheduled depreciation and amortisation on fixed assets	**(9,377)**	(13,327)	**2,741**	3,955	**(6,636)**	(9,372)
Impairment of fixed assets	**(5,442)**	(324)	**–**	–	**(5,442)**	(324)
Reversals of impairment	**1,640**	1,013	**(354)**	(287)	**1,285**	726
Contribution to the operating profit – Hotels segment	**3,998**	**7,213**	**(3,269)**	**(3,013)**	**728**	**4,200**
less intragroup services	**(527)**	(557)	**527**	557	**–**	–
Segment EBIT	**3,470**	**6,656**	**(2,742)**	**(2,456)**	**728**	**4,200**
Key operating figures for the Hotels segment						
Employees	**1,393**	1,479	**(375)**	(357)	**1,017**	1,121
Rooms (absolute)	**3,368**	3,486	**(994)**	(1,051)	**2,374**	2,435
Available rooms	**3,344**	3,482	**(993)**	(1,055)	**2,351**	2,427
Rooms sold	**2,318**	2,342	**(733)**	(748)	**1,585**	1,594
Occupancy	**69%**	67%	**-2%**	-2%	**67%**	66%
RevPAR (in EUR)	**55**	54	**(17)**	(11)	**38**	43
Composition of Hotels NOP (geographical):						
• Czech Republic	**4,687**	5,068	**(309)**	(186)	**4,379**	4,882
• Poland	**10,533**	9,208	**(3,406)**	(3,140)	**7,128**	6,068
• Romania	**677**	508	**–**	–	**677**	508
• Russia	**2,594**	4,876	**–**	–	**2,594**	4,876
• Germany	**1,619**	2,307	**(1,619)**	(2,307)	**–**	–
• France	**3,410**	3,152	**(3,410)**	(3,152)	**–**	–

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2015 – UNAUDITED

[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 condensed consolidated interim financial statements of Warimpex Finanz- und Beteiligungs AG as at 30 September 2015 were released for publication by the Management Board of Warimpex Finanz- und Beteiligungs AG on 30 November 2015.

[02] Basis for preparation of the interim financial statements and accounting policies

The condensed consolidated interim financial statements for the period ended 30 September 2015 were prepared in accordance with IAS 34. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the consolidated financial statements as at 31 December 2014.

The condensed consolidated interim financial statements as at 30 September 2015 were not audited and were not reviewed by an independent financial auditor.

The accounting policies and measurement methods applied in preparing the consolidated interim financial statements as at 30 September 2015 have remained unchanged from the consolidated financial statements as at 31 December 2014.

By their very nature, interim consolidated financial statements are based on estimates to a greater extent than annual consolidated financial statements. In addition to the principal estimation uncertainties identified in the consolidated annual statements, the interim financial statements are affected by estimation uncertainties resulting from the timing of asset impairments or reversals.

[03] Seasonal fluctuations in earnings

Owing to seasonal fluctuations in tourism, in particular city tourism, earnings contributions from hotel properties are generally higher in the second half of the year. By contrast, no determinable pattern can be identified with regard to contributions from the sale of properties, subsidiaries, or business combinations.

[04] Segment information

The operations of Warimpex Group are divided into three business segments: Hotels, Investment Properties, and Development & Services. The individual segments are identified on the basis of their different products and services. Individual hotels and individual managed properties also represent individual business segments based on the Group's reporting structure and are consolidated under the Hotels and Investment Properties segments as appropriate in accordance with IFRS 8.12.

Transactions between business segments contain the recharging of intragroup services and project development services at arm's length terms. The segment information includes information on the income and results as well as specific information on the assets and liabilities of the Group's business segments for the period from 1 January to 30 September 2015 and as at 30 September 2015.

