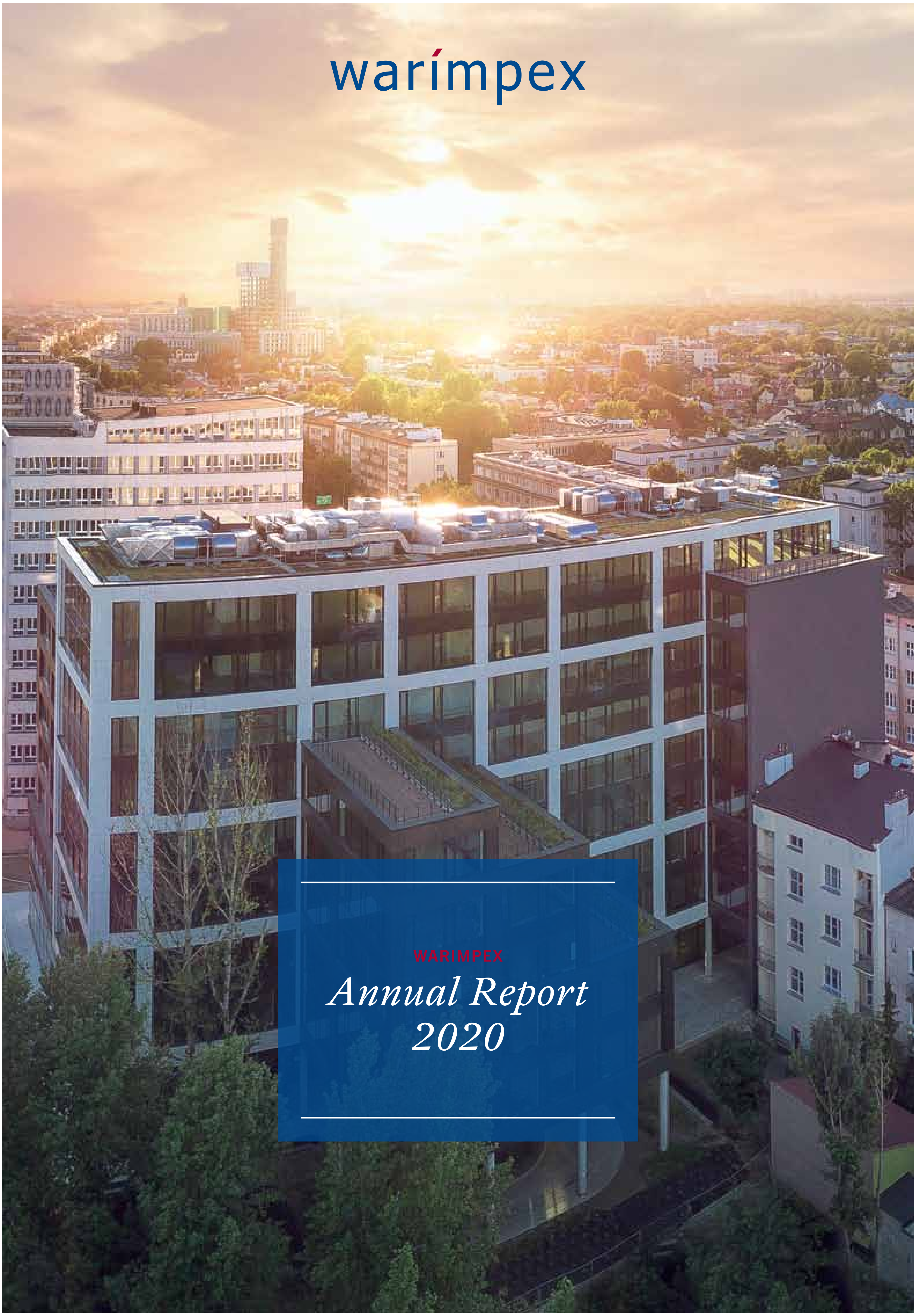

warimpex

WARIMPEX

Annual Report 2020

WARIMPEX GROUP

Key Figures

in EUR '000	**2020**	Change	2019
Investment Properties revenues	20,604	4%	19,861
Hotels revenues	3,607	-64%	9,987
Development and Services revenues	1,449	-19%	1,794
Total revenues	*25,660*	*-19%*	*31,641*
Expenses directly attributable to revenues	-11,288	-20%	-14,169
Gross income from revenues	*14,371*	*-18%*	*17,473*
Gains or losses from the disposal of properties	–	–	28,934
EBITDA	2,979	-90%	29,858
Depreciation, amortisation, and remeasurement	-10,666	–	14,868
EBIT	-7,687	–	44,726
Earnings from joint ventures	-4,858	–	3,585
Financial result	-21,426	–	25,756
Profit or loss for the period (annual result)	-31,119	–	66,505
Profit or loss for the period (shareholders of the parent)	-29,691	–	61,472
Net cash flow from operating activities	2,463	–	-41
Equity and liabilities	320,665	-10%	356,559
Equity	108,792	-31%	157,068
Equity ratio	34%	-10 pp	44%
Number of shares	54,000,000	–	54,000,000
Earnings per share in EUR	-0.57	–	1.16
Number of treasury shares on 31 December	1,939,280	405,023	1,534,257
Number of hotels	4	–	4
Number of rooms (adjusted for proportionate share of ownership)	796	–	796
Number of office and commercial properties	8	–	8
Lettable office space (adjusted for proportionate share of ownership)	92,800 m²	–	92,800 m²
m² with sustainability certificates (adjusted for proportionate share of ownership)	40,000 m²	–	40,000 m²
Segment information (including joint ventures on a proportionate basis):			
Investment Properties revenues	24,383	2%	24,015
Investment Properties EBITDA	16,488	2%	16,170
Hotels revenues	7,483	-80%	37,545
Net operating profit (NOP)	-1,909	–	9,114
NOP per available room in EUR	-2,784	–	13,395
Development and Services revenues	1,449	-35%	2,241
Gains or losses from the disposal of properties	–	–	28,934
Development and Services EBITDA	-8,693	–	16,355
Average number of employees in the Group	201	-35%	311

	31/12/2020	Change	31/12/2019
Gross asset value (GAV) in EUR millions	301.8	-9%	333.3
Net asset value (NAV) in EUR millions	128.4	-28%	178.8
NAV per share in EUR	2.46	-28%	3.41
End-of-period share price in EUR	1.15	-32%	1.63

