warimpex

Warimpex publishes full-year 2009 results

- **Major development projects in Berlin, Łódź and Ekaterinburg completed in 2009 – angelo hotel Katowice opened in March 2010 – andel's hotel Łódź wins multiple awards**
- **Results for 2009 significantly impacted by impairments in the first half of 2009 and significant decline in revenues, in particular in the luxury segment in Prague**
- **Full-year 2009 EBIT of minus EUR 71.8 million and loss for the period of EUR 92.7 million**

Key figures in thousands of euros	**2009**	**+/-**	**2008**	**Q4/2009**	**+/-**	**Q4/2008**
Revenues – "Hotels & Resorts"	79,608	-8%	86,663	21,537	5%	20,420
Revenues – "Development & Asset Management"	5,650	-27%	7,705	1,501	-50%	3,047
Total revenues	85,258	-10%	94,368	23,039	-2%	23,467
Gains from the sale of project companies	2,288	-84%	13,866	-	-	-
EBITDA	8,053	-73%	29,353	5,596	43%	3,900
EBIT	-71,772	-	-3,412	4,949	-	-19,625
Profit before taxes	-92,358	-	-29,439	9,471	-	-27,465
Profit for the year	-92,667	-	-29,388	5,527	-	-28,499
Earnings/loss per share in EUR	-2.63	-	-0.80			
As of year end						
Number of hotels *	20	+2	18			
Number of rooms (adjusted for proportionate share of ownership) *	3,322	+623	2,699			
Number of office and commercial properties	5	-1	6			
Number of hotel development projects	3	-4	7			
Gross asset value (GAV) in millions of euros	571.9	-14%	666.7			
Triple net asset value (NNNAV**) in millions of euros	148.5	-51%	301.9			
NNNAV** per share in EUR	3.8	-55%	8.4			
End-of-year share price in EUR	2.18	74%	1.25			

* The angelo hotel Katowice opened in March 2010 and is not included in the figures above.

** For a description of how Warimpex calculates the NNNAV, please see the annual report 2009.

Vienna, 24 March 2010 – The financial year 2009 was highly challenging for Warimpex Finanz- und Beteiligungs AG, the real estate industry and the entire global economy. After a difficult first half of the year, confidence in a global recovery steadily gained momentum in the second half of 2009, generating growth on global equity markets, which also had a positive effect upon the prices of real estate shares. Warimpex' business figures clearly reflect this development with impairments heavily influencing the results of the first half of the year and results for the third and fourth quarter slightly positive.

Results

Group sales fell by 10 per cent from EUR 94.4 million in 2008 to EUR 85.3 million in 2009. This drop was primarily caused by the conditions in the Prague market, where revenues in the five-star segment were down by 35 per cent compared to 2008 in addition to a significant slide in the four-star segment. Revenue decreases, in some cases significant, were also encountered in other markets.

Earnings before interest, tax, depreciation and amortization (EBITDA) fell by 73 per cent, from EUR 29.4 million in 2008 to EUR 8.1 million in the year under review. This decrease of EUR 21.3 million is attributable mostly to lower proceeds from the sale of project companies and real estate and lower income in the Hotels & Resorts segment. Non-scheduled write-downs had to be made on real estate (and on goodwill in properties) in the reporting period. Impairments in the amount of EUR 62.5 million (2008: EUR 19.8 million) were recognized based upon the half-yearly valuation by CB Richard Ellis. Because of these effects and the factors discussed above, EBIT fell from EUR -3.4 million to EUR -71.8 million year-on-year.

The financial result was EUR -20.6 million (compared to EUR -26.0 million in 2008). Interest on current account loans, long-term project financing and other loans decreased by only two per cent in the financial year 2009 compared to 2008, despite the fact that loan and credit portfolio grew significantly. This effect is primarily attributable to the fact that the strong decline in the EURIBOR had a significant positive effect on finance expenses.

The Warimpex Group's result for the year fell from EUR -29.4 million in 2008 to EUR -92.7 million in the reporting period. This decline is primarily attributable to non-scheduled write-downs, which were already reported in August 2009, as well as to a significant decline in revenues.

In September 2009, the shareholders of Warimpex passed a resolution that allows the Company to increase the share capital by up to 18 million shares within the next five years. On the basis of this authorizationthe Company successfully increased its capital by 3,599,999 shares or 10 per cent in October 2009, generating proceeds of EUR 8.1 million. Provided that sentiment on the financial markets is positive, Warimpex will consider a further capital measure.

Real estate assets

As of 31 December 2009, the real estate portfolio of the Warimpex Group comprised 20 hotels with a total of over 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 32,000 square meters (23,000 square meters when adjusted for the proportionate share of ownership).

As of 31 December 2009, the NNNAV per share was EUR 3.8, and therefore roughly 54 per cent lower than at the end of 2008. However, a comparison with the latest appraisal as of 30 June 2009 – EUR 3.3 per share – shows that the current trend is positive and signals that the decline in real estate values in the region has passed its lowest point.

Outlook

The plan is to advance our current development projects, including the Airport City St. Petersburg project, which is already under construction with the structural work substantially completed, as well as other development projects in more preliminary stages, such as the Warsaw Le Palais office development. Several budget hotels are planned under the Campanile and Premiere Classe brands in cooperation with Louvre Hotels, for which five plots of land in Central and Eastern Europe for a total of seven hotels have already been secured. Through selling properties where opportunities arise, as well as renegotiating certain of the short-term financing arrangements and improving the Group's capital and financing structures, cash flows are to be increased. In the period of transition from crisis to normality in 2010 the goal is to build upon the tentative upturn that was observed in the last two quarters of 2009 in order to participate actively in a gradual but sustained recovery.