warimpex

PRESS RELEASE

First Half of 2010

Warimpex back in the black

- **Positive result for the first half of 2010 – revenues up 25 per cent**
- **Hotel occupancy rising on all markets – room rates now stable**
- **Real estate valuations at 30 June 2010 show NNNAV of EUR 3.3 per share and thus no change in annual comparison despite higher number of shares after capital increase**
- **Development of budget hotels in Poland and Hungary, of the Crowne Plaza at Airport City in St. Petersburg and the Le Palais office building in Warsaw to continue in autumn 2010**

Key figures in EUR '000	**H1/2010**	**Change**	**H1/2009**
Revenues	*47,119*	+25%	37,778
Gains from the sale of project companies	3,117	+36%	2,288
EBITDA	9,197		-1,875
EBIT	13,416		-82,631
Profit for the period	3,729		-98,567
Earnings/loss per share in EUR	0.08		-2.62
Number of hotels	21	+2	19
Number of rooms (adjusted for proportionate share of ownership)	3,421	+226	3,195
Number of office and commercial properties	5		5
	30.06.2010		**30.06.2009**
Gross asset value (GAV) in millions of euros	579.2	4%	557.5
Triple net asset value (NNNAV) in millions of euros	178.5	52%	117.6
NNNAV per share in EUR	3.3		3.3

Vienna, 31 August 2010 – The first half of 2010 saw clear stabilization in the hotel industry, a trend from which Warimpex Finanz- und Beteiligungs AG was also able to profit. Revenues continued to grow in the second quarter and were up by 25 per cent overall in the first six months of the year. An especially encouraging upswing was seen in the business travel segment, and conference business is also starting to pick up again. At the same time, improved occupancy rates and especially better conditions on the transaction market allowed part of the impairment write-downs that were made in 2009 to be reversed. This resulted in clearly positive EBITDA and EBIT and a strong surplus in the second quarter, allowing the profit for the first half of the year to surge to EUR 3.7 million.

Occupancy rates continued to improve at the Group hotels in the second quarter of 2010. The angelo hotel in Munich saw the greatest occupancy increase at 12 per cent. Occupancy rates also began rising in the underperforming five-star segment in Prague in June and July. “This trend has also begun to have a positive effect on room rates. While this upswing has not yet set in to the same extent on all markets, the average room rates have already gone up in Poland and Germany, where occupancy rates rebounded first," said Warimpex CEO Franz Jurkowitsch.

"I also believe that the real estate market is out of the woods, and the paralysis that had the markets firmly in its grip at the end of 2008 and beginning of 2009 has abated. That is definitely a positive sign, and it has again become possible to sell assets for acceptable prices," added Jurkowitsch. This assessment was confirmed by the international real estate appraiser CB Richard Ellis (CBRE). In the latest valuations as at 30 June 2010, the triple net asset value (NNNAV[1]) rose by 57 per cent, resulting in a constant NNNAV of EUR 3.3 per share in annual comparison despite the higher number of shares after the capital increase.

Development

The development of the successful budget hotel brands of Campanile and Première Classe in a joint venture with Louvre Hotels is again accelerating after the crisis caused this work to slow. Seven projects are currently under way in Hungary and Poland, for which suitable properties have been acquired and the first building permits issued. Negotiations on further budget hotels in Poland, Hungary, the Czech Republic and Slovakia have also reached advanced stages.

Progress has been made in other projects, as well. Building permits were issued in July 2010 for the modernization of an office building in Krakow and for the conversion of the historical landmark Le Palais in Warsaw into an office building. The building permit for the new Kempinski Hotel in Palais Hansen on Vienna's Ring boulevard was also issued in July, and the lease for the premises signed with Kempinski.

Financial result

Consolidated revenues rose by a substantial 25 per cent from EUR 37.8 million to EUR 47.1 million. Revenues from hotel operations improved from EUR 34.9 million in the first half of 2009 to EUR 42.6 million. This growth was due largely to revenues from the new hotels that were opened in Berlin, Łódź and Katowice in 2009, which got off to a very good start. Revenues from the rental of offices and the provision of development services increased from EUR 2.9 million to EUR 4.5 million.

In the first half of 2010, Warimpex sold a 16.69 per cent share in the Palais Hansen development project in Vienna for a price of EUR 7.3 million. The profit from this transaction was EUR 3.1 million, and Warimpex still holds 9.88 per cent of the project.

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased considerably from EUR -1.9 million in the first half of 2009 to EUR 9.2 million in the reporting period, and the operating result (EBIT) also surged from EUR -82.6 million to EUR 13.4 million. The profit for the first half of the year improved significantly from EUR -98.6 million to EUR 3.7 million, and the cash flow from operating activities rose from EUR 3.8 million to EUR 4.6 million.

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[1] The NNNAV is as an internationally comparable "intrinsic value" of all assets of an investment company and takes reserves and deferred taxes into account in addition to the net asset value (NAV).

Outlook

"The return to positive numbers and the encouraging trends we are seeing show that we are on the right path. The capital needed to secure and continue our development strategy was raised through the capital increase in May. The net issue proceeds were used for current development projects and to refinance liabilities and short-term credit lines," said Jurkowitsch. "Working from this solid base, we now intend to press ahead in autumn 2010 with projects such as the budget hotels, the Crowne Plaza at Airport City in St. Petersburg and the development of the Le Palais office building in Warsaw."

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 (WXF) stock exchanges.

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