

REPORT ON THE FIRST QUARTER OF 2014



warimpex

## KEY FIGURES OF THE WARIMPEX GROUP

EUR '000		1–3/2014	Change	1–3/2013 Adjusted
Hotels revenues		10,788	-9%	11,888
Investment Properties revenues		389	-21%	494
Development & Services revenues		374	-47%	707
<i>Directly attributable expenses</i>		-8,471	-22%	-10,862
<i>Gross income</i>		3,080	38%	2,227
Gains on property disposals		–	–	1,558
EBITDA		958	-55%	2,130
EBIT		-1,109	–	95
Earnings from joint ventures		-1,458	110%	-694
Loss for the period		-7,617	80%	-4,242
Cash flow from operating activities		1,307	–	-1,545
Total assets		386,633	-7%	415,798
Total equity		84,445	-3%	86,678
Share capital		54,000	–	54,000
Equity ratio		22%	1 pp	21%
Ø Shares in the financial year	(in units)	54,000,000	–	54,000,000
Loss per share	in EUR	-0.12	50%	-0.08
Number of shares	(in units)	54,000,000	–	54,000,000
Number of hotels		19	-2	21
Number of rooms (adjusted for proportionate share of ownership)		3,227	-196	3,423
Number of office and commercial properties		5	–	5
<b>Segment information (including joint ventures on a proportionate basis):</b>				
Total revenues		22,793	-7%	24,397
Revenues – Hotels		20,640	-6%	22,021
Net operating profit (NOP) – Hotels		4,487	1%	4,434
Revenues – Investment Properties		1,644	–	1,637
EBITDA of Investment Properties		870	-1%	879
Revenues – Development & Services		458	-35%	709
Gains on property disposals		–	–	1,607
EBITDA of Development & Services		-893	–	220
		<b>31/12/2013<sup>1</sup></b>	<b>Change</b>	<b>31/12/2012<sup>1</sup></b>
Gross asset value (GAV)	in EUR million	525.1	-6%	558.5
Triple net asset value (NNNAV)	in EUR million	173.2	0%	172.7
NNNAV per share	in EUR	3.2	–	3.2
End-of-period share price	in EUR	1.88	94%	0.97

<sup>1</sup> As at 31 March 2014 and 31 March 2013, there was no external evaluation of the real estate portfolio so the most recent figures available are used instead.

## FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

### Dear Shareholders,

Europe is gradually leaving the crisis behind it. At the beginning of May, the European Commission forecast moderate economic growth in 2014 for the eurozone countries and for the European Union as a whole. Growth is also expected in the CEE countries in which we operate such as Poland, the Czech Republic and Hungary. However, it remains to be seen how high the growth rates will be on account of the Ukraine crisis. Europe is confronted with a new challenge with the tense political situation in the Ukraine and Russia. Fortunately, our AIRPORTCITY St. Petersburg project is not affected by the current developments. The sales negotiations for the two office towers Jupiter 1 and Jupiter 2 are continuing according to plan and we expect to close the transaction by mid-2014. The third office building Zeppelin, for which the shell has already been completed, is also to be leased and brought to completion.

In the Hotel segment, we are continuing to work on continuously improving our portfolio. In the first quarter of 2014, the net operating profit including our entire asset portfolio plus joint ventures was up 1 per cent on the comparative quarter of the previous year. Overall, the performance of our hotels remained constant in the first quarter. However, the first three months of the year are usually the weakest in terms of revenues over the course of the year and so are not representative of continued development during the financial year. Revenues from our fully consolidated hotels declined by 9 per cent overall to EUR 10.8 million. This was due to hotel disposals in the previous year and the 6 per cent lower average number of rooms in the reporting period as a result. Unlike the first quarter of 2013, in which we sold the angelo hotel in Munich, we did not realise a sale with an effect on income in the first quarter of 2014. EBITDA fell by 55 per cent to EUR 1.0 million and EBIT dropped to EUR -1.1 million (Q1 2013: EUR 0.1 million). Losses from joint ventures went from EUR -0.7 million to EUR -1.5 million. On the one hand, this decrease was coupled with lower income from the sale of project companies and non-cash exchange rate changes on account of a weaker rouble amounting to roughly EUR 3.1 million. On the other hand, despite the improved performance of the hotels, there was a total loss for the period of EUR -7.6 million.

In addition to the sale of the two office towers at the AIRPORTCITY St. Petersburg complex, we are also currently working towards the sale of the Hotel Savoy in Prague. In the Development segment, the further revitalisation of the Erzsébet Office complex in Budapest is set for completion by mid-2015. In March, we attracted a leading Hungarian insurance group as the new long-term tenant for 12,250 square metres of space at this complex. The conclusion of the contract by Warimpex represents one of the largest rental agreements on the Hungarian office market in recent years. In order to ensure moving forward well with our development activities and with a view to ongoing refinancing, we launched a new bond programme at the start of the year with a total volume of up to EUR 50 million. The bonds will be issued in multiple tranches between February 2014 and February 2016 in accordance with the level of demand.

I would like to close by saying that it pleases me greatly to welcome on board Florian Petrowsky as the new member of the Warimpex Management Board. As of 1 May, he is responsible for the functions of organisation and law in addition to the new area of transaction management. Having him and his extensive expertise on board puts us in a structurally sound position to continue leading Warimpex successfully.



Franz Jurkowitsch

## BUSINESS HIGHLIGHTS

- 2/2014 AIRPORTCITY St. Petersburg: term sheet signed for the sale of two office towers
- 3/2014 New tenant for Erzsébet Office in Budapest
- 2/2014 PLN 9.0 million (roughly EUR 2.15 million) in bonds placed in Poland
- 4/2014 EUR 2.0 million in bonds placed in Poland
- 5/2014 Florian Petrowsky appointed as new member of the Warimpex Management Board
- 5/2014 AIRPORTCITY St. Peterburg: "Zeppeline" office tower fully rented

## INVESTOR RELATIONS

After closing 2013 at EUR 1.88 or PLN 7.99, the share price declined considerably in the first quarter of 2014. The closing price as at 31 March 2014 was EUR 1.56 or PLN 6.53.

Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in investor conferences in Zürs and Warsaw in 2014.

<b>Other Warimpex securities</b>				
	<b>ISIN</b>	<b>Due</b>	<b>Conversion price in PLN</b>	<b>Amount outstanding</b>
Convertible bond 2011	AT0000A0PCA4	5/5/2014	12.79	PLN 12,500,000
Bond 3/13	PLWRMFB00016	31/3/2016	-	PLN 63,065,000
Convertible bond 4/13	AT0000A100Y0	31/3/2016	7.06	PLN 26,500,000
Convertible bond 10/13	AT0000A139E0	31/10/2016	7.65	PLN 16,500,000
Bond 10/13	AT0000A139F7	31/10/2017	-	PLN 8,500,000
Bond 2/14	PLWRMFB00024	28/2/2018	-	PLN 9,000,000
Bond 4/14	-	30/10/2015	-	EUR 2,000,000

# GROUP MANAGEMENT REPORT

for the period from 1 January to 31 March 2014

## MARKETS

### POLAND

#### Existing portfolio: 6 hotels, 1 office property

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

The occupancy rate at the InterContinental Hotel rose from 73 per cent to 77 per cent, but the average room rate in euros fell by around 5 per cent. The andel's hotel in Łódź achieved an occupancy rate of 62 per cent (1–3 2013: 55 per cent), and the average room rate in euros fell by around 5 per cent. The occupancy rate at the Chopin Hotel in Krakow declined from 37 per cent to 32 per cent, and the average room rate in euros remained stable. Occupancy at the andel's hotel in Krakow was 59 per cent (1–3 2013: 57 per cent), and the average room rate increased slightly. The occupancy rate at the Amber Baltic beachfront resort came in at 28 per cent (1–3 2013: 21 per cent), and the average room rate went up 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 rented.