[05] Notes to the consolidated income statement

5.1. Expenses directly attributable to revenues

	1 January to 30 September 2015	2014
Composition of direct Hotels expenses:		
Expenses for materials and services rendered	(16,539)	(19,076)
Personnel expenses	(9,021)	(10,491)
Other expenses	(1,289)	(1,544)
	(26,848)	**(31,111)**

	1 January to 30 September 2015	2014
Composition of direct Investment Properties expenses:		
Expenses for materials and services rendered	(457)	(1,283)
Personnel expenses	(28)	(542)
Other expenses	(89)	(563)
	(574)	**(2,388)**

	1 January to 30 September 2015	2014
Composition of direct Development & Services expenses:		
Expenses for materials and services rendered	(387)	(371)
Other services	(336)	(671)
	(723)	**(1,042)**

5.2. Gains or losses from the disposal of properties and changes in the scope of consolidation

The deal for the sale of the Jupiter 1 and 2 office towers in St. Petersburg closed in the first quarter of 2015. The office towers were previously measured at fair value in accordance with IAS 40. Therefore, the carrying amount of the sold properties corresponds to the selling price. The posted sales proceeds result from the transaction costs incurred in 2015 in the amount of EUR 1,344 thousand.

At the of September, the Group sold its shares in Reitano Holdings Ltd, Cyprus, at their carrying amount. This company and its Russian subsidiaries ZAO Horeca Koltsovo and OOO RusAvia Horeca were deconsolidated when control was lost. ZAO Horeca Koltsovo is owner of the two hotels Liner and angelo Ekaterinburg.

The deconsolidation resulted in a gain in the amount of EUR 3,896 thousand, which is shown in the gains or losses from the disposal of properties.

5.3.Other operating income

The other operating income consists largely of exchange rate gains.

5.4. Administrative expenses

	1 January to 30 September 2015	2014
Composition:		
Other personnel expenses	(3,827)	(3,248)
Other administrative expenses	(2,679)	(2,831)
	(6,505)	**(6,080)**

The individual components of the administrative expenses are explained in sections 5.4.1. and 5.4.2.

5.4.1. Other personnel expenses

	1 January to 30 September 2015	2014
Composition:		
Wages and salaries	(10,025)	(11,105)
Social security costs	(1,588)	(1,675)
Expenses for posted employees	(838)	(1,004)
Other payroll-related taxes and contributions	(387)	(393)
Changes in provisions and expenses related to pensions and severance payments	(51)	(43)
Changes in accrual for compensated absences	56	(29)
Changes in pensions and other long-term employee benefits	(41)	(34)
	(12,875)	**(14,282)**
Less personnel expenses directly attributable to revenues	9,049	11,033
Other personnel expenses	**(3,827)**	**(3,248)**

During the period from 1 January to 1 September 2015, the Group had an average of 1,076 (prior-year period: 1,188) employees.

5.4.2. Other administrative expenses

	1 January to 30 September 2015	2014
Composition:		
Administrative expenses	(1,520)	(1,597)
Legal and consulting expenses	(253)	(326)
Sundry administrative expenses	(906)	(908)
	(2,679)	**(2,831)**

5.5. Other expenses

	1 January to 30 September **2015**	2014
Composition:		
Property costs	(1,558)	(1,864)
Property lease expenses	(1,567)	(1,633)
Non-deductible input taxes	(205)	(606)
Advertising	(234)	(243)
Foreign currency translation in cost of sales	328	303
Sundry other expenses	(292)	(236)
	(3,527)	**(4,280)**
Less administrative expenses directly attributable to revenues	1,379	2,196
Other expenses	**(2,148)**	**(2,084)**

5.6. Depreciation, amortisation, and remeasurement

	1 January to 30 September **2015**	2014
Composition:		
Scheduled amortisation and depreciation	(6,675)	(9,481)
Impairment of property, plant, and equipment	(5,808)	(337)
Impairment reversal from IFRS 5 measurement	–	2,130
Reversals of impairment on property, plant, and equipment	1,337	726
Measurement gains (from investment properties)	266	–
Measurement losses (from investment properties)	(18,408)	(2,150)
	(29,287)	**(9,112)**

The impairments on property, plant, and equipment pertain mostly to a Russian hotel (Hotels segment) and stem from lower estimated future cash flows and a higher capitalisation rate.

The impairment reversals on property, plant, and equipment result from higher cash flows than expected for individual hotels in Poland and the Czech Republic.

The measurement losses pertain primarily to the Russian Zeppelin office tower in the Investment Properties segment (prior to the handover to the tenant: Development & Services segment). The lower fair value is due to lower estimated future cash flows because the lease was renegotiated and the rents are now denominated in roubles instead of euros, and due to a higher discount rate.