WARIMPEX ANNUAL REPORT 2020

Contents

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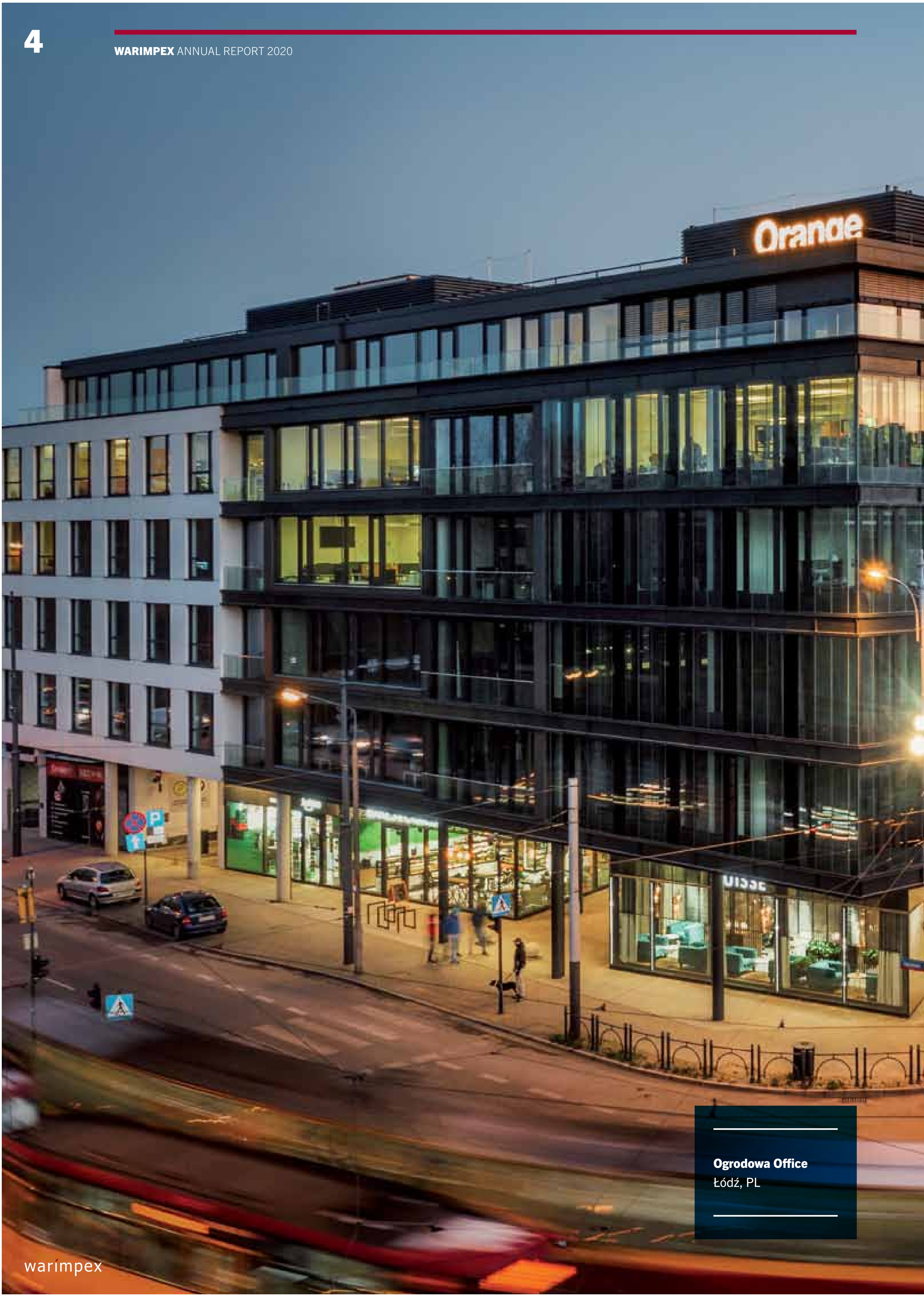


Ogrodowa Office
Łódź, PL

Warimpex is a "hybrid" real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realised through sale. The majority of these projects is located in Central and Eastern Europe.

Accordingly, the Warimpex Group generates ongoing cash flows from the letting of office space and the operation of hotel properties while simultaneously realising proceeds from property sales.

Sustainability is a key success factor for Warimpex. Environmental and social megatrends are leading to new requirements for properties – at a pace that will accelerate significantly in the coming years. We are already taking measures today to ensure that our properties remain attractive and retain their value over the long term, with a focus on innovative buildings for a carbon-free future, the efficient use of resources, proximity to nature, and health and well-being. In this way, we also contribute to the transition to a sustainable economy and society.

The hybrid business model is particularly well-suited to allow Warimpex to integrate environmental and social aspects into its property development activities. Because Warimpex does not just develop properties with a short-term outlook, but also holds them in its portfolio and operates them itself for an indefinite period of time, long-term value retention and low operating costs are in the Group's own interest.

WARIMPEX

An Overview

Evolution of the Warimpex Group

Warimpex was founded in 1959 by Stefan Folian as an import/export and transit trading company. From 1982 onwards, under the management of Georg Folian and Franz Jurkowitsch, the Company started to specialise in real estate projects in Central and Eastern Europe. Since that time, the Warimpex Group has developed real estate with investments amounting to more than one billion euros, including hotels in the five-, four-, and three-star categories. In addition, Warimpex also develops office buildings and other real estate.