#### Under development: 2 office buildings

Warimpex is the owner of a development property next to the Chopin Hotel, which is to be the location of an office building. Planning for this project is underway.

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

### CZECH REPUBLIC

#### Existing portfolio: 5 hotels

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

In the reporting period, the two four-star hotels in Prague, Diplomat and angelo, both achieved occupancy rates of 51 per cent (1–3 2013: 58 per cent and 49 per cent respectively). The average room rate at both hotels remained unchanged. Occupancy at the Golden Tulip Savoy hotel came to 36 per cent (1–3 2013: 38 per cent), and the average room rate declined by around 10 per cent. At the Dvorak hotel in Karlsbad, the occupancy rate was 68 per cent (1–3 2013: 74 per cent), and the average room rate improved. Occupancy at the angelo hotel in Plzeň improved from 42 per cent to 54 per cent, and the average room rate also rose moderately.

## 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, 100 per cent of which is occupied. The Sajka office building with its approximately 600 square metres of lettable space is partially rented out. In March, Warimpex gained the leading Hungarian insurance company Groupama Garancia Insurance Private Co. Ltd. – a Hungarian subsidiary of the international Groupama Group – as a new long-term tenant for 12,250 square metres of space in the Erzsébet office building in Budapest. The successful conclusion of the contract by Warimpex represents one of the largest rental agreements on the Hungarian office market in recent years.

## 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 to the angelo design, saw an occupancy rate of 46 per cent (1–3 2013: 41 per cent). The average room rate in euros was down.

## GERMANY

### Existing portfolio: 1 hotel

In Germany, Warimpex held 50 per cent of the andel's hotel in Berlin during the reporting period. Occupancy at the andel's hotel in Berlin was 58 per cent (1–3 2013: 63 per cent). The average room rate remained unchanged.

### 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 underway. Part of the land was sold at the end of 2013.

## FRANCE

### Existing portfolio: 2 hotels

In Paris, Warimpex and its partner UBM are the joint leaseholders (finance lease) of the four-star hotels Dream Castle and Magic Circus at Disneyland® Resort Paris, each of which have around 400 rooms. The occupancy rates at the hotels were 60 per cent and 52 per cent respectively (1–3 2013: 63 per cent and 57 per cent). The average room rate fell slightly at one hotel and increased slightly at the other.

## AUSTRIA

### Existing portfolio: 1 hotel including apartments

In Vienna, Warimpex holds 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 in Vienna, Warimpex's first project in Austria, was opened in March 2013. A large share of the apartments has been sold.



**RUSSIA**

**Existing portfolio: 3 hotels, 1 office building**

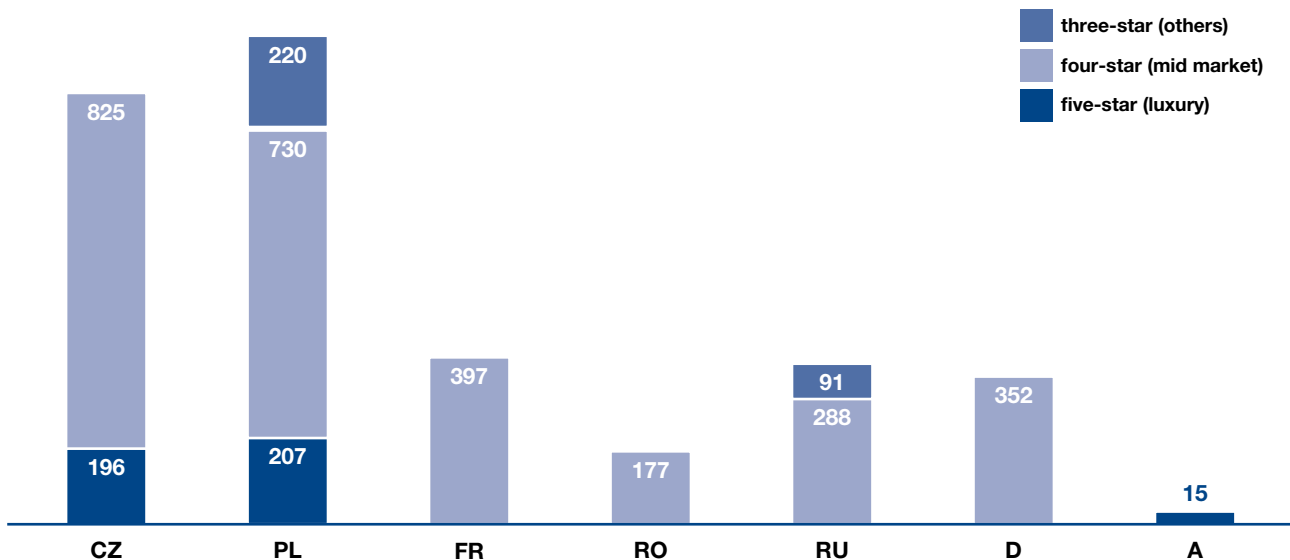
In Russia, Warimpex holds 60 per cent of the Liner Hotel and of the angelo hotel at Koltsovo airport in Ekaterinburg. The angelo hotel Ekaterinburg, which has a direct link to the new terminals, was opened in 2009. In St. Petersburg, Warimpex holds 55 per cent of AIRPORTCITY St. Petersburg. In the first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

While the Liner Hotel enjoyed a satisfactory occupancy rate of 54 per cent, occupancy at the more expensive angelo hotel increased from 45 per cent to 56 per cent, although the average room rate in euros was down by roughly 20 per cent on account of the weak rouble. The Crowne Plaza at AIRPORTCITY St. Petersburg has already established itself very well on the market and achieved 74 per cent occupancy (1–3 2013: 69 per cent). The average room rate in euros did not change. An occupancy rate of 100 per cent was achieved for the two completed office buildings in St. Petersburg (Jupiter 1 and 2).

**Under development: 1 office buildings**

The shell of a second office building that will have 15,000 square metres of lettable space has also been completed at AIRPORTCITY. This office tower is scheduled for completion in mid-2015.

**Hotel portfolio (number of rooms adjusted for proportionate share of ownership) as at 31 March 2014**



The year-on-year reduction in the number of rooms by 196, from 3,423 to 3,227, is attributable to the sale of the Palace Hotel and Le Palais Hotel in Prague. This was offset by the opening of the Kempinski hotel in Vienna in March 2013.

## ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

The hotel industry is subject to seasonal fluctuations and the first quarter is usually the weakest of the year in terms of revenues and so is not representative of overall development during the financial year. By contrast, the second and third quarters usually generate the strongest revenues of the year.