5.7. Financial revenue

	1 January to 30 September **2015**	2014
Composition:		
Dividend income	998	–
Interest income from cash management	321	82
Discounting reversal on other loans	552	–
Unrealised gains on derivative financial instruments	–	2,360
	1,871	**2,442**

The dividend income stems from Palais Hansen Immobilien-Development GmbH.

5.8. Financing expenses

	1 January to 30 September **2015**	2014
Composition:		
Interest on short-term borrowings, project loans, and other loans	(9,559)	(10,223)
Interest on loans from minority shareholders	(1,910)	(1,948)
Interest on bonds	(1,902)	(1,400)
Other financing expenses	(1,840)	(725)
Interest on convertible bonds	(1,333)	(985)
Unrealised losses on derivative financial instruments	(555)	(143)
Realised losses from derivative financial instruments	–	(13)
Interest paid to related parties	(17)	–
Other	(23)	(338)
	(17,140)	**(15,774)**

5.9. Foreign exchange rate changes in finance income

	1 January to 30 September **2015**	2014
Composition:		
From EUR financing in subsidiaries	(12,105)	(3,678)
From loans in CHF	(2,436)	(558)
From (convertible) bonds in PLN	(339)	240
Other	(185)	(28)
	(15,065)	**(4,023)**

The exchange rate losses from CHF loans pertain to unrealised losses from the measurement of CHF loans on the reporting date for which the currency risk is not hedged.

The foreign exchange translation gains and losses from EUR financing at subsidiaries pertain to bank loans at subsidiaries where the functional currency is the local currency and the financing is denominated in euros. The largest share can be attributed to subsidiaries in Russia.

5.10. Income taxes in other comprehensive income

	1 January to 30 September	
	2015	2014
Composition:		
Foreign currency translation	(189)	58
Other comprehensive income from joint ventures (equity method)	–	(187)
Gains or losses from available-for-sale financial assets	159	25
Taxes on other comprehensive income (to be reclassified in profit or loss in subsequent periods)	**(30)**	**(104)**
Allocation of revaluation reserve	–	(299)
Taxes on other comprehensive income (not to be reclassified in profit or loss in subsequent periods)	–	**(299)**
Total income taxes in other comprehensive income	**(30)**	**(403)**

[06] Notes to the statement of financial position

6.1. Property, plant, and equipment

Property, plant, and equipment includes properties, rights equivalent to land, buildings including buildings on leasehold land, equipment and furnishings, hotel inventories, and technical plant.

	2015	2014
Development		
Carrying amounts at 1 January	249,118	281,817
Additions	5,994	2,005
Changes in the scope of consolidation	(23,879)	–
Reclassification to investment properties	–	(3,403)
Revaluation IAS 16	–	1,561
Scheduled depreciation and amortisation	(6,668)	(9,435)
Impairment charges	(5,808)	(337)
Reversals of impairment	1,337	726
Exchange adjustment	(1,157)	(4,423)
Net carrying amount at 30 September	**218,937**	**268,511**

The changes in the scope of consolidation pertain to the disposal of the Liner and angelo hotels in Ekaterinburg due to the sale of the associated shareholding (see section 5.2.).

6.2. Investment properties

	2015	2014
Development		
Carrying amounts at 1 January	87,751	73,050
Advance payments made (see section 8.1.)	–	770
Additions	20,806	3,963
Capitalised borrowing costs	1,290	1,829
Transfer of property, plant, and equipment	–	3,403
Net measurement result	(18,141)	(2,150)
Exchange adjustment	(7,421)	(13)
Net carrying amount at 30 September	**84,285**	**80,853**

In the third quarter, the office spaces in office tower A of the Erzsébet Office Towers were handed over to the tenant after the usage permit was issued. The Zeppelin office tower was already handed over to the tenant at the end of June.

6.3. Net investments in joint ventures (equity method)

	2015	2014
Development		
Carrying amounts at 1 January	36,222	36,818
IFRS 5 reclassification	(4,546)	–
Extension (+) / repayment (-) of loans	(1,757)	(1,305)
Interest income from loans granted	193	502
Earnings allocation from profit/loss for the period	11,393	637
Earnings allocation from other comprehensive income	1	750
Net carrying amount at 30 September	**41,506**	**37,401**

The allocated results from the profit or loss for the period from joint ventures contain the profit from the sale of the andel's hotel in Berlin in the amount of EUR 10,275 thousand (before proportionate income taxes).

