warimpex

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

H1 2020:
Warimpex increases revenues from office properties – global market situation drives result for period into negative territory

- **Revenues from office properties up 15 per cent**
- **Revenues from hotels down 51 per cent**
- **EBITDA remains positive**
- **Loss for the period of EUR 21.7 million due to negative hotel results, measurement losses on properties, and losses from currency translation**
- **Company focusing on development projects in the core markets of Poland, Germany, and Russia**

Vienna/Warsaw, 28 August 2020 – Warimpex achieved a positive operating result (EBITDA) in the first half of 2020 despite losses in the hotel segment due to the coronavirus. This can be attributed primarily to the earnings contribution from the rental of office properties – this segment saw a 15 per cent increase in revenues compared with the prior-year period. Following the posting of property impairments and currency losses, this led to a loss of EUR 21.7 million for the first half of 2020, including a result of minus EUR 3.0 million for the second quarter of 2020.

"Warimpex has strategically realigned its property portfolio in recent years. As a result, the hotel segment, which is being heavily impacted by the health crisis, now makes up only 12 per cent of the total portfolio while office properties with long-term leases that are contractually assured account for 76 per cent. In the office segment, Warimpex is benefiting from the attractive locations and high quality of the assets. All of the office properties have been newly built or extensively refurbished in recent years and satisfy the latest tenant requirements, ensuring long-term rentability," explained Franz Jurkowitsch, Chairman of the Management Board of Warimpex. *"The decision to focus on office developments and assets is increasingly proving to be the right strategy, as all of our office properties are enjoying very stable development compared with the few remaining hotel properties in the portfolio, which are currently suffering due to the global market situation."*

Current development projects progressing

In the first half of 2020, Warimpex focused on the development of current projects in Poland, Germany, and Russia as well as on continuing with construction permit processes. Despite the challenging market conditions, progress was made on material plans with no delays.

Construction work for Avior Tower 1 with around 16,000 square metres of space at AIRPORTCITY St. Petersburg began last year. The construction is continuing according to plan at present.

The hotel that was opened in Darmstadt last September was closed in April due to the COVID-19 pandemic. This situation is being used to push ahead with the refurbishment work that was originally scheduled to take place while the hotel remained open for business. In the course of the refurbishment programme, the hotel will be converted to the new Accor brand "greet" and will then be repositioned on the market in the first quarter of 2021 due to the market situation.

In Poland, Warimpex will continue to move forward with the next office property development projects (Mogilska Phase III, Białystok Offices, and Chopin Office). The company expects construction permits to be issued for at least two of the three properties listed in the second half of the year.

A detailed look at the first half of 2020

Warimpex increased its revenues from the rental of office properties by 15 per cent, with the figure rising from EUR 9.2 million to EUR 10.6 million. This can be attributed primarily to the completion of Mogilska 43 Office in May of last year. Due to the effects of the health crisis, revenues from the hotel segment declined by 51 per cent year-on-year to reach EUR 2.4 million in the first half of 2020. This led to a decline in total revenues to EUR 13.6 million. Expenses directly attributable to revenues rose from EUR 6.0 million to EUR 6.5 million, yielding gross income from revenues of EUR 7.1 million (2019: EUR 9.2 million).

The operational impact of the government measures to contain the COVID-19 pandemic became clear in the second quarter in particular. Looking at the second quarter on an isolated basis, hotel revenues declined from EUR 3.0 million to EUR 0.2 million, while the associated expenses were only reduced from EUR 1.5 million to EUR 1.0 million. By contrast, revenues from the rental of office properties remained stable in quarter-on-quarter terms at EUR 5.2 million. Overall, consolidated revenues fell from EUR 9.0 million to EUR 5.7 million in the second quarter and expenses directly attributable to revenues dropped from EUR 3.1 million to EUR 2.4 million. This resulted in gross income from revenues of EUR 3.3 million for the second quarter of 2020 (second quarter of 2019: EUR 5.9 million).

