

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

First Half of 2011

Warimpex: Growth in hotel sales revenues continues

- Hotel revenues up by 14 per cent
- EBITDA increased to EUR 9.4 million, EBITDA rose by 43 per cent in the second quarter
- Consolidated sales rose by around 9 per cent to EUR 51.2 million.
- Result for the period minus EUR 3.2 million due to scheduled write-downs and lower earnings from property sales
- Sale of 12.5 per cent of Sobieski Hotel
- Completion of Airport City, St. Petersburg, in Q4 2011

Vienna, 30 August 2011 – The first half of 2011 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. Consolidated revenues rose by a substantial 9 per cent from EUR 47.1 million to EUR 51.2 million. Revenues from hotel operations improved by 14 per cent from EUR 42.6 million in the first six months of 2010 to EUR 48.4 million. This change was primarily the result of significantly higher revenues from the recently opened hotels in Ekaterinburg, Łódź, Katowice and Berlin, which have established themselves on the market and are now enjoying stable revenues.

This positive trend was especially evident in the cash flow from operating activities, which rose by 72 per cent to EUR 7.9 million thanks to the improved performance of the hotels. EBITDA, the most important indicator for real estate companies and a metric that is not distorted by the industry-specific valuation methods, are also solidly positive and improved further in annual comparison. *“Market conditions were largely as we expected in the first half of 2011. The financial markets opened further during the quarter, and the transaction markets continued to recover noticeably. The most significant improvement was seen in hotel operations. Domestic travellers are becoming the largest and most important customer group in more and more CEE countries, above all because of increasing levels of business travel,”* said Warimpex CEO Franz Jurkowitsch.

Successful hotel sale and bond issue

Warimpex sold a 12.5 per cent share in Sobieski Hotel in Warsaw in the first half of 2011. The profit from this transaction was EUR 1.5 million. Warimpex still held 12.5 per cent of the hotel as of 30 June 2011, and sold this share after the reporting date. *“This is the first major transaction in CEE since the global financial crisis and is a clear sign of reawakening investor demand and the revival of the transaction market in the region. The sale fits in seamlessly with Warimpex’s strategy of regularly selling properties to raise capital for its development work and new projects,”* noted Jurkowitsch.

Warimpex was also able to successfully tap the financial markets during the last quarter. Between the end of April and end of May 2011, Warimpex successfully placed a convertible bond with a total nominal value of PLN 66.25 million (roughly EUR 16.8 million) on the Warsaw stock exchange.

Hotels show good results

Warimpex's Central and Eastern European core markets continued to develop differently in the second quarter of 2011, but occupancy rates and room rates were raised across the portfolio. The markets in Poland, Germany and France continued to develop satisfactorily. *"We are especially pleased about the development of the Czech market, which was plagued by slow recovery in past quarters. In particular, the five-star segment here grew for the first time in several quarters and saw significantly higher occupancy rates. The important Russian market is also meeting our expectations and showed high growth rates,"* said Jurkowitsch.

Development

Our budget hotel project with Starwood Capital and Louvre Hotels is on schedule. Two Campanile and Première Classe budget hotels are currently under construction in the centre of the Polish city of Wrocław and should be completed in the first quarter of 2012. Our Airport City development project in St. Petersburg is also proceeding smoothly. The first stage of the project, a four-star Crowne Plaza hotel (InterContinental Group) and the adjacent office building with 21,000 square metres of space, is to open in the fourth quarter of 2011, and the remaining 18,000 square metres will be completed as early as 2012 depending on rental demand.

Financial result

Consolidated revenues rose by a substantial 9 per cent from EUR 47.1 million to EUR 51.2 million. Revenues from hotel operations improved by 14 per cent from EUR 42.6 million in the first six months of 2010 to EUR 48.4 million. Revenues from the rental of offices and the provision of development services fell from EUR 4.5 million to EUR 2.7 million. The profit for the first half came in at minus EUR 3.2 million (H1 2010: EUR 3.7 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased from EUR 9.2 million in the first two quarters of 2010 to EUR 9.4 million in the reporting period, while the operating result (EBIT) decreased from EUR 13.4 million to EUR 7.6 million.

The Warimpex property portfolio was valued by the independent international appraiser CB Richard Ellis (CBRE) as of 30 June 2011. Impairment losses that were recognized in 2009 could be reversed in the amount of EUR 7.9 million (H1 2010: EUR 14.5 million), at a level lower than expected because of the recent noticeable increase of tension on the financial markets. This had a significant impact on the operating result, which failed to improve as desired yet despite the higher EBITDA and the positive trend seen over the past months. However, the triple net asset value (NNNAV) increased by 6 per cent in annual comparison.

Outlook

"Warimpex took key steps forward in the first half of 2011. Now, it will be especially important to utilize the new momentum on the transaction market to sell additional properties. Despite the fact that developments on the

international financial markets in the past weeks need to be watched closely and have made the conditions under which Warimpex is operating considerably more difficult again, we look to the future with optimism. We have excellent and viable projects in the pipeline and are certain that we will benefit from the traditionally stronger second half of the year in the hotel sector,” concluded Jurkowitsch.

The numbers for the first half of 2011 at a glance

Key figures in EUR '000	1–6/2011	Change	1–6/2010	Q2/2011	+/-	Q2/2010
Revenues from the Hotels & Resorts segment	48,412	14%	42,593	28,763	14%	25,198
Revenues from the Development & Asset Management segment	2,739	-39%	4,526	1,298	-17%	1,570
Total revenues	51,153	9%	47,119	30,061	12%	26,767
Gains from the sale of project companies	1,924	-38%	3,117	-	-	143
EBITDA	9,358	2%	9,197	7,006	43%	4,910
EBIT	7,627	-43%	13,416	7,881	-25%	10,507
Profit for the period	-3,157	-	3,729	-150	-	4,385
Net cash flow from operating activities	7,918	72%	4,601	6,255	131%	2,707
Earnings/loss per share in EUR	-0.06	-	0.08	-0.01	-	0.10
Number of hotels	21	-	21			
Number of rooms (adjusted for proportionate share of ownership)	3,367	-54	3,421			
Number of office and commercial properties	5	-	5			
	30/06/2011	Change	30/06/2010			
Gross asset value (GAV) in millions of euros	599.5	4%	579.2			
Triple net asset value (NNNAV) in millions of euros	190.2	6%	178.5			
NNNAV per share in EUR	3.52	6%	3.31			

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex Finanz- und Beteiligungs AG is a real estate investment and development company. The firm is headquartered in Vienna and is listed on the stock exchanges in Vienna and Warsaw (W XF). As one of the largest hotel investors in Central and Eastern Europe, Warimpex currently owns, partially owns or operates twenty business and luxury hotels with over 4,500 rooms in total as well as five commercial and office buildings with a total useable area of roughly 32,000 square metres. Over the past twenty-five years, Warimpex has developed properties worth over one billion euros. Warimpex believes in quality and sustainability as the basis for strong future growth.



The firm's top properties include the InterContinental hotel in Warsaw, andel's hotels in Berlin, Łódź and Krakow, as well as angelo hotels in Prague, Munich, Plzeň, Katowice, Bucharest and Ekaterinburg.

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