

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

Q1–Q3 2020:

Warimpex positive in operational terms, result for period negative due to economic conditions

- Revenues from office properties up 10 per cent
- Revenues from hotels down 60 per cent
- Loss of EUR 31.2 million for the period due to negative hotel results, lack of property transactions, and losses from property valuation and currency translation
- Current focus on preparations for construction, obtaining building permits, and advancing current development projects

Vienna/Warsaw, 27 November 2020 – The Warimpex Group achieved a positive operating result (EBITDA) for the first three quarters of 2020 thanks to an increase in revenues from office properties. However, a negative result in the Hotels segment due to the coronavirus, the lack of profits from property sales, property impairments, and currency losses led to a loss for the period of EUR 31.2 million.

“Due to the current health crisis, we are living through socially and economically challenging times. In view of these developments, Warimpex took the right measures at the right time: namely by reducing the hotel portfolio, which is being heavily impacted by the COVID-19 pandemic, through sales and increasingly focusing on office properties. This led to the best result in the company’s history in 2019. Combined with the persistently positive operating business – revenues from the rental of office properties increased slightly in the third quarter – this serves as the basis for continued stable development at Warimpex,” explained Franz Jurkowitsch, Chairman of the Management Board of Warimpex.

The first three quarters of 2020 in detail

Revenues from the rental of office properties increased from EUR 14.3 million to EUR 15.7 million in the first three quarters of 2020, primarily due to the completion of the Mogilska 43 Office building in Krakow in May 2019 as well as new lettings at Ogrodowa Office in Łódź. By contrast, revenues in the Hotels segment declined by roughly 60 per cent following the sale of the operating company for the Dvořák hotel last year and due to the coronavirus. Looking at the third quarter on an isolated basis, revenues in the office segment advanced by 1 per cent despite a 20 per cent depreciation of the rouble, while revenues in the Hotels segment declined from EUR 2.6 million to EUR 0.6 million.

All in all, total revenues dropped from EUR 23.3 million to EUR 19.5 million for the first three quarters of 2020. Gross income from revenues came to EUR 10.5 million, compared to EUR 14.1 million in the first three quarters of the prior year.

No real estate transactions were executed during the reporting period this year. Based on this and the negative result from the Hotels segment as well as negative non-cash effects from property valuations, EBITDA declined from EUR 53.4 million to EUR 1.8 million. As such, operating business remains positive. After accounting for depreciation, amortisation, and remeasurement, EBIT fell from EUR 56.6 million to minus EUR 8.9 million.

The financial result (including earnings from joint ventures) went from EUR 4.5 million to minus EUR 20.2 million. This includes non-cash losses from currency translation in the amount of EUR 8.9 million (2019: gain of EUR 7.8 million) and losses from joint ventures of EUR 5.1 million (2019: gain of EUR 1.8 million), which in turn can be attributed to weaker hotel results and currency translation losses.

The result for the period for the Warimpex Group decreased from EUR 57.5 million to minus EUR 31.2 million in the first nine months of 2020. This decline can be attributed to the lack of property sales and accounting gains as well as to losses from property valuation and currency translation, a negative result from the Hotels segment, and write-downs on deferred tax assets.

Development projects in the office and hotel segments

Following an eventful year in 2019 and in light of the difficult economic conditions, Warimpex's activities in 2020 have been focused primarily on making preparations for construction and obtaining building permits for projects on plots of land that are already owned. At the same time, the current developments are proceeding according to plan: There are projects under way in Russia, Poland, and Germany. For example, the Avior Tower 1 office building with approximately 16,000 square metres of space is being built at AIRPORTCITY St. Petersburg, and the building shell has already been completed. In the Polish city of Krakow, a building permit that is not yet legally valid was issued for the Mogilska Phase III project in October. Applications for building permits have been submitted for the Białystok Offices project and Chopin Office in Krakow; the necessary processes are under way. In 2019, Warimpex purchased a hotel in the German city of Darmstadt that is currently being refurbished and adapted to the Accor brand "greet". The opening is scheduled for the second quarter of 2021.

Outlook

"We assume that the hotel segment will recover in the individual markets as the situation normalises. We expect the positive trend in the office segment to continue. After all, premium office space will continue to be in demand in the future, even if the way offices are organised is changing: We are seeing a shift from the open-plan office to flexible office spaces that meet the requirements of modern work environments. And we are taking precisely this trend into account in our current office developments," concluded Jurkowitsch, adding, *"Our strategic focus will continue to be on building up our real estate holdings, strengthening our earning potential, diversifying the property portfolio, and creating new offerings. With a crisis-tested team, deep roots in its core markets, excellent relationships with strong partners, and the economic strength of its business model and financial base, Warimpex is optimally equipped to overcome the current and coming challenges."*

Key financial figures for Q1–Q3 2020 at a glance:

in EUR '000	1–9/2020	Change	1–9/2019
Investment Properties revenues	15,742	10%	14,299
Hotels revenues	2,956	-60%	7,438
Development and Services revenues	834	-48%	1,602
<i>Total revenues</i>	<i>19,533</i>	<i>-16%</i>	<i>23,339</i>
Expenses directly attributable to revenues	-9,004	-2%	-9,193
<i>Gross income from revenues</i>	<i>10,529</i>	<i>-26%</i>	<i>14,147</i>
Gains or losses from the disposal of properties	-	-	27,938
EBITDA	1,770	-97%	53,429
Depreciation, amortisation, and remeasurement	-10,675	-	3,125
EBIT	-8,905	-	56,554
Earnings from joint ventures	-5,140	-	1,821
Financial result	-20,158	-	4,533
Profit or loss for the period	-31,161	-	57,489
Profit or loss for the period (shareholders of the parent)	-29,423	-	53,024
Net cash flow from operating activities	1,760	92%	918
Segment information (including joint ventures on a proportionate basis):			
Investment Properties revenues	18,663	7%	17,371
Investment Properties EBITDA	12,779	-2%	12,993
Hotels revenues	6,387	-80%	31,750
Hotels net operating profit (NOP)	-1,758	-	7,972
Development and Services revenues	834	-59%	2,049
Gains or losses from the disposal of properties	-	-	27,938
Development and Services EBITDA	-6,628	-	41,641
	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	-17%	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.

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