

## **Ad Hoc Release**

### **Warimpex achieves double-digit growth and a profit again in 2011**

- **Revenues from hotel operations and consolidated sales both up by 11 per cent to a total of EUR 64.9 million**
- **Profit for the year of EUR 7.2 million (2010: minus EUR 2.0 million)**
- **EBITDA again positive**
- **Successful placement of a convertible bond on the Warsaw stock exchange**
- **Completion of Airport City St. Petersburg as planned**
- **Development projects: Airport City St. Petersburg, Palais Hansen, Le Palais Office Warsaw**

Vienna, 3 April 2012 – Warimpex saw respectable success in its hotel operations, current development projects and transaction business in 2011. Taking into account a change in the recognition of joint ventures from the proportionate to equity method according to IFRS,<sup>1</sup> consolidated sales increased by 11 per cent from EUR 58.4 million in 2010 to EUR 64.9 million in the reporting period (comparison based on the adjusted balance sheet figures for the previous years). EBITDA, one of the most important indicators because it is not distorted by industry-specific valuation methods, remained well in the black at EUR 12.5 million, though it did fall by a slight 3 per cent compared with 2010 primarily due to lower income from the sale of project companies and real estate. This resulted in a profit for the year of EUR 7.2 million, a significant improvement over the minus EUR 2.0 million reported in 2010.

The double-digit sales growth enabled the hotels to develop positively in nearly all markets. The traditionally strong locations in Munich, Berlin and Paris saw improvements in occupancy and also the average room rate in 2011. The same trend was seen on difficult markets like the Czech Republic and Romania, but at a considerably lower level. In Warimpex's most important market, Poland, the hotels in Warsaw in particular reported strong growth, with the InterContinental hotel there posting its best result ever. The hotels in secondary Polish cities like Krakow, Łódź and Katowice did not see such stellar performance, but also profited from good growth. Conditions on the Russian hotel market also improved substantially. Occupancy was especially improved at the angelo hotel at Ekaterinburg airport, a positive sign for the recently completed project at St. Petersburg airport.

#### **Successful hotel sale and bond issue**

On the transaction markets, a number of hotel and office properties changed hands in Europe in 2011 after a period of virtual stagnation in 2009 and 2010, though activity on the CEE market was less robust than in Western Europe. Warimpex was responsible for one of the first significant transactions on the CEE market since the global financial crisis, the sale of 25 per cent of Sobieski Hotel in Warsaw. This was followed by the sale of a 50 per cent share in the budget hotel development project to joint venture partner Starwood Capital Group at the end of 2011.

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<sup>1</sup> Holdings are now only recognized using the equity method when the Company holds a share of over 50 per cent. This change was made in line with the amended regulations of the International Financial Reporting Standards, which require this form of recognition starting in 2013. The figures for the previous years were adjusted accordingly for better comparability.

The sale covered two hotel projects that are currently under construction and a series of properties that were successfully prepared for development under the joint venture. A key reason behind the decision to exit this project was Warimpex's strategy of focusing more on its core brands such as angelo and andel's.

Warimpex also took a major positive step on the financial markets by floating a convertible bond. The bond was placed on the Warsaw stock exchange in the spring of 2011 with a total nominal value of PLN 66.3 million (roughly EUR 16.8 million).

## Development projects

In the Development segment, Warimpex completed its current project at St. Petersburg airport as planned. The four-star Crowne Plaza Hotel, which is operated by the InterContinental Group, and a neighbouring office building with 17,000 square metres of lettable space were opened in December 2011. The remaining 15,000 square metres are to be completed from the end of 2012 depending on rental demand. After the Liner and angelo hotels at Ekaterinburg airport, this is another important step forward for Warimpex on the growth market of Russia. Now, the top priority in Warimpex's development pipeline is the completion of Palais Hansen in Vienna, a star in the city's luxury hotel segment, and the Le Palais Office project at a prime location in Warsaw's business district will be completed on schedule at the end of 2012.

## Financial result

Consolidated revenues rose by a substantial 11 per cent to EUR 64.9 million in the reporting period. Revenues from hotel operations also improved by 11 per cent in year-on-year terms to EUR 58.6 million. Revenues from the rental of offices and the provision of development services grew by EUR 5.4 million to EUR 6.3 million.

Earnings before interest, taxes, depreciation and amortization (EBITDA) declined slightly by 3 per cent compared with 2011 to EUR 12.5 million, primarily due to lower revenues from the sale of properties. The operating result (EBIT) declined by 34 per cent to EUR 9.7 million because of scheduled write-downs. This resulted in a profit for the year of EUR 7.2 million, after a loss of EUR 2.0 million in 2010. Thanks to the good performance of the hotels, the cash flow from operating activities rose by 26 per cent to EUR 8.2 million. The net asset value per share came to EUR 3.2 as of the end of 2011.

## Outlook

Given the current market situation, especially the new tightening on the financing markets, Warimpex will focus on bolstering its foundation in 2012 so that it is ideally positioned to seize promising new development opportunities when they arise. The main thrusts in this will be strengthen the financing structure, expanding the angelo brand and continuing the successful operation of existing properties.

## The numbers for 2011 at a glance (as of 31 December 2011)

Key figures in thousands of euros	2011	Change	2010
Revenues from the	58,613	11%	52,950

Hotels & Resorts segment			
Revenues from the Development & Asset Management segment	6,312	16%	5,439
Total revenues	64,925	11%	58,389
Income from the sale of properties	3,018	-66%	8,756
EBITDA	12,492	-3%	12,932
EBIT	9,662	-34%	14,665
Profit for the year	7,240	-	-2,036
Net cash flow from operating activities	8,209	26%	6,496
Earnings/loss per share in EUR	0.12	-	-0.01
Number of shares at 31 December	54,000,000	-	54,000,000
Number of hotels	21	-	21
Number of rooms (adjusted for proportionate share of ownership)	3,462	41	3,421
Number of office and commercial properties	5	-	5
	31.12.2011	Change	31.12.2010
Gross asset value (GAV) in millions of euros	605.2	3%	589.7
Triple net asset value (NNNAV) in millions of euros	172.6	2%	169.2
NNNAV per share in EUR	3.2	3%	3.1
End-of-year share price in EUR	0.78	-71%	2.68