warimpex

Warimpex: Preliminary result for 2012 a solid plus

- **Sales revenues: EUR 73.6 million (plus 13 per cent)**
- **Net result for the period: EUR 12.5 million (plus 95 per cent)**
- **NOP from the Hotel & Resorts segment improved by 9 per cent**
- **Sale of InterContinental hotel Warsaw brings a profit of EUR 11.6 million and lifts EBITDA for the Development & Asset Management segment from minus EUR 627,000 in 2011 to plus EUR 8.7 million**
- **Development projects: second construction phase at Airport City St. Petersburg, conversion of Budapest office building, strengthening of the angelo and andel's brands**

Vienna/Warsaw, 19 March 2013 – The preliminary results for 2012 show that Warimpex Finanz- und Beteiligungs AG had a good financial year. The highlight of 2012 was the largest hotel transaction in the history of the company and of the Polish market – the sale of the 50 per cent stake in the InterContinental hotel Warsaw. In addition to continued good growth in consolidated sales revenues, which were up by 13 per cent, this was a key factor behind the EUR 9.5 million profit achieved for the year and the total comprehensive income for the period of EUR 12.5 million. This is an increase of 31 and 95 per cent, respectively, compared with the previous year.

The markets

In St. Petersburg, the company succeeded in winning a member of the Gazprom group as a tenant for the two finished office towers at Airport City. A letter of intent was also signed with a renowned company for the third office tower, which is still under construction. An agreement for the refinancing of a short-term credit line for the angelo and Liner hotels at Ekaterinburg airport was also signed with the Russian bank Sberbank at the beginning of 2013, securing long-term financing for these projects. Both establishments are developing well, and the angelo hotel reported a roughly 50 per cent increase in revenue in 2012.

The Prague hotel market is also recovering slowly, however, and room prices were increased by 7 per cent at stable occupancy rates. In Poland, the InterContinental hotel was a key driver of hotel revenues and saw its room rates increase by 10 per cent with stable occupancy in 2012. A lease with the buyer of the hotel will secure the good cash flows from the property for Warimpex in the future.

Segment reporting

Including all joint ventures on a proportionate basis,[1] sales revenues from hotels again grew significantly in the reporting period. While the average number of available rooms increased by 2 per cent to 3,637, sales revenues from hotel operations rose by 9 per cent to EUR 112.5 million. The net operating profit (NOP) also rose by 9 per cent to EUR 28.7 million. Sales revenues from the Development & Asset Management segment increased by 73 per cent to EUR 12.8 million. This improvement can primarily be attributed to development revenues in connection

[1] Warimpex switched from proportionate consolidation to the equity method of consolidation for the 2011 annual report. Under this system, only properties in which the Company holds more than 50 per cent are included on the balance sheet. Warimpex made this change in response to amendments to the International Financial Reporting Standards (IFRS) that require the application of this recognition method starting in 2013.

with the completion of the Le Palais office building in Warsaw. The results in this segment depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant year-on-year fluctuation.

Warimpex sold its 50 per cent stake in the InterContintental hotel in Warsaw in the 2012 financial year at a profit of EUR 11.6 million. This caused the EBITDA for the Development & Asset Management segment to jump from minus EUR 627,000 in 2011 to plus EUR 8.7 million in the reporting period. In the result from joint ventures, the sale of this stake in the InterContinental hotel made a major contribution to the Company's success in 2012.

Financial result

Thanks to the good performance of the hotels, the cash flow from operating activities doubled to EUR 16.3 million. Due to lower income from the sale of fully consolidated project companies – in other words not including the sale of the InterContinental hotel – EBITDA fell by 13 per cent to EUR 10.8 million despite the higher sales revenues. Even though property prices are increasingly stabilizing on the real estate markets in Eastern Europe and impairment charges from previous years of EUR 8.9 million were reversed during the reporting period (2011: EUR 12.9 million), impairment charges totalling EUR 1.3 million and scheduled write-downs of EUR 10.9 million caused EBIT to fall from EUR 9.7 million to EUR 7.4 million.

The result from joint ventures grew from EUR 12.4 million to EUR 18.4 million, above all because of the sale of the InterContinental hotel in Warsaw.

Outlook

Warimpex decided to place a bond on the Polish capital market in February 2013. The issue proceeds of EUR 15.1 million are earmarked for the refinancing of existing obligations and for bolstering the Company's financing structure, and will also provide the necessary flexibility to seize investment opportunities under the current market conditions and to finance future development projects. The focus in this will be on the second construction phase of Airport City in St. Petersburg and on the conversion of an office building in Budapest.

The preliminary numbers for 2012 at a glance (as of 31 December 2012)

Key figures in thousands of EUR	2012	Change	2011
Total revenues	73,608	+ 13%	64,925
Income from the sale of properties	212	- 93%	3,018
EBITDA	10,792	- 14%	12,492
EBIT	7,420	- 23%	9,662
Result from joint ventures	18,433	+ 48%	12,436
Profit for the year	9,480	+ 31%	7,240
Total income and expenses for the period	12,476	+ 95%	6,381
Net cash flow from operating activities	16,324	+ 99%	8,209
Revenues from the Hotels & Resorts segment	112,481	+ 9 %	103,443
NOP from Hotels & Resorts segment	28,657	+ 9 %	26,226
Revenues from the Development & Asset Management segment	12,756	+ 73 %	7,388
EBITDA from the Development & Asset Management segment	8,714	-	-627