Development and asset management

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in Budapest, St. Petersburg, Krakow, and Warsaw. Warimpex is also building upon its successful, long-standing cooperative projects with international hotel groups such as Vienna House, InterContinental Group, Kempinski, and Accor.

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated.

Existing portfolio

As at the end of 2020, Warimpex was the owner, co-owner, or leaseholder of eight commercial and office buildings with a total floor area of some 104,600 square metres plus four hotels with a total of 1,000 rooms (roughly 800 rooms when adjusted for the proportionate share of ownership) in Poland, Germany, Russia, Hungary, and Austria.

Due to the long service life of properties, the decisions we make today have an impact for the next 10 to 30 years. In the coming decades, climate protection and the sustainable use of resources will become even more important than they already are today. Real estate companies have to respond now – for instance in the area of climate protection. In order to achieve the 2-degree target defined at the Paris climate conference in 2015, we will have to transform into a low-carbon economy that hardly emits any carbon dioxide by 2050. This already has to be factored into long-term investments today. Warimpex is aware of its far-reaching responsibility in this context and does not see properties merely as economic goods, but also takes the ecological and social aspects into account in every stage of the planning. This basic philosophy reflects a deep-seated conscientiousness and respect for people and the environment and shapes both the Company's corporate culture and its concrete activities in all areas of business.

Highlights

2020

Operational highlights

11/2020
Additional tenants for Mogilska 43 Office in Krakow

12/2020
Optimisation measures lead to BREEAM In-Use Excellent certification for two Polish properties

Financial highlights

- Revenue of EUR 25.7 million (minus 19 per cent)
- Gross income from revenues of EUR 14.4 million (minus 20 per cent)
- EBITDA of EUR 3.0 million
- Depreciation, amortisation, and remeasurement of EUR 10.7 million
- EBIT of minus EUR 7.7 million
- Loss for the year of EUR 31.1 million
- Real estate assets of EUR 301.8 million (minus 9 per cent)
- Triple net asset value (NNNAV) per share of EUR 2.46 (minus 28 per cent)

FOREWORD BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Shareholders,

Due to the COVID-19 pandemic, last year was a year like no other from both a social and economic perspective. Starting in March 2020, life came to a virtual standstill in many places and markets around the world experienced economic downturns. For Warimpex, the material effects of this health and economic crisis made themselves felt immediately in the first half of 2020, for example in the form of declines in hotel revenues and lower property valuations. Developments in the second half of the year were relatively stable by comparison.

Warimpex remains on solid financial footing at the beginning of the 2021 financial year. Office properties with long-term leases that are contractually assured account for 73 per cent of our overall portfolio, and there was hardly any impact here. The payment discipline of office tenants remains high, which can also be seen in the persistently positive operating business in this segment. Attractive locations and the high quality of the assets are a major advantage. Nearly all of the office properties have been newly built or extensively refurbished in recent years and satisfy the latest tenant requirements.

A detailed look at the figures for the 2020 financial year

Revenues from the rental of office properties increased by 4 per cent to EUR 20.6 million during the reporting period, 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. Due to the measures to combat the pandemic, revenues in the Hotels segment fell by 64 per cent to EUR 3.6 million. Overall, revenues declined by 19 per cent to EUR 25.7 million.

No real estate transactions were conducted in 2020. The lack of property sales and negative results from the Hotels segment caused EBITDA to decrease to EUR 3 million (2019: EUR 29.9 million).

Depreciation, amortisation, and remeasurement came to minus EUR 10.7 million for the financial year (2019: EUR 14.9 million). The market value adjustments to office assets (investment properties) totalled approximately minus EUR 7.8 million – with the write-downs primarily affecting Polish office properties – while measurement gains in the amount of EUR 15.3 million were recognised in the prior-year period. Impairment for hotels amounted to EUR 1 million (2019: impairment reversal of EUR 1.2 million). After accounting for depreciation, amortisation, and remeasurement, EBIT fell to minus EUR 7.7 million (2019: EUR 44.7 million).

