

## P R E S S R E L E A S E

### **Warimpex: upward trend continues in the third quarter of 2010**

- **Sales up by 21 per cent – EBITDA and EBIT clearly positive**
- **Launch of a bond issue programme with a volume of PLN 300 million (EUR 75 million) announced.**
- **Recent hotel projects in Munich, Berlin, Łódź and Katowice off to an outstanding start.**
- **Development of projects in St. Petersburg, Vienna and Warsaw plus the budget hotels in CEE gaining momentum.**

Vienna, 17 November 2010 – Thanks to significant improvements in market conditions since last year and the good quality of its properties, Warimpex Finanz und Beteiligungs AG can report very satisfactory results in the third quarter of 2010. After getting into the black again already in the first half of 2010, the sales revenues for the first three quarters of the year improved by another 21 per cent. This positive development resulted in considerably improved EBITDA and EBIT. The third quarter alone, which is traditionally strong for the hotel industry, saw a 15 per cent increase in sales revenues and 44 per cent higher EBITDA.

#### **Bond issue programme planned**

With the financial markets opening up again, Warimpex has decided to launch a bond issue programme. Warimpex plans to issue bonds with a total volume of PLN 300 million or EUR 75 million over the next three years, primarily for Polish institutional investors. This capital will be used to refinance short-term loans and to complete our development projects.

#### **Successful young hotel projects**

Conditions still vary widely in the individual Warimpex markets in Central and Eastern Europe. While the recovery in Romania and the Czech Republic is only moving at a slow pace, Poland, Germany and France are still enjoying more dynamic growth. “Many of our most recent projects in these markets have far exceeded our expectations. Establishments such as the angelo hotel Munich, the andel’s hotel Berlin, the andel’s hotel Łódź and the angelo hotel Katowice, which we opened between 2008 and 2010, have gotten off to outstanding starts, and saw increases in occupancy and average room rates towards the end of the reporting period,” commented Warimpex CEO Franz Jurkowitsch. “All of these hotels got off to an outstanding start, and saw increased occupancy and average room rates in the reporting period. This confirms our strategy of investing in Central and Eastern European markets and that fact that our angelo and andel’s brands harmonize very well with current client expectations. This success fuels our drive to tackle the challenges ahead of us,” added Jurkowitsch.

#### **New development projects in the pipeline**

There have also been positive signals on the financial markets for the current and planned development projects. “In October, we successfully negotiated a EUR 60 million credit agreement with a Polish bank consortium for our Airport City project in St. Petersburg. This will enable us to complete a four-star Crowne Plaza hotel at the end of 2011 and office buildings with a total net space of 21,000 square metres in 2011, all on schedule. We are

especially looking forward to the opening of this hotel, in part because of the recent significant improvements in the growth projections for Russia,” said Jurkowitsch.

Construction work on some new projects has already begun or will begin shortly, including Palais Hansen in Vienna, the Le Palais office building in Warsaw and the development of budget hotels (currently in Poland and Hungary). Construction work began in Vienna in September; the hotel is scheduled to open at the end of 2012 and will be operated by the internationally renowned management firm Kempinski. Construction work on the Le Palais office building in Warsaw is set to begin this autumn. The groundbreaking ceremonies for the budget hotels being developed in cooperation with Starwood Capital and Louvre Hotels are also around the corner. The first two establishments will be a Campanile and Première Classe hotel in Wroclaw, with work beginning in early November. Both are to be completed in December 2011. In addition to the two hotels in Wroclaw, the joint venture has five more hotel projects in the pipeline across four sites – Zielona Gora, Bydgoszcz and Katowice in Poland and Budapest in Hungary.

## **Financial result**

Consolidated turnover improved considerably, rising 21 per cent from EUR 62.2 million to EUR 75.2 million. Revenues from hotel operation increased from EUR 58.1 million in the first nine months of 2009 to EUR 69.6 million, primarily due to revenues from the new hotels that were opened in Berlin, Łódź and Katowice in 2009 and 2010, all of which enjoyed very good starts, and increased sales revenues especially in Paris and Warsaw. Revenues from the rental of offices and the provision of development services increased from EUR 4.1 million to EUR 5.6 million.

Earnings before interest, taxes, depreciation and amortization increased considerably from EUR 2.5 million in the first three quarters of 2009 to EUR 15.4 million in the reporting period, and the operating result (EBIT) also surged from EUR -76.7 million to EUR 19.3 million. The cash flow from operations doubled from EUR 5.8 million to EUR 11.5 million, whilst the profit improved significantly from EUR -98.2 million to EUR 4.8 million.

## **Outlook**

“We are confident that we will be able to continue the current upswing in the fourth quarter. With the good performance of our most recent hotel development projects, we can count on a stable cash flow into the future, and also bring new projects forward. This makes us confident that our group will see good development in 2011 as well,” concluded Jurkowitsch.

## The numbers for Q1–Q3 2010 at a glance

Key figures in EUR thousands	1–9/2010	+/-	1–9/2009	7–9/2010	+/-	7–9/2009
Total revenues	75,217	21%	62,219	28,098	15%	24,441
Gains from the sale of project companies	3,270	43%	2,288	-	-	-
EBITDA	15,431	528%	2,457	6,234	44%	4,332
EBIT	19,309	-	-76,721	5,893	0%	5,910
Profit for the period	4,768	-	-98,194	1,309	-	373
Earnings/loss per share in EUR	0.11	-	2.63	0,03	-	0.00
Number of hotels	21	1	20			
Number of rooms (adjusted for proportionate share of ownership)	3,421	99	3,322			
Number of office and commercial properties	5	-	5			
	<b>30/06/2010</b>		<b>30/06/2009</b>			
Gross asset value (GAV) in EUR m	579.2	4%	557.5			
Triple net asset value (NNNAV) in EUR m	178.5	52%	117.6			
NNNAV per share in EUR	3.3	-	3.3			

## Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex Finanz- und Beteiligungs AG is a property development and investment company with its headquarters in Vienna and offices in Budapest, Prague, St. Petersburg and Warsaw. Over the past twenty-five years, Warimpex has developed properties worth over one billion euros in Central and Eastern Europe. Warimpex currently owns or jointly owns twenty-one business and luxury hotels with over 5,000 rooms in total and five commercial and office buildings with a total useable area of roughly 32,000 square metres. The properties are located primarily in Central and Eastern Europe. A number of further hotel projects are currently under development. Over the medium term, the Group has its sights set on becoming the market leader in the hotel property segment in the “New Europe”. The Warimpex share is listed on the Vienna and Warsaw (WXXF) stock exchanges.

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