These net investments are offset by non-current liabilities to joint ventures in the amount of EUR 15,130 thousand, of which EUR 10,746 thousand pertain to liabilities to the former project company for the andel's Berlin. The Group plans to settle these liabilities through dividend disbursements.

6.4. Other financial assets

The increase in other financial assets compared with 31 December 2014 pertains to a receivable from the purchase price financing for the Jupiter office towers.

6.5. Trade and other receivables (current)

	30/9/2015	31/12/2014
Composition:		
Advance payments made	3,794	5,631
Receivables relating to property sales	3,987	10,187
Trade receivables	2,372	2,321
Receivables from tax authorities	1,689	345
Other current receivables and assets	1,121	728
Deferred expenses	816	1,233
Other current receivables (restricted)	506	506
Receivables due from joint ventures	141	142
Receivables due from related parties	5	5
	14,432	**21,098**

6.6. Financial instruments, available for sale

The available for sale financial instruments consist of shares in Palais Hansen Immobilienentwicklung GmbH, Vienna, and Micos ZAO, Moscow.

6.7. Cash and cash equivalents

Cash and cash equivalents relate to the Group's cash holdings as shown in the statement of cash flows.

6.8. 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. a

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

	Project loans	Borrowing	Bonds, convertible bonds	Loans from minorities and others	Total
Changes in 2014:					
As at 1 January	215,422	22,778	28,128	74,789	341,116
Borrowing/accumulated interest	18,582	700	9,165	1,087	29,534
Repayment	(16,947)	(3,177)	(2,977)	(1,664)	(24,765)
Exchange rate and other changes	27,332	–	(409)	1,216	28,139
As at 30 September	**244,389**	**20,300**	**33,907**	**75,428**	**374,024**
thereof current (due < 1 year)	*20,119*	*19,457*	–	*22,914*	*62,490*
thereof non-current (due > 1 year)	*224,270*	*843*	*33,907*	*52,514*	*311,534*
Changes in 2015:					
As at 1 January	243,251	20,849	37,219	76,033	377,352
Borrowing/accumulated interest	68,318	–	12,116	821	81,255
Repayment	(92,474)	(2,748)	(8,541)	(5,942)	(109,706)
Changes in the scope of consolidation	(34,444)	–	–	(2,615)	(37,059)
Exchange rate and other changes	632	–	1,294	2,979	4,905
As at 30 September	**185,284**	**18,101**	**42,088**	**71,275**	**316,747**
thereof current (due < 1 year)	*25,466*	*7,376*	*20,774*	*2,260*	*55,877*
thereof non-current (due > 1 year)	*159,817*	*10,725*	*21,314*	*69,014*	*260,870*

During the reporting period, the project loan for the Jupiter 1 and 2 office towers in St. Petersburg was repaid, and the project loan for the andel's hotel in Łódź was refinanced through a sale and lease-back transaction.

The new project loans pertain to the finance leasing agreement for the andel's Łódź mentioned above as well as office tower A at Erzsébet Offices in Budapest and the Zeppelin office tower in St. Petersburg.

Two bonds were also issued by Group project companies in March 2015. Part of the issue proceeds went to the redemption of existing bonds.

The other changes are largely due to the elimination of the project loan for Ekaterinburg resulting from the completed sale (see section 5.2.).

6.9. Derivative financial instruments

The increase in non-current derivative financial liabilities was primarily the result of the measurement of an interest rate swap that is in a hedging relationship with the leasing liabilities from the sale and lease-back transaction for the andel's Łódź.

6.10. Deferred income

	30/9/2015	31/12/2014
Composition non-current:		
Gains on disposal of andel's Łódź (sale and lease-back)	3,111	–
Advanced rent received St. Petersburg	3,115	–
Gains on disposal of Chopin Hotel (sale and lease-back)	1,077	1,481
	7,303	**1,481**
Composition current:		
Gains on disposal of andel's Łódź (sale and lease-back)	849	–
Gains on disposal of Chopin Hotel (sale and lease-back)	539	539
Advanced rent received St. Petersburg	176	–
	1,564	**539**

6.11. Trade and other payables (current)

	30/9/2015	31/12/2014
Composition:		
Trade liabilities	4,390	5,557
Liabilities to related parties	3,877	5,350
Other liabilities	1,873	12,172
Advance payments received	1,236	11,646
Payables due to joint ventures	345	340
Security deposits received	190	199
	11,912	**35,265**

Further information on the other non-current liabilities is provided in section 6.3.