In recent years, Warimpex has significantly expanded both its hotel real estate portfolio with the opening of AIRPORTCITY in St. Petersburg and its activities in the area of office property development and leasing (investment property), which are recognised according to IAS 40, as far as joint ventures are concerned. Given the increased significance of office properties for the Group, the decision was taken to change the measurement policy from the cost model to the fair value accounting model in accordance with IAS 40, which is the industry standard, in order to improve the comparability and relevance of the consolidated financial statements. For information on the effects this will have on the consolidated financial statements, please refer to section 3.2.2 "Changes in accounting policies" contained in the Notes to the Consolidated Financial Statements as at 31 December 2013.

However, Warimpex still measures its hotel portfolio on the basis of the lower of amortised cost or market. Increases in the value of hotel property assets above amortised cost are not recognised in profit or loss on an annual basis. The proceeds from value increases are not recognised accordingly until a hotel property is actually sold. As a result, earnings are highly dependent on the sale of properties and fluctuate significantly.

### Development of revenues

Operating activities in the Hotel segment continued to develop positively in the first quarter of 2014, whereas the revenues of most of the hotels were down slightly on the previous year.

Revenues from the leasing of office space decreased from EUR 0.5 million to EUR 0.4 million. Revenues in the Development & Services segment fell by 47 per cent to EUR 0.4 million as a result of the completion and sale of the Le Palais office building in Warsaw.

Consolidated revenues declined by 12 per cent, from EUR 13.1 million to EUR 11.6 million, mainly due to hotel sales.

Directly attributable expenses directly attributable to revenues were reduced by 22 per cent to EUR 8.5 million, which meant that despite the lower revenues figure gross income from revenues went up by 38 per cent to EUR 3.1 million.

### Earnings situation

#### Gains on property disposals

In the comparative period of the previous year, a stake was sold in the angelo hotel in Munich (including an adjacent development property). This transaction generated a profit contribution of approximately EUR 1.6 million. No properties were sold in the first quarter of 2014.

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

#### EBITDA – EBIT

Earnings before interest, taxes, depreciation and amortisation and gains/losses on remeasurement (investment properties) (= EBITDA) dropped by 55 per cent from EUR 2.1 million to EUR 1.0 million. EBIT declined from EUR 0.1 million to EUR -1.1 million. This decrease is mainly attributable to lower income from the sale of project companies and properties (EUR -1.6 million).



### Financial result

Finance income (including earnings from joint ventures) went from EUR -4.1 million to EUR -7.1 million. Financing expenses declined against Q1 2013 from EUR 4.3 million to EUR 3.8 million.

The financial result in Q1 2014 was impacted by non-cash exchange rate losses (particularly for the rouble) in the amount of EUR 3.1 million. Taking into account the exchange rate gains in the previous year, the change compared with the previous year comes to EUR 4.0 million.

Losses from joint ventures went from EUR -0.7 million to EUR -1.5 million.

### Loss for the period

The total loss for the period for the Warimpex Group went from EUR -4.2 million in the previous year to EUR -7.6 million. This change is mainly due to exchange rate changes, decreased earnings from the sale of properties and lower earnings from joint ventures.

### Segment reporting

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

#### Hotels segment\*

in EUR '000	1-3/2014	1-3/2013 Adjusted
Revenues for the Group	20,640	22,021
Average number of hotel rooms for the Group**	3,257	3,477
GOP for the Group	6,182	6,319
NOP for the Group	4,487	4,434

\* Including all joint ventures on a proportionate basis

\*\* See Hotels reporting package in the consolidated financial statements

In the reporting period, the average number of available rooms declined by 6 per cent to 3,257 due to hotel sales, with revenues from hotel operations also declining by 6 per cent to EUR 20.6 million.

For hotel management, industry-standard key figures are used. 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.). As a result of the sale of weaker hotels, GOP was kept constant and NOP increased in spite of the lower revenues.

**Investment Properties segment\***

in EUR '000	1-3/2014	1-3/2013 Adjusted
Revenues for the Group	1,644	1,637
Segment EBITDA	870	879

\* Including all joint ventures on a proportionate basis

Revenues in the Investment Properties segment as well as segment EBITDA did not change in the quarter under review.

**Development & Services segment\***

in EUR '000	1-3/2014	1-3/2013 Adjusted
Revenues for the Group	458	709
Gains on property disposals	-	1.607
Segment EBITDA	-893	220

\* 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 fluctuation in year-on-year terms and during the year. In the comparative quarter of 2013, a stake was sold in the angelo hotel in Munich. There were no sales in the quarter under review.

## EVENTS AFTER THE REPORTING DATE

For information on material events after the reporting date, please refer to section 8.3 in the Notes to the Consolidated Financial Statements.

## OUTLOOK

The following property is classified as held for short-term sale. It is planned to sell this property 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:

- AIRPORTCITY St. Petersburg, business park and an additional 15,000 square metres of office space
- Erzsébet office tower II, Budapest, 8,000 square metres of office space

We will continue to focus on our good hotel brands and we will also invest in promising synergies between hotels and neighbouring office and residential space. In doing so, we will maintain sufficient diversification both in our portfolio and in our market presence. We also anticipate great potential for new developments, which we intend to leverage in moderation with our solid financial basis and the sale of successful projects.

Vienna, 27 May 2014



**Franz Jurkowitsch**  
Chairman of the Management Board



**Georg Folian**  
Deputy Chairman of the Management Board



**Alexander Jurkowitsch**  
Member of the Management Board



**Florian Petrowsky**  
Member of the Management Board

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 31 MARCH 2014

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# CONDENSED CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 31 March 2014 – unaudited

in EUR	Note	1–3/2014	1–3/2013 Adjusted
Hotels revenues		10,787,551	11,888,227
Investment Properties revenues		389,077	494,187
Development and Services revenues		373,963	707,304
<b>Revenues</b>		<b>11,550,592</b>	<b>13,089,717</b>
Expenses from the operation of hotels		(8,004,985)	(9,007,392)
Expenses from operation of investment properties		(184,081)	(166,035)
Expenses directly attributable to development and services		(281,996)	(1,688,894)
<b>Expenses directly attributable to revenues</b>	5.1.	<b>(8,470,794)</b>	<b>(10,862,321)</b>
<b>Gross income</b>		<b>3,079,798</b>	<b>2,227,397</b>
Income from the sale of properties		–	1,640,000
Disposal of carrying amounts and costs related to sales		–	(81,812)
<b>Gains or losses on property disposals</b>		<b>–</b>	<b>1,558,188</b>
Changes in unfinished real estate development projects		–	1,059,823
Other operating income		159,647	94,284
<b>Other operating income</b>		<b>159,647</b>	<b>1,154,107</b>
Administrative expenses	5.2.	(2,281,359)	(2,809,918)
<b>Results of operating activities before financial result, taxes, depreciation and amortisation (EBITDA)</b>		<b>958,086</b>	<b>2,129,774</b>
Scheduled depreciation and amortisation on property, plant and equipment and intangible assets		(2,411,048)	(2,603,296)
Impairment of property, plant and equipment		–	–
Reversals of impairment on property, plant and equipment		344,208	568,713
<b>Depreciation, amortisation and remeasurement</b>		<b>(2,066,840)</b>	<b>(2,034,583)</b>
<b>Operating profit / loss (EBIT)</b>		<b>(1,108,754)</b>	<b>95,191</b>
Finance income	5.3.	1,295,419	7,472
Financing expenses	5.4.	(3,778,888)	(4,299,668)
Exchange rate changes		(3,116,082)	924,773
Losses from joint ventures (at equity) after taxes		(1,458,115)	(694,144)
<b>Financial result</b>		<b>(7,057,666)</b>	<b>(4,061,566)</b>
<b>Earnings before taxes</b>		<b>(8,166,420)</b>	<b>(3,966,375)</b>
Income taxes		(17,536)	(228,793)
Deferred income taxes		566,896	(46,556)
<b>Taxes</b>		<b>549,360</b>	<b>(275,349)</b>
<b>Loss for the period</b>		<b>(7,617,060)</b>	<b>(4,241,724)</b>
<b>Profit or loss for the period attributable to:</b>			
- Equity holders of the parent		(6,346,560)	(4,267,726)
- Non-controlling interests		(1,270,500)	26,002
		<b>(7,617,060)</b>	<b>(4,241,724)</b>
<b>Earnings per share:</b>			
Basic loss for the period attributable to ordinary equity holders of the parent		(0.12)	(0.08)
Diluted loss for the period attributable to ordinary equity holders of the parent		(0.12)	(0.08)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 March 2014 – unaudited