While Warimpex sold an office property and the operating company for the Dvořák hotel in Karlovy Vary in the first half of 2019, no property transactions were completed in the first half of 2020.

EBITDA retreated from EUR 9.9 million in the prior-year period to EUR 0.3 million, and EBIT fell from EUR 16.6 million to minus EUR 9.2 million. This can be attributed to a lack of property sales, negative effects from property valuation, and the negative earnings contribution from hotel operations. The financial result (including earnings from joint ventures) declined from EUR 4.1 million to minus EUR 10.6 million. This includes non-cash losses from currency translation in the amount of EUR 4.7 million (2019: gain of EUR 7.3 million) and losses from joint ventures of EUR 2.5 million (2019: gain of EUR 0.4 million). These can also be attributed in part to negative hotel results and in part to losses from currency translation.

Due to these effects, the result for the period decreased from a gain of EUR 17.9 million in the first half of 2019 to a loss of EUR 21.7 million.

Outlook

Based on its experience during the global financial and economic crisis of 2007, Warimpex has set its strategic focus on expanding the property portfolio, engaging in active asset management, and creating new offerings, and will continue to consistently pursue this strategy. The loosening of the government measures to contain the COVID-19 pandemic is expected to slowly but surely contribute to the recovery of the hotel segment. Warimpex expects the solid trend in the office segment to continue due to the attractive locations and high quality of the assets. However, the long-term effects of the health crisis are still difficult to predict and depend on how the pandemic progresses.

"The fact that the equity ratio increased from 31 per cent as at 30 June 2019 to 38 per cent as at 30 June 2020 underscores Warimpex's solid financial foundation. The highly successful 2019 financial year made a major contribution here. With a crisis-tested team, deep roots in its core markets, excellent relationships with strong partners, and its economic and financial strength, Warimpex remains optimally equipped to overcome the current and coming challenges. Based on the stable development of the office properties and current refinancing arrangements, the Management Board is therefore considering discussing the possibility of a dividend payment as well as other measures with the Supervisory Board in the course of the ongoing evaluation," concluded Jurkowitsch.

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

in EUR '000	**1-6/2020**	**Change**	**1-6/2019**
Hotels revenues	2,379	-51%	4,809
Investment Properties revenues	10,597	15%	9,229
Development and Services revenues	665	-44%	1,188
Total revenues	*13,642*	-10%	*15,225*
Expenses directly attributable to revenues	-6,506	9%	-5,983
Gross income from revenues	*7,136*	-23%	*9,242*
Gains or losses from the disposal of properties	-	-	7,158
EBITDA	345	-97%	9,910
Depreciation, amortisation, and remeasurement	-9,580	-	6,721
EBIT	-9,235	-	16,631
Earnings from joint ventures	-2,520	-	380
Financial result	-10,563	-	4,161
Profit or loss for the period	-21,731	-	17,922
Profit or loss for the period (shareholders of the parent)	-20,543	-	13,948
Net cash flow from operating activities	332	-	-702
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	4,460	-77%	19,773
Hotels net operating profit (NOP)	-1,116	-	4,785
NOP per available room in EUR	-1,496	-	4,949
Investment Properties revenues	12,617	12%	11,261
Investment Properties EBITDA	8,498	2%	8,316
Development and Services revenues	665	-56%	1,513
Gains or losses from the disposal of properties	-	-	7,158
Development and Services EBITDA	-5,223	-	2,211
	30/6/2020	**Change**	**31/12/2019**
Gross asset value (GAV) in EUR millions	311.0	-7%	333.3
NNNAV per share in EUR	2.82	-23%	3.41

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.

Contact:

Warimpex Finanz- und Beteiligungs AG
Christoph Salzer, presse@warimpex.com
Daniel Folian, investor.relations@warimpex.com
Tel. +43 1 310 55 00
www.warimpex.com

Ecker & Partner Öffentlichkeitsarbeit und Public Affairs GmbH
Nele Renzenbrink, Michael Moser
presse@warimpex.com
Tel. + 43 660 315 1344