[07] Information about financial instruments measured at fair value

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

The following table contains information on the carrying amounts and fair values of financial instruments, broken down into classes.

Measurement category as per IAS 39		IFRS 13 level	Carrying amount **30/9/15**	Fair value **30/9/15**	Carrying amount 31/12/14	Fair value 31/12/14
Assets – classes						
LaR	Interest-bearing financial assets		13,317	11,242	–	–
LaR	Other financial assets		9,006	9,006	8,381	8,381
AfS	Financial assets, available for sale		–	–	6,468	6,468
	Non-financial non-current assets		346,042		374,397	
	Total non-current assets		368,365		389,247	
LaR	Receivables		7,928	7,928	13,889	13,889
LaR	Interest-bearing financial assets		185	165	–	–
LaR	Cash and cash equivalents		6,091	6,091	9,765	9,765
AfS	Securities, available for sale	3	12,501	12,501	7,052	7,052
	Non-financial current assets		11,454		73,451	
	Total current assets (including IFRS 5)		38,159		104,157	
	Total assets		**406,524**		**493,404**	
Liabilities – classes						
FL	Fixed-rate convertible bonds	3	13,732	14,180	13,051	13,803
FL	Variable-rate bonds	3	7,582	7,589	18,953	19,166
FL	Fixed-rate loans	3	124,182	130,111	217,756	227,932
FL	Variable-rate loans	3	115,374	111,434	80,637	80,690
FL	Other non-current liabilities		17,348	17,348	7,316	7,316
FVTPL	Derivative financial instruments – conversion rights	3	13	13	148	148
Hedge	Derivative financial instruments with hedging relationships	3	1,321	1,321	–	–
FVTPL	Derivative financial instruments – interest rate swaps	3	207	207	237	237
	Non-financial non-current liabilities		20,121		14,350	
	Total non-current liabilities		299,879		352,447	
FL	Fixed-rate convertible bonds	3	5,996	6,250	5,215	5,215
FL	Variable-rate bonds		14,778	14,822	–	–
FL	Liabilities	3	9,396	9,396	13,855	13,855
FL	Fixed-rate loans	3	1,825	2,467	19,662	20,102
FL	Variable-rate loans	3	33,278	33,177	22,078	22,014
IFRS 5	Derivative financial instruments	3	19	19	17	17
	Non-financial current liabilities		5,215		22,453	
	Total current liabilities (including IFRS 5)		70,507		83,280	
	Total liabilities		**370,386**		**435,727**	

		30/9/15	31/12/14
Summary of carrying amounts by category for financial assets and liabilities:			
LaR	loans and receivables	36,527	32,035
AfS	available for sale	12,501	13,520
FL	financial liabilities at amortised cost	(343,491)	(398,522)
FVTPL	at fair value through profit or loss	(239)	(402)
Hedge	derivative financial instruments with hedging relationships	(1,321)	–

The method of fair value measurement is the same as at 31 December 2014.

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

The financial instruments that are subject to recurring fair value measurement can be broken down as follows:

	2015	2014
Change in assets:		
Carrying amounts at 1 January	13,520	8,607
Additions	–	–
Disposals	–	(1,482)
Gains/losses on remeasurement in profit or loss	–	–
Gains/losses on remeasurement in other comprehensive income	(1,019)	(101)
Net carrying amount at 30 September	**12,501**	**7,023**

	2015	2014
Changes in liabilities:		
Carrying amounts at 1 January	402	3,378
Additions	705	–
Disposals	–	–
Gains/losses on remeasurement in profit or loss	(151)	(2,784)
Gains/losses on remeasurement in other comprehensive income	603	–
Net carrying amount at 30 September	**1,560**	**594**

The remeasurement result in the income statement consists primarily of unrealised gains and losses that are contained in the finance income in the income statement. The gains/losses on remeasurement in other comprehensive income pertain to unrealised losses from a cash flow hedge.

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

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

Level	Classes	Measurement method	Material inputs
3	Financial assets, available for sale	Income-based	Cash flows

No changes were made to the measurement methods in the reporting period.

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

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.