The financial result (including earnings from joint ventures) went from EUR 25.8 million to minus EUR 21.4 million. This includes exchange rate losses of EUR 8.2 million and losses from joint ventures of EUR 4.9 million.

On the whole, this caused the Warimpex Group’s result for the period to decline from the record level of EUR 66.5 million in the previous year to minus EUR 31.1 million. 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 and negative results from the Hotels segment.

Development projects in the office and hotel segments

During the reporting period, we primarily focused on making progress on planned development projects in order to be optimally prepared for the reopening of the markets.

In Poland, building permits were issued for the Mogilska Phase III office development in Krakow and the office development project in Białystok after the end of the reporting period. In line with our strategy, we will start construction as soon as an appropriate level of tenant interest has been secured.

At AIRPORTCITY St. Petersburg, the building shell for Avior Tower 1 – which will offer roughly 16,000 square metres of lettable office space – has been completed. The opening is scheduled for the second quarter of 2022.

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 reopening is being planned for the autumn of 2021, but can be flexibly adapted to the prevailing COVID-19 situation. The 30,000 square metre hotel property also offers property reserves for the development of further premium office and commercial space. The preparation of a new development plan and the permit planning for the first office building are already at an advanced stage.

With regard to our developments, our activities in 2021 will focus on making preparations for construction and obtaining additional building permits as well as on continuing ongoing construction and starting new construction work.

Focus on climate protection and sustainability

Along with the COVID-19 pandemic, climate protection and sustainability are among the most important issues of our time. With this in mind, we place particular emphasis on sustainability for all of our property developments and existing properties, focusing on energy efficiency, the use of renewable energy sources, the reduction of carbon dioxide emissions, and the quality of interior space, for example with regard to comfort and air quality. All new buildings are certified during the construction process, and we are gradually obtaining certification for our developed properties. These certifications will become a unique selling point that is indicative of high sustainability standards for the Warimpex Group's properties.

Outlook

The global challenge for 2021 continues to be combatting the COVID-19 pandemic. Its overall effects and their economic impact still cannot be conclusively assessed due to the dynamic development of the situation, which Warimpex is monitoring on an ongoing basis. However, experts are forecasting a recovery and return to growth for 2021 and 2022 – including in the markets in which we operate.

Therefore, Warimpex expects the stable development of its business activities to continue. Our updated planning calculations show positive results from operating activities (EBITDA) and sufficient liquidity for 2021. With a crisis-tested team, deep roots in our core markets, excellent relationships with strong partners, and the economic strength of our business model and financial base, we are optimally equipped to overcome the current and coming challenges.

We would like to take this opportunity to thank all of Warimpex's employees for their dedication in these highly unusual times and, of course, our shareholders for placing their trust in us.

Franz Jurkowitsch

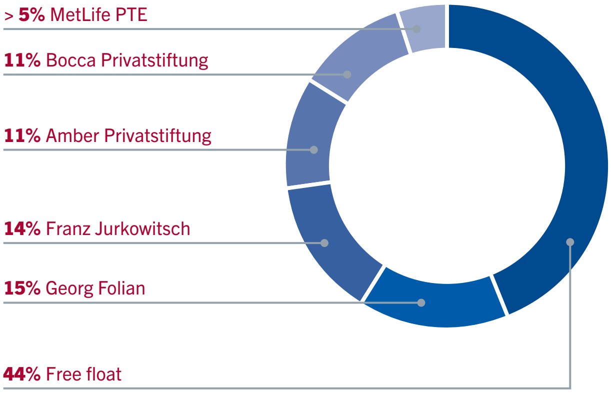
Investor Relations

The share price was EUR 1.63 and PLN 6.78 at the beginning of the year, and the share performed well in 2020 until the outbreak of the coronavirus pandemic, climbing to EUR 1.79 and PLN 7.54 by the end of February. It then dropped to EUR 0.85 and PLN 4.00 in mid-March 2020. The closing price at 30 December 2020 was EUR 1.15 and PLN 5.08.