in EUR	Note	1–3/2014	1–3/2013 Adjusted
<b>Loss for the period</b>		<b>(7,617,060)</b>	<b>(4,241,724)</b>
Foreign currency translation		(356,647)	(242,319)
Measurement of cash flow hedges		–	77,298
Other earnings from joint ventures (at equity)		–	316,963
(Deferred) taxes in other comprehensive income	5.6.	42,288	(13,177)
<b>Other comprehensive income (reclassified in profit and loss in subsequent periods)</b>		<b>(314,359)</b>	<b>138,764</b>
<b>Total comprehensive income for the period</b>		<b>(7,931,419)</b>	<b>(4,102,960)</b>
Total comprehensive income for the period attributable to:			
- Equity holders of the parent		(6,636,093)	(4,168,891)
- Non-controlling interests		(1,295,325)	65,932
		<b>(7,931,419)</b>	<b>(4,102,960)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2014 – unaudited

in EUR	Note	31/3/2014	31/12/2013	31/3/2013 Adjusted
<b>ASSETS</b>				
Property, plant and equipment	6.1.	233,761,932	239,272,521	255,090,023
Investment property	6.2.	19,597,987	18,823,000	16,042,561
Goodwill		921,266	921,266	921,266
Other intangible assets		35,772	51,120	106,395
Net investment in joint ventures (at equity)	6.3.	96,513,061	98,002,756	86,438,986
Other financial assets		10,870,855	11,140,781	11,077,694
Deferred tax assets		40,599	26,745	615,912
<b>Non-current assets</b>		<b>361,741,473</b>	<b>368,238,189</b>	<b>370,292,838</b>
Inventories		657,738	699,585	2,956,010
Trade and other receivables	6.4.	5,098,515	8,588,826	5,368,841
Securities available for sale	6.5.	7,164,312	8,607,000	9,115,621
Other financial assets		–	241,126	48
Cash and cash equivalents	6.6.	4,533,634	4,852,149	7,622,044
Assets of a disposal group classified as held for sale		7,437,757	7,500,942	20,442,632
<b>Current assets</b>		<b>24,891,956</b>	<b>30,489,628</b>	<b>45,505,198</b>
<b>TOTAL ASSETS</b>		<b>386,633,429</b>	<b>398,727,817</b>	<b>415,798,036</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		54,000,000	54,000,000	54,000,000
Capital reserves		17,050,636	17,050,636	17,050,636
Retained earnings		13,495,819	19,842,379	12,961,299
Treasury shares		(301,387)	(301,387)	(301,387)
Other reserves		2,605,202	2,894,736	3,565,943
<b>Equity attributable to equity holders of the parent</b>		<b>86,850,271</b>	<b>93,486,364</b>	<b>87,276,491</b>
Non-controlling interests		(2,405,641)	(1,110,316)	(598,045)
<b>Total equity</b>		<b>84,444,630</b>	<b>92,376,049</b>	<b>86,678,446</b>
Convertible bonds	6.7.	8,088,228	8,028,095	24,055,754
Other bonds	6.7.	18,860,556	17,119,545	–
Other financial liabilities	6.7.	193,689,831	186,303,872	209,257,373
Derivative financial instruments	6.8.	1,582,260	2,828,115	–
Other liabilities		4,053,225	4,052,598	796,452
Provisions		1,891,289	1,891,289	4,613,213
Deferred tax liabilities		10,774,215	11,369,544	12,362,438
Deferred income		1,885,051	2,019,698	–
<b>Non-current liabilities</b>		<b>240,824,654</b>	<b>233,612,755</b>	<b>251,085,230</b>
Convertible bonds	6.7.	3,091,733	2,980,156	–
Other financial liabilities	6.7.	38,881,627	50,151,522	36,278,591
Derivative financial instruments		567,223	549,595	1,398,376
Trade and other payables	6.9.	12,839,312	13,137,148	25,941,933
Provisions		592,851	499,905	424,438
Income tax liabilities		80,975	63,063	367,921
Deferred income		538,586	538,586	–
Liabilities directly associated with the assets classified as held for sale		4,771,837	4,819,037	13,623,101
<b>Current liabilities</b>		<b>61,364,144</b>	<b>72,739,013</b>	<b>78,034,359</b>
<b>Liabilities</b>		<b>302,188,798</b>	<b>306,351,769</b>	<b>329,119,589</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>386,633,429</b>	<b>398,727,817</b>	<b>415,798,036</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1 January to 31 March 2014 – unaudited

in EUR	1–3/2014	1–3/2013
Cash receipts		
from hotel operations and rent received	12,207,522	13,305,044
from real estate development projects	529,031	131,770
from interest income	9,566	7,472
<b>Cash receipts from operating activities</b>	<b>12,746,119</b>	<b>13,444,287</b>
Cash payments		
for real estate development projects	(319,884)	(1,997,627)
for materials and services received	(5,752,643)	(5,563,242)
for related personnel expenses	(3,718,425)	(4,511,635)
for other administrative expenses	(1,650,704)	(2,911,904)
for income taxes	2,967	(4,734)
<b>Cash payments for operating activities</b>	<b>(11,438,689)</b>	<b>(14,989,142)</b>
<b>Net cash flows from operating activities</b>	<b>1,307,430</b>	<b>(1,544,855)</b>
Cash receipts from		
the sale of disposal groups and property	–	5,756,500
disposal proceeds from purchase price receivables relating to disposals in prior periods	2,621,562	1,972,793
the repayment of considerations	237,201	–
other financial assets	241,127	–
returns on joint ventures	31,581	–
<b>Cash receipts from investing activities</b>	<b>3,131,470</b>	<b>7,729,293</b>
Cash payments for		
the purchase of property, plant and equipment	(246,037)	(2,114,958)
the purchase of investment property	(664,396)	(86,826)
the purchase of available-for-sale securities	–	(100,000)
the purchase of data processing programs	–	(4,003)
other financial assets	269,926	–
joint ventures	–	(779,068)
<b>Cash payments for investing activities</b>	<b>(640,507)</b>	<b>(3,084,855)</b>
<b>Net cash flows from investing activities</b>	<b>2,490,963</b>	<b>4,644,437</b>
Cash receipts from the issue of (convertible) bonds	2,164,606	8,372,413
Payments received from loans and borrowing	643,694	36,804,903
Payments made for the repayment of loans and borrowing	(4,155,943)	(43,959,208)
Paid interest and financing costs (for loans and borrowing)	(1,800,765)	(3,834,855)
Paid interest and financing costs (for bonds and convertible bonds)	(944,708)	–
<b>Net cash flows from financing activities</b>	<b>(4,093,115)</b>	<b>(2,616,747)</b>
<b>Net change in cash and cash equivalents</b>	<b>(294,723)</b>	<b>482,835</b>
Foreign exchange rate changes in cash and cash equivalents	(85,748)	(97,720)
Cash and cash equivalents at 1 January	4,948,478	7,369,080
<b>Cash and cash equivalents at 31 March</b>	<b>4,568,007</b>	<b>7,754,195</b>
<b>Cash and cash equivalents at the end of the period consist of:</b>		
Cash and cash equivalents of the Group	4,533,634	7,622,044
Cash and cash equivalents of a disposal group classified as held for sale	34,373	132,150
	<b>4,568,007</b>	<b>7,754,195</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 March 2014 – unaudited