			Quantitative information	
Level	Classes	Material inputs	**30/9/15**	31/12/14
3	Financial assets, available for sale			
	Cash flows	+ 5%	1,179	1,201
	Cash flows	- 5%	(1,179)	(1,200)

[08] Other information

8.1. Commitments for the purchase of real estate

In connection with the leasing of the Erzsébet Offices in Budapest, a preliminary agreement was made with the tenant regarding the purchase of two office properties in Budapest. One property was sold to a third-party buyer with the involvement of the Group. With regards to the second property, the Group plans to withdraw from the sale, which may entail the loss of the advanced payment made.

8.2. Contractual bonds and guarantees

The joint venture UBX 1 Objekt Berlin Ges.m.b.H. entered into the typical liabilities and guarantee obligations for real estate transactions in connection with the sale of the andel's hotel in Berlin. The liability is limited to an amount of 15 per cent of the purchase price and, with the exception of the guarantee that the property remain unencumbered, to a period of three years. The joint venture partners are jointly liable, and the liability is limited to 50 per cent internally.

In addition, the buyer and the leaseholder agreed on lease collateral in the lease agreement, of which EUR 1,770 thousand apply to Warimpex. This amount is subject to a counter-guarantee from the leaseholder.

8.3. Related party transactions

8.3.1. Transactions with Management Board members

	2015	2014
Management Board compensation 1 January–30 September	694	542
Interest charges (expenses)	17	–

	30/9/2015	31/12/2014
Liabilities to Management Board members	2,618	1,457

8.3.2. Transactions with Vienna International Hotelmanagement AG (VI)

	2015	2014
Transactions between Group companies (fully consolidated) and Vienna International AG:		
Management fee charged 1 January–30 September	1,778	2,193
Other purchased services in hotel operations 1 January–30 September	1,331	1,381

	30/9/2015	31/12/2014
Liabilities to VI	3,266	3,893

	2015	2014
Transactions between group companies (equity method) and Vienna International AG		
Management fee charged 1 January–30 September	1,443	1,486
Other purchased services in hotel operations 1 January–30 September	532	392

	30/9/2015	31/12/2014
Receivables / liabilities to VI	(93)	580

8.3.3. Transactions with joint ventures

	2015	2014
Income from transactions with joint ventures 1 January–30 September	308	517

	30/9/2015	31/12/2014
Receivables due from joint ventures	141	142
Payables due to joint ventures	15,475	4,724

8.4. Events after the reporting date

In October, the Group purchased the piece of land in Łódź for which Warimpex had won the bidding process earlier in the year. In this context, the project company issued a bond with a term of three years and a volume of EUR 2.5 million.

At the end of October, Warimpex concluded a sales agreement for the sale of 44 per cent of the shares in UBX 2 Objekt Berlin Ges.m.b.H. This transaction has already been closed; the remaining shares in the company (6 per cent) are to be disposed of at the carrying amount of the capital shares (roughly EUR 1 thousand) in the coming years. The proceeds from the sale and the repayment of shareholder's loans led to a cash inflow in the amount of roughly EUR 4.25 million in the Group, which was used for the early redemption of convertible bonds (see the next paragraph).

After the reporting date, the Company completed the early redemption of convertible bonds with a total volume of PLN 23.5 million (roughly EUR 5.5 million) that were to mature in March 2016 and October 2016 and the extension of existing convertible bonds with a volume of PLN 19.5 million (roughly EUR 4.6 million) for three years under new terms. The nominal interest rate was reduced to 2.5 per cent, and the conversion price is now PLN 5.94 (roughly EUR 1.40).

After the reporting date, the term of a short-term operating credit facility was extended to 1 July 2017. At 30 September 2015, the outstanding amount on this facility was EUR 2,248 thousand.

Vienna, 30 November 2015

Franz Jurkowitsch
Chairman
of the Management Board

Georg Folian
Vice-Chairman
of the Management Board

Alexander Jurkowitsch
Member of the
Management Board

Florian Petrowsky
Member of the
Management Board

Financial calendar

2015/16

30 November 2015
Publication of the results for the first three quarters of 2015

28 April 2016
Publication of the annual report for 2015

29 May 2016
Verification deadline

30 May 2016
Publication of the results for the first quarter of 2016

8 June 2016
Annual General Meeting

30 August 2016
Publication of the results for the first half of 2016

30 November 2016
Publication of the results for the first three quarters of 2016

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