

Warimpex: Stabilization in the third quarter of 2009

- Markt stabilization brings profit in the amount of EUR 0.4 million in the third quarter
- Result for the first three quarters significantly influenced by write-downs in the first half of the year – some impairment write-downs reversed
- Good sale of the andel's hotel in Krakow despite the difficult conditions on the transaction market
- Successful capital increase: issue proceeds total EUR 8.1 million

Key figures in thousands of euros	1–9/2009	+/-	1–9/2008*	7–9/2009	+/-	7–9/2008
Total revenues	62,219	-12%	70,901	24,441	-8%	26,576
Gains from the sale of project companies	2,288	-76%	9,585	-	-	-
EBITDA	2,457	-90%	25,453	4,332	-33%	6,478
EBIT	-76,721	-	16,213	5,910	73%	3,426
Profit for the period	-98,194	-	-889	373	-	-966
Earnings/loss per share in EUR	2.63	-	-0.03	0.00	-	-0.03
Number of hotels	20	+3	17			
Number of rooms (adjusted for proportionate share of ownership)	3,322	+691	2,631			
Number of office and commercial properties	5	-2	7			
Number of hotel development projects	4	-10	14			
	30/6/2009**		31/12/2008			
Gross asset value (GAV) in millions of euros	557.5	-16%	666.7			
Triple net asset value (NNNAV) in millions of euros	117.6	-62%	310.9			
NNNAV per share in EUR ***	3.3	-62%	8.4			

* restated

** An external valuation of the entire portfolio was not completed as of 30 September 2009.

Vienna, 26 November 2009 – WARIMPEX Finanz- und Beteiligungs AG was able to profit from the gradual stabilization of the hotel market in the third quarter of the current financial year. This can be seen on the one hand in the current figures, including positive EBITDA in the amount of EUR 4.3 million, and also in the reversal of some of the impairments that were recognized in the first half of the year. All in all, this resulted in positive EBIT in the amount of EUR 5.9 million and a positive result for the period in the amount of EUR 0.4 million. However, the results for the entire reporting period are heavily influenced by the non-scheduled write-downs in the first half of the year as reported in August.

Group sales fell by 8 per cent from EUR 26.6 million to EUR 24.4 million in the third quarter of 2009. This drop was primarily caused by the conditions in Prague, where revenues in the five-star segment were down by as much as 40 per cent compared to 2009 in addition to the significant slide in the four-star segment. Revenue decreases, in

some cases significant, were also encountered in other markets. However, a gradual stabilization of the hotel market became apparent in the third quarter of 2009, and declines in sales were offset by capacity increases in some cases.

In the Development & Asset Management segment, which comprises our property development and sales activities, the development projects that we currently have under construction are proceeding according to schedule, and the market for real estate transactions is also showing definite signs of recovery. In the third quarter, another good transaction was closed under difficult market conditions with the sale of the andel's in Krakow. Warimpex was the sole owner of this hotel from February 2008 to the date of the sale, and will lease it back under a 15-year fixed lease. As the property was sold at its carrying value, the transaction had no effect on the current income statement. However, the lease structure is expected to generate net earnings in the coming year because the lease payments should be lower than the hotel's revenue.

The operating result before depreciation and amortization (EBITDA) fell from EUR 6.5 million in the third quarter of 2008 to EUR 4.3 million in the reporting period, while the operating result (EBIT) increased from EUR 3.4 million to EUR 5.9 million.

In order to ensure the highest possible level of transparency, Warimpex decided to have its properties appraised by the independent external agency CB Richard Ellis twice per year. All properties were valued as of 30 June 2009. The property values that were determined were impacted especially by the difficult market environment on 30 June, especially in terms of transaction volume. As reported already for the first half of the year, impairments totalling EUR 87.5 million had to be recognized because the fair values at the reporting date were lower than the carrying values. Updates as of 30 September 2009 were obtained from CB Richard Ellis for three properties (Hotel Liner and angelo hotel in Ekaterinburg, and the andel's in Łódź) that were significantly impaired as of 30 June 2009 but performed well; a corresponding reversal was recognized after the latest appraisals showed that the assumptions made on 30 June 2009 were too pessimistic.

The financial result improved slightly in the third quarter of the year after the hefty decline in the EURIBOR had a significantly positive effect on finance expenses. The profit for the period amounted to EUR 0.4 million, after a minus of nearly 1 million in the prior period.

Successful capital increase

After the end of the reporting period in October 2009, the Management Board of Warimpex was authorized by the general meeting of shareholders to complete capital increases over the next five years. Following this, the company's capital stock was increased by just under 10 per cent. The fact that the issue was significantly oversubscribed at its issue price confirms that this step was taken at the right time.

Development

All projects remained on schedule in the third quarter of 2009. The opening of angelo airport hotel in Ekaterinburg brought another four-star hotel with excellent prospects onto the Russian market, and the Magic Circus Hotel at

Disneyland® Resort Paris has been shining in new splendour since the middle of November after its successful renovation. In late autumn 2009, we were also able to win a renowned operator and leaseholder for our first Austrian project, Palais Hansen: the luxury hotel operator Kempinski. This property on Vienna's Ring boulevard will be operated as a hotel and residential complex starting in 2012. The angelo design hotel in Katowice, which is slated to open in the first quarter of 2010, and a Crowne Plaza Hotel at Airport City in St. Petersburg, which is scheduled to open at the end of 2010, are currently under construction.

Real estate assets

At 30 September 2009, the real estate portfolio of the Warimpex Group comprised twenty hotels with a total of 4,800 rooms (3,322 rooms when adjusted for the proportionate share of ownership), plus five office properties with a total lettable floor area of some 28,000 square metres (18,000 square metres when adjusted for the proportionate share of ownership).

Pursuant to the international accounting standard pertaining to owner-operated hotels (IAS 40.12), Warimpex recognizes its properties at cost less depreciation and amortization. Any increases in the value of other properties are not recognized in profit in the respective reporting period unless they represent reversals of impairments of the respective property. To ensure complete transparency and to allow comparison with other real estate companies that report unrealized profits, Warimpex reports the triple net asset value (NNNAV) in its Group management report.¹ As of 30 June 2009, the NNNAV per share was EUR 3.3, and therefore roughly 62 per cent lower than at the end of 2008.

Outlook

“Our goal for the coming months is to complete our current development projects on schedule, to increase our cash flow by means of active asset management and to implement new projects such our budget hotel chain using the proceeds from the capital increase. At the same time, we must place a special focus on maintaining the high quality of our existing properties so that we can tap the full potential of the current market recovery.

¹ The NNNAV was defined by the EPRA (European Public Real Estate Association) 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).

**Warimpex Finanz- und Beteiligungs AG at a glance**

Warimpex 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 business and luxury hotels with over 4,800 rooms in total and five commercial and office buildings with a total usable area of roughly 28,000 square metres. The properties are located primarily in Central and Eastern Europe. A large number of properties 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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