in EUR	Equity attributable to equity holders of the parent					Total	Non-controlling interests	Total equity
	Share capital	Capital reserves	Retained earnings	Treasury shares	Other reserves			
<b>As at 1 January 2013 – adjusted</b>	<b>54,000,000</b>	<b>17,131,207</b>	<b>17,229,025</b>	<b>(301,387)</b>	<b>3,467,108</b>	<b>91,525,953</b>	<b>(663,977)</b>	<b>90,861,977</b>
Issue of convertible bonds	-	(80,571)	-	-	-	(80,571)	-	(80,571)
Total comprehensive income for the period	-	-	(4,267,726)	-	98,835	(4,168,891)	65,932	(4,102,959)
<i>thereof comprehensive income for the period</i>	-	-	(4,267,726)	-	-	(4,267,726)	26,002	(4,241,724)
<i>thereof other comprehensive income</i>	-	-	-	-	98,835	98,835	39,930	138,765
<b>As at 31 March 2013</b>	<b>54,000,000</b>	<b>17,050,636</b>	<b>12,961,298</b>	<b>(301,387)</b>	<b>3,565,943</b>	<b>87,276,491</b>	<b>(598,045)</b>	<b>86,678,447</b>
<b>As at 1 January 2014</b>	<b>54,000,000</b>	<b>17,050,636</b>	<b>19,842,379</b>	<b>(301,387)</b>	<b>2,894,736</b>	<b>93,486,364</b>	<b>(1,110,316)</b>	<b>92,376,049</b>
Total comprehensive income for the period	-	-	(6,346,560)	-	(289,533)	(6,636,094)	(1,295,325)	(7,931,419)
<i>thereof comprehensive income for the period</i>	-	-	(6,346,560)	-	-	(6,346,560)	(1,270,500)	(7,617,060)
<i>thereof other comprehensive income</i>	-	-	-	-	(289,533)	(289,533)	(24,825)	(314,358)
<b>As at 31 March 2014</b>	<b>54,000,000</b>	<b>17,050,636</b>	<b>13,495,819</b>	<b>(301,387)</b>	<b>2,605,202</b>	<b>86,850,271</b>	<b>(2,405,641)</b>	<b>84,444,630</b>

## CONDENSED CONSOLIDATED SEGMENT INFORMATION (in EUR '000)

Some of the figures for 2013 were adjusted.

	Hotels		Investment Properties	
	2014	2013	2014	2013
<b>SEGMENT OVERVIEW PROFIT OR LOSS FOR THE PERIOD</b>				
External revenues	20,691	22,051	1,644	1,637
Internal revenues	(127)	(195)	(12)	(12)
Expenses directly attributable to the revenues	(16,203)	(17,617)	(762)	(746)
Gross income from revenues	4,360	4,239	870	879
Gains or losses from the disposal of properties	-	-	-	-
Changes in real estate projects under development	-	-	-	-
Other operating income	-	-	-	-
Expenses for development projects	-	-	-	-
Personnel expenses	(234)	(244)	-	-
Other administrative expenses	(1,764)	(1,118)	-	-
Segment EBITDA	2,362	2,877	870	879
Scheduled depreciation and amortisation	(3,884)	(4,181)	-	-
Reversals of impairment	444	561	-	-
Segment EBIT	(1,078)	(743)	870	879
Finance income	3	9	7	29
Financing expenses	(3,284)	(3,262)	(488)	(377)
Changes in foreign exchange rates	(3,203)	450	-	-
Earnings from joint ventures	-	-	-	-
Income taxes	(2)	(2)	-	-
Deferred income taxes	393	(11)	(329)	(87)
<b>Segment overview – profit or loss for the period</b>	<b>(7,172)</b>	<b>(3,559)</b>	<b>60</b>	<b>444</b>

	Hotels		Investment Properties	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
<b>SEGMENT OVERVIEW – STATEMENT OF FINANCIAL POSITION</b>				
Segment overview – assets	366,546	412,157	56,319	78,344
Segment overview – equity	14,646	32,222	27,130	34,491
Segment overview – liabilities	351,900	379,936	29,189	43,853

Development & Services		Segment total		Reconciliation		Group total	
2014	2013	1 January – 31 March 2014	2013	2014	2013	2014	2013
458	709	<b>22,793</b>	24,397	<b>(11,158)</b>	(11,308)	<b>11,551</b>	13,090
139	207	-	-	-	-	-	-
(321)	(1,689)	<b>(17,286)</b>	(20,052)	<b>8,815</b>	9,190	<b>(8,471)</b>	(10,862)
277	(773)	<b>5,507</b>	4,345	<b>(2,427)</b>	(2,118)	<b>3,080</b>	2,227
-	1,607	-	1,607	-	(49)	-	1,558
-	1,060	-	1,060	-	-	-	1,060
160	94	<b>160</b>	94	-	-	<b>160</b>	94
(18)	(13)	<b>(18)</b>	(13)	<b>1</b>	8	<b>(17)</b>	(5)
(746)	(999)	<b>(980)</b>	(1,244)	<b>95</b>	54	<b>(884)</b>	(1,190)
(566)	(755)	<b>(2,331)</b>	(1,873)	<b>951</b>	258	<b>(1,380)</b>	(1,615)
(893)	220	<b>2,339</b>	3,977	<b>(1,381)</b>	(1,847)	<b>958</b>	2,130
(31)	(27)	<b>(3,915)</b>	(4,208)	<b>1,504</b>	1,605	<b>(2,411)</b>	(2,603)
-	113	<b>444</b>	675	<b>(100)</b>	(106)	<b>344</b>	569
(924)	307	<b>(1,132)</b>	444	<b>23</b>	(349)	<b>(1,109)</b>	95
1,294	8	<b>1,304</b>	45	<b>(9)</b>	(38)	<b>1,295</b>	7
(2,091)	(2,737)	<b>(5,863)</b>	(6,376)	<b>2,084</b>	2,076	<b>(3,779)</b>	(4,300)
87	475	<b>(3,116)</b>	925	-	-	<b>(3,116)</b>	925
1,124	1,048	<b>1,124</b>	1,048	<b>(2,582)</b>	(1,742)	<b>(1,458)</b>	(694)
(15)	(227)	<b>(18)</b>	(229)	-	-	<b>(18)</b>	(229)
19	-	<b>83</b>	(98)	<b>484</b>	52	<b>567</b>	(47)
<b>(506)</b>	<b>(1,127)</b>	<b>(7,617)</b>	<b>(4,242)</b>	-	-	<b>(7,617)</b>	<b>(4,242)</b>

Development & Services		Segment total		Reconciliation		Group total	
31/3/2014	31/12/2013	31/3/2014	31/12/2013	31/3/2014	31/12/2013	31/3/2014	31/12/2013
90,398	56,242	<b>513,262</b>	546,743	<b>(126,629)</b>	(130,945)	<b>386,633</b>	415,798
61,936	41,417	<b>103,712</b>	108,130	<b>(19,267)</b>	(21,451)	<b>84,445</b>	86,678
28,462	14,824	<b>409,550</b>	438,613	<b>(107,362)</b>	(109,494)	<b>302,189</b>	329,120

**CONDENSED CONSOLIDATED SEGMENT INFORMATION (in EUR '000)**

Some of the figures for 2013 were adjusted.

