

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

Warimpex Q1 results:

Positive operating performance – rouble and valuation losses lead to overall negative result

- **Stable operating performance with 26% increase in total revenues, 14% growth in gross income from revenues, and continued positive EBITDA**
- **Loss for the period of EUR 18.7 million due to non-cash losses from currency translation and measurement losses**
- **Development projects in Poland, Russia, and Germany proceeding according to schedule**

Vienna/Warsaw, 28 May 2020 – The Warimpex Group posted a record profit of EUR 66.5 million in the 2019 financial year. Now, the outbreak of the COVID-19 pandemic around the world has caused a downward revision of growth projections. These conditions led to a loss for the first quarter of 2020 in the amount of EUR 18.7 million, which stemmed from a lack of property sales combined above all with currency translation losses with no direct cash effects, non-cash measurement losses from the valuation of properties, and changes in deferred taxes. This contrasted strong positive operational performance with an increase in total revenues and gross income from revenues and continued positive EBITDA (results of operating activities before finance income, taxes, depreciation, and amortisation).

“The record result in the previous year bolstered Warimpex’s financial base at the right time, allowing for an equity ratio of 38% as at 31 March 2020. Thanks to the strategic groundwork laid over the past years, hotels, which are being heavily impacted by the health crisis, now only make up 14% of the overall portfolio while office properties with long-term leases that are contractually assured account for 74%,” explained Franz Jurkowitsch, Chairman of the Management Board of Warimpex. *“On the operational side, total revenues and gross income from revenues both increased and EBITDA remain positive. With financial stability and an experienced, crisis-tested team, Warimpex is well equipped for the current and coming challenges.”*

Current development projects on schedule

Construction work for a further office tower (Avior Tower 1) with around 16,000 square metres of space at AIRPORTCITY St. Petersburg began last year and continued this year. AIRPORTCITY St. Petersburg offers great growth potential, and Warimpex is firmly established in the Russian market with comprehensive expertise and long-time local partnerships.

In Poland, planning for the Chopin Office and Mogilska III office development projects in Krakow and Białystok Offices in Białystok is proceeding as planned. Warimpex expects the development of these projects to continue on schedule.

Plans were made to renovate the hotel acquired in Darmstadt, Germany, last year while the hotel was in operation. Due to the temporary closing at the beginning of April, which is expected to last until September 2020, the refurbishment and adaptation to the new Accor eco-lifestyle brand “greet” will now be completed more quickly. The hotel’s offerings are being expanded with modern, flexible coworking offices, and the three-hectare hotel property also has reserves for the development of high-quality offices and retail space.

The first quarter of 2020 in detail

Revenues from the rental of office properties increased by 32 per cent year-on-year, improving to EUR 5.4 million. This was due in large part to the opening of Mogilska 43 Office in May 2019. Revenues from the hotel segment also rose by 18% year on year to reach EUR 2.2 million in the first quarter, despite a decline in hotel revenues starting in March 2020. This revenue growth was driven by the opening of the hotel in Darmstadt, Germany, in September 2019; the figure for the previous year still included revenues from the Dvořák spa hotel in Karlovy Vary, which was sold in February 2019.

Overall, total revenues rose by 26% in annual comparison to EUR 7.9 million and expenses directly attributable to revenues advanced by EUR 2.9 million to EUR 4.1 million. This translated into a 14% improvement in gross income from revenues to EUR 3.8 million. While disposals generated proceeds of EUR 7.3 million in the first quarter of last year, no transactions took place in the first quarter of 2020.

EBITDA fell from EUR 7.6 million to EUR 0.9 million. EBIT went from EUR 7.5 million to minus EUR 2.4 million, due in part to a lack of disposal proceeds and in part to non-cash effects from property valuation. Finance income (including earnings from joint ventures) went from EUR 5.6 million to minus EUR 13 million. This includes currency translation losses in the amount of EUR 8.2 million (Q1 2019: gain of EUR 6.4 million) that have no direct impact on liquidity as well as losses from joint ventures of EUR 3.1 million resulting primarily from exchange rate shifts (Q1 2019: gain of EUR 0.5 million).

The result for the period declined from a gain of EUR 11.8 million to a loss of EUR 18.7 million. Despite the increase in total revenues and gross income from revenues and continued positive EBITDA, this result was caused by a lack of property disposals combined above all with cash-flow-neutral losses from currency translation, non-cash effects from property valuation, and write-downs on deferred tax assets in the wake of the COVID-19 pandemic.

Outlook

Warimpex will maintain its focus on current development projects in its core markets of Poland, Russia, and Germany, all of which are proceeding on schedule. Warimpex will continue to expand its property portfolio, boost its earnings potential, diversify its portfolio in terms of markets and products, and create new offerings, and expects business to develop positively despite the challenging market conditions. The record results from 2019 are unlikely to be repeated in light of the COVID-19 pandemic.

“Revenues in the Investment Properties segment are expected to increase thanks to rental revenue from our new assets – first and foremost Mogilska Office 43, which was completed last year. Our updated planning calculations show continued positive EBITDA and sufficient liquidity for 2020,” Jurkowitsch concluded.

Key financial figures for the first quarter of 2020 at a glance:

in EUR '000	1-3/2020	Change	1-3/2019
Hotels revenues	2,151	18%	1,821
Investment Properties revenues	5,379	32%	4,065
Development and Services revenues	383	1%	379
Total revenues	7,913	26%	6,265
Expenses directly attributable to revenues	-4,092	41%	-2,906
Gross income from revenues	3,821	14%	3,360
Gains or losses from the disposal of properties	-	-	7,285
EBITDA	930	-88%	7,602
Depreciation, amortisation, and remeasurement	-3,337	-	-152
EBIT	-2,407	-	7,450
Earnings from joint ventures	-3,080	-	474
Financial result	-12,963	-	5,628
Profit or loss for the period	-18,722	-	11,799
Profit or loss for the period (shareholders of the parent)	-17,728	-	8,838
Net cash flow from operating activities	997	-	-329
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	4,117	-47%	7,814
Hotels net operating profit (NOP)	-27	-	859
NOP per available room in EUR	-34	-	866
Investment Properties revenues	6,436	27%	5,068
Investment Properties EBITDA	4,183	12%	3,731
Development and Services revenues	383	-30%	544
Gains or losses from the disposal of properties	-	-	7,285
Development and Services EBITDA	-1,877	-	5,112
	31/12/2019 ¹	Change	31/12/2018 ¹
Gross asset value (GAV) in EUR millions	333.3	23%	269.9
NNNAV per share in EUR	3.41	33%	2.56

¹As no external valuation of the portfolio was completed as at 31 March 2019 or 31 March 2020, the latest available values are shown.

Warimpex Finanz- und Beteiligungs AG at a glance

Warimpex is a real estate development and investment company that was founded in 1959. The firm is headquartered in Vienna and is listed on the stock exchanges in Vienna and Warsaw. Warimpex develops properties and operates them itself until the time at which the highest added value can be realised through sale. The company optimally combines the long-term strategic planning and short decision-making channels of a family-run business with the transparency and financial flexibility of a listed firm. In addition, Warimpex has more than 60 years of business experience in Central and Eastern Europe, where it serves as a true pioneer, for example with the development of the region's first design hotel. Warimpex has developed properties worth more than one billion euros over the past 40 years and is deeply anchored in Poland, Russia, Hungary, Germany, and Austria to this day.

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