	Segment total		Reconciliation		Group sub-total	
	1 January – 31 March		1 January – 31 March		1 January – 31 March	
	2014	2013	2014	2013	2014	2013
<b>HOTELS SEGMENT EBIT OVERVIEW</b>						
Revenues – Hotels	20,640	22,021	(9,903)	(10,163)	10,737	11,858
Cost of materials	(8,803)	(9,629)	4,651	4,804	(4,152)	(4,825)
Personnel expenses	(5,654)	(6,073)	2,709	2,733	(2,945)	(3,341)
<b>Gross operating profit (GOP)</b>	<b>6,182</b>	<b>6,319</b>	<b>(2,543)</b>	<b>(2,626)</b>	<b>3,639</b>	<b>3,693</b>
Income after GOP	51	30	–	–	51	30
Management fees	(951)	(1,085)	432	516	(519)	(569)
Exchange rate differences	(18)	394	(86)	(421)	(104)	(27)
Property expenses	(777)	(1,224)	492	978	(285)	(246)
<b>Net operating profit (NOP)</b>	<b>4,487</b>	<b>4,434</b>	<b>(1,705)</b>	<b>(1,553)</b>	<b>2,783</b>	<b>2,881</b>
Other costs after NOP	(688)	(828)	286	362	(402)	(466)
Leases/rent	(1,310)	(534)	709	(52)	(601)	(586)
Scheduled depreciation and amortisation on fixed assets	(3,884)	(4,181)	1,503	1,605	(2,381)	(2,576)
Reversals of impairment	444	561	(100)	(106)	344	455
<b>Contribution to the operating result for the Hotels segment</b>	<b>(951)</b>	<b>(548)</b>	<b>693</b>	<b>255</b>	<b>(258)</b>	<b>(293)</b>
less internal revenues	(127)	(195)	127	195	–	–
<b>Segment EBIT</b>	<b>(1,078)</b>	<b>(743)</b>	<b>820</b>	<b>450</b>	<b>(258)</b>	<b>(293)</b>

## NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 January to 31 March 2014 – 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 and has its registered address at Floridsdorfer Hauptstraße 1, A-1210 Vienna, Austria.

The condensed consolidated interim financial statements of Warimpex Finanz- und Beteiligungs AG as at 31 March 2014 were released for publication by the Management Board of Warimpex Finanz- und Beteiligungs AG on 27 May 2014.

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

The consolidated interim financial statements as at 31 March 2014 were prepared in accordance with IAS 34. They do not contain all the information and notes included in the annual financial statements and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2013.

The consolidated interim financial statements as at 31 March 2014 were not audited or reviewed by a financial auditor.

The main accounting policies applied in preparing the consolidated interim financial statements as at 31 March 2014 were the same as those applied in the consolidated annual financial statements as at 31 December 2013.

IFRS 10 and 11 were applied for the first time in these consolidated interim financial statements. With respect to the changes effective under IFRS as of 1 January 2014 and their effects on the consolidated (interim) financial statements, please refer to the information provided in the consolidated financial statements as at 31 December 2013. The disclosure requirements as per IFRS 12 do not apply to interim financial statements.

By their very nature, consolidated interim financial statements are based on estimates to a greater extent than consolidated annual financial statements. In addition to the principal estimation uncertainties identified in the consolidated annual financial 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 the tourism industry, in particular city tourism, the contributions to earnings from the Hotel segment are generally higher in the second half of the year than in the first half of the year. No discernible pattern can be identified with regard to contributions to earnings from the sale of property and equity holdings or from business combinations.

## [04] Segment information

The operations of the Warimpex Group are divided into three business segments: Hotels, Investment Properties and Development & Services. The individual segments are identified based on their different products/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 in accordance with IFRS 8.12.

Transactions between the segments include recharging intragroup services and development project services. The segment information includes information on the income and results as well as specific information on the assets and liabilities of the Group business segment for the period from 1 January to 31 March 2014 and as at 31 March 2014.

## [05] Notes to the consolidated income statement

### 5.1. Expenses directly attributable to revenues

	1 January to 31 March	
	2014	2013
<i>Composition of direct expenses from Hotels:</i>		
Cost of materials and purchased services	(4,772,567)	(5,397,204)
Personnel expenses	(2,846,888)	(3,340,896)
Administrative expenses	(385,530)	(269,292)
	<b>(8,004,985)</b>	<b>(9,007,392)</b>
<i>Composition of direct expenses from Investment Properties:</i>		
Cost of materials and purchased services	(144,439)	(145,966)
Personnel expenses	(5,081)	(5,081)
Administrative expenses	(34,293)	(14,988)
	<b>(183,813)</b>	<b>(166,035)</b>
<i>Composition of direct expenses from Development and Services:</i>		
Cost of materials and purchased services	(224,201)	(300,295)
Personnel expenses	–	(148,073)
Other services rendered	(57,795)	(1,240,527)
	<b>(281,996)</b>	<b>(1,688,894)</b>

### 5.2. Administrative expenses

	1 January to 31 March	
	2014	2013
<i>Composition:</i>		
Other personnel expenses	(884,068)	(1,190,306)
Other administrative expenses	(1,397,291)	(1,619,612)
	<b>(2,281,359)</b>	<b>(2,809,918)</b>

Information on the individual items under "Administrative expenses" is provided in sections 5.2.1. and 5.2.2.



**5.2.1. Other personnel expenses**

	1 January to 31 March	
	2014	2013
<i>Composition:</i>		
Wages and salaries	(2,830,098)	(3,358,892)
Social security contributions	(536,444)	(677,874)
Other payroll-related costs	(117,078)	(145,389)
Voluntary personnel expenses	(3,752)	(2,944)
Expenses related to posted employees	(232,299)	(219,618)
Changes in provisions and expenses related to termination gratuities and pensions	(9,752)	(78,245)
Changes in accrual for compensated absences	(6,613)	(21,176)
Changes in social capital	–	(180,217)
	<u>(3,736,037)</u>	<u>(4,684,355)</u>
Less personnel expenses directly attributable to revenues	2,851,969	3,494,049
<b>Other personnel expenses</b>	<b>(884,068)</b>	<b>(1,190,306)</b>

In the first quarter of 2014, the Company employed an average of 916 people (comparative period of the previous year: 1,048 people).

**5.2.2. Other administrative expenses**

	1 January to 31 March	
	2014	2013
<i>Composition:</i>		
Legal consulting fees	(117,110)	(191,797)
Administration costs	(360,870)	(397,863)
Advertising	(99,670)	(83,642)
Non-deductible input taxes	(85,210)	(94,255)
Lease payments for andel's Krakow and other rent	(601,410)	(585,904)
Property costs	(157,618)	(195,473)
Other administrative expenses	(404,452)	(411,490)
	<u>(1,826,339)</u>	<u>(1,960,424)</u>
Less administrative expenses directly attributable to revenues	429,049	340,812
<b>Other administrative expenses</b>	<b>(1,397,291)</b>	<b>(1,619,612)</b>

**5.3. Finance income**

	1 January to 31 March	
	2014	2013
<i>Composition:</i>		
Interest income from cash management	9,566	7,472
Unrealised gains on derivative financial instruments	1,285,853	–
	<u><b>1,295,419</b></u>	<u><b>7,472</b></u>

#### 5.4. Financing expenses

	1 January to 31 March	
	2014	2013
<i>Composition:</i>		
Interest on bank overdrafts, project loans and other loans	(2,649,487)	(3,001,121)
Interest on bonds and convertible bonds	(753,157)	(675,227)
Interest on loans for minority shareholders	(57,888)	(87,427)
Other finance expense	(244,957)	(262,645)
Unrealised losses on derivative financial instruments	(73,399)	(195,236)
Other	–	(78,012)
	<b>(3,778,888)</b>	<b>(4,299,668)</b>

#### 5.5. Foreign currency translation in finance income

	1 January to 31 March	
	2014	2013
<i>Composition:</i>		
From (convertible) bonds in PLN	188,243	274,059
From loans in CHF	(166,258)	265,450
From EUR financing in the subsidiaries	(3,138,067)	385,264
	<b>(3,116,082)</b>	<b>924,773</b>

Foreign exchange rate gains/losses from CHF loans relate to unrealised losses from the measurement of CHF loans at the balance sheet date for which the foreign currency risk has not been hedged.

Foreign exchange rate gains/losses from financing subsidiaries in EUR relate to subsidiaries whose functional currency is the local currency and whose financing is in euro.

#### 5.6. Income taxes in other comprehensive income

	1 January to 31 March	
	2014	2013
<i>Income taxes in other comprehensive income are attributable to:</i>		
Foreign exchange differences	42,288	1,509
Measurement of cash flow hedges	–	(14,687)
<b>Taxes on other comprehensive income</b> <b>(reclassified to profit or loss in subsequent periods)</b>	<b>42,288</b>	<b>(13,177)</b>

**[06] Notes on the statement of financial position****6.1. Property, plant and equipment**

Property, plant and equipment includes land and equivalent rights, buildings including buildings on third-party land, operating equipment, hotel inventories and technical equipment.

	2014	2013
<i>Change:</i>		
Carrying amounts at 1 January	239,272,521	256,568,642
Additions	245,365	377,930
Scheduled depreciation and amortisation	(2,444,191)	(2,582,141)
Reversals of impairment	393,851	568,713
Effects of currency translation	(3,705,614)	156,880
<b>Carrying amounts at 31 March</b>	<b>233,761,932</b>	<b>255,090,023</b>

**6.2. Investment property**

	2014	2013 Adjusted
<i>Change:</i>		
Carrying amounts at 1 January	18,823,000	16,032,993
Advance payments made (see section 8.1.)	650,000	–
Investments	138,002	10,383
Effects of currency translation	(13,015)	(815)
<b>Carrying amounts at 31 March</b>	<b>19,597,987</b>	<b>16,042,561</b>

**6.3. Net investment in joint ventures (at equity)**

	2014	2013 Adjusted
<i>Change in net investment in joint ventures:</i>		
Carrying amounts at 1 January	98,002,756	86,037,098
Interest income from loans granted	1,123,860	1,047,555
Earnings allocation from profit/loss for the period	(2,581,974)	(1,741,698)
Earnings allocation from other comprehensive income	–	316,963
<b>Carrying amounts at 31 March</b>	<b>96,513,061</b>	<b>86,438,986</b>

#### 6.4. Trade and other receivables (current)

	31/3/2014	31/12/2013
<i>Composition:</i>		
Trade receivables	2,008,413	3,068,953
Receivables from tax authorities	739,633	809,418
Receivables from sales	111,500	2,733,062
Advance payments made	620,353	300,588
Other current receivables and assets	1,105,862	1,108,970
Receivables due from joint ventures	37,397	38,197
Deferred income	475,356	529,638
	<b>5,098,515</b>	<b>8,588,826</b>

#### 6.5 Securities available for sale

The disposals of available-for-sale securities relate to repayments to the capital reserves of Palais Hansen Immobilienentwicklung GmbH amounting to EUR 1.4 million. These repayments were offset against loans previously received from the company.

#### 6.6. Cash and cash equivalents

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

	31/3/2014	31/3/2013
<i>Composition:</i>		
Cash on hand	101,473	106,910
Bank balances	4,432,161	7,042,585
Other	–	472,550
	<b>4,533,634</b>	<b>7,622,044</b>

#### 6.7. Financial liabilities

Financial liabilities comprise the following interest-bearing liabilities for the purpose of Group financing, mainly convertible bonds, bonds and loans from financial institutions or companies.

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

	Project loans	Borrowing	Bonds, convertible bonds	Loans from minorities & others	Total
<i>Change 2013:</i>					
As at 1 January	194,697,132	31,872,973	15,396,167	26,708,297	268,674,570
Borrowing / accumulated interest	36,540,262	–	14,638,100	331,577	51,509,940
Repayment	(38,082,792)	(4,405,325)	(6,265,687)	(1,471,091)	(50,224,895)
Exchange rate and other changes	(228,738)	–	287,174	(426,332)	(367,897)
<b>As at 31 March</b>	<b>192,925,864</b>	<b>27,467,648</b>	<b>24,055,754</b>	<b>25,142,451</b>	<b>269,591,718</b>
<i>thereof current (due &lt; 1 year)</i>	19,068,478	15,322,032	–	1,888,081	36,278,591
<i>thereof non-current (due &gt; 1 year)</i>	173,857,386	12,145,617	24,055,754	23,254,370	233,313,127
<i>Change 2014:</i>					
As at 1 January	183,227,784	22,777,590	28,127,796	30,450,021	264,583,190
Borrowing / accumulated interest	819,970	–	2,164,606	805,267	3,789,843
Repayment	(3,056,495)	(1,035,783)	–	(1,442,408)	(5,534,686)
Exchange rate and other changes	105,125	–	(251,885)	(79,612)	(226,373)
<b>As at 31 March</b>	<b>181,096,383</b>	<b>21,741,807</b>	<b>30,040,517</b>	<b>29,733,268</b>	<b>262,611,975</b>
<i>thereof current (due &lt; 1 year)</i>	24,648,120	10,938,518	3,091,733	3,294,988	41,973,360
<i>thereof non-current (due &gt; 1 year)</i>	156,448,262	10,803,289	26,948,784	26,438,280	220,638,614

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

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

## 6.8. Derivative financial instruments

The reduction in non-current derivative financial liabilities is the result of changes in fair value.

## 6.9. Trade and other payables (current)

	31/3/2014	31/12/2013
<i>Composition:</i>		
Trade payables	3,096,633	3,525,330
Trade payables due to joint ventures	445,281	502,223
Trade payables due to related parties	4,867,850	4,754,048
Other liabilities	3,459,828	3,483,659
Security deposits received	199,314	233,161
Advance payments received	770,407	638,727
	<b>12,839,312</b>	<b>13,137,148</b>

## [07] Disclosures on financial instruments and 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 categories.

Measurement category as per IAS 39	Assets – categories	IFRS 13 level	Carrying amount 31/3/2014	Fair value 31/3/2014	Carrying amount 31/12/2013	Fair value 31/12/2013
LaR	Other financial assets		10,604,979	10,604,979	10,874,905	10,874,905
	Non-financial non-current assets		353,718,468		357,363,284	
	<b>Total non-current assets</b>		<b>361,741,473</b>		<b>368,238,189</b>	
LaR	Receivables		3,333,081	3,333,081	7,190,309	7,190,309
LaR	Cash and cash equivalents		4,533,634	4,533,634	4,852,149	4,852,149
AfS	Securities available for sale	3	7,164,312	7,164,312	8,607,000	8,607,000
	Non-financial current assets		9,860,928		9,840,170	
	<b>Total current assets (including IFRS 5)</b>		<b>24,891,956</b>		<b>30,489,628</b>	
	<b>Total assets</b>		<b>386,633,429</b>		<b>398,727,817</b>	

Measurement category as per IAS 39	Equity and liabilities – categories	IFRS 13 level	Carrying amount 31/3/2014	Fair value 31/3/2014	Carrying amount 31/12/2013	Fair value 31/12/2013
FL	Fixed-rate convertible bonds	3	(8,088,228)	(8,831,210)	(8,028,095)	(8,781,045)
FL	Variable-rate bonds	3	(18,860,556)	(19,113,895)	(17,119,545)	(17,331,816)
FL	Fixed-rate loans	3	(116,535,649)	(127,646,502)	(113,490,566)	(124,386,600)
FL	Variable-rate loans	3	(77,154,182)	(80,307,240)	(72,813,306)	(75,263,743)
FL	Other non-current liabilities		(4,053,224)	(4,053,224)	(4,052,598)	(4,052,598)
FVTPL	Derivative financial instruments – conversion rights	3	(1,428,416)	(1,428,416)	(2,730,042)	(2,730,042)
FVTPL	Derivative financial instruments – interest rate swaps	3	(153,844)	(153,844)	(98,073)	(98,073)
FL	Provisions for pensions		(261,660)	(261,660)	(261,660)	(261,660)
	Non-financial non-current liabilities		(14,288,895)		(15,018,870)	
	<b>Total non-current liabilities</b>		<b>(240,824,654)</b>		<b>(233,612,755)</b>	
FL	Fixed-rate convertible bonds	3	(3,091,733)	(3,843)	(2,980,156)	(2,986,928)
FL	Liabilities		(10,370,603)	(10,370,603)	(10,777,587)	(10,777,586)
FL	Fixed-rate loans	3	(11,799,221)	(11,545,583)	(16,759,426)	(17,008,222)
FL	Variable-rate loans	3	(27,082,406)	(27,514,587)	(33,392,096)	(33,447,758)
FVTPL	Derivative financial instruments	3	(567,223)	(567,223)	(549,595)	(549,595)
	Non-financial current liabilities		(8,452,958)		(8,280,153)	
	<b>Total current liabilities (including IFRS 5)</b>		<b>(61,364,144)</b>		<b>(72,739,013)</b>	
	<b>Total liabilities</b>		<b>(302,188,798)</b>		<b>(306,351,769)</b>	

Note:

LaR = Loans and Receivables

AfS = Available for Sale

FVTPL = at Fair Value Through Profit and Loss

FL = Financial Liabilities at amortised costs

Hedge = Derivative financial instruments with hedging relationships

The method for determining fair value is the same as at 31 December 2013.

**7.2. Reconciliation level-3 measurement (recurring fair value measurement)**

The change in recurring fair value measurement of financial instruments can be broken down as follows:

**2014**

*Change:*

Carrying amounts at 1 January	5,229,290
Disposals	(1,442,689)
Gains/losses on remeasurement in profit or loss	1,228,227
<b>Carrying amounts at 31 March</b>	<b><u>5,014,828</u></b>

Gains/losses on remeasurement relate to unrealised gains or losses, which are included in the income statement under "Financial result".

**7.3. Measurement method and input parameters (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 Categories	Measurement method	Key input parameters
3 Securities available for sale	Income-based	Capitalisation rate
3 Non-current derivative financial instruments – conversion rights	Income-based	Volatility, share prices

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

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

Level Categories	Key input parameters	Quantitative information
3 Securities available for sale	Capitalisation rate	4.25%
3 Non-current derivative financial instruments – conversion rights	Volatility	30%

**7.4. Sensitivity analysis for changes in unobservable material input parameters (recurring measurement)**

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

Level Input parameter	Change in the assumption before taxes (in EUR '000)	Change in the result
3 <i>Securities available for sale:</i>		
Payment flows (available-for-sale securities)	+ 5%	595
Payment flows (available-for-sale securities)	- 5%	(595)
3 <i>Non-current derivative financial instruments – conversion rights:</i>		
Volatility Warimpex share price in PLN	+ 5 percentage points	(270)
Volatility Warimpex share price in PLN	- 5 percentage points	266



## [08] Other disclosures

### 8.1. Commitments for the purchase of real estate

In connection with the leasing of office tower A of the Erzsebet offices, a preliminary agreement was made with the future tenant regarding the future purchase of both office properties in Budapest. The Group made an advance payment of EUR 650,000 (see section 6.2.). The actual acquisition of the property is scheduled for summer 2015 once the renovations are completed and the tenant has moved into office tower A.

### 8.2. Related party transactions

#### 8.2.1. Transactions with Management Board members

	2014	2013
Management Board compensation 1 January – 31 March	174,990	180,384

#### 8.2.2. Transactions with Vienna International Hotelmanagement AG (VI)

	2014	2013
<i>Transactions of Group companies (fully consolidated) with VI:</i>		
Management fee charged 1 January – 31 March	(516,334)	(567,084)
Other purchased services in hotel operations 1 January – 31 March	(330,301)	(434,474)

#### 8.2.3. Transactions with joint ventures (JV)

	2014	2013
Income from transactions with joint ventures 1 January – 31 March 2014	1,128,860	1,047,555
Trade payables due to joint ventures as at 31 March 2014	(4,282,884)	(2,255,721)

### 8.3. Events after the reporting date

A bond with a nominal value of EUR 2 million was issued successfully in April 2014. The term was 18 months and the interest rate was 6.9% with semi-annual payments.

The convertible bond issued in May 2011 with an outstanding nominal value of PLN 12.5 million (approximately EUR 3 million) was repaid on schedule on 6 May 2014.

Vienna, 27 May 2014



**Franz Jurkowsch**  
Chairman of the Management Board



**Georg Folian**  
Deputy Chairman of the Management Board



**Alexander Jurkowsch**  
Member of the Management Board



**Florian Petrowsky**  
Member of the Management Board

## SELECTED WARIMPEX GROUP PROPERTIES



**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)



**Financial calendar**

28 May 2014	Publication of the results for the first quarter of 2014
6 June 2014	Annual General Meeting
29 August 2014	Publication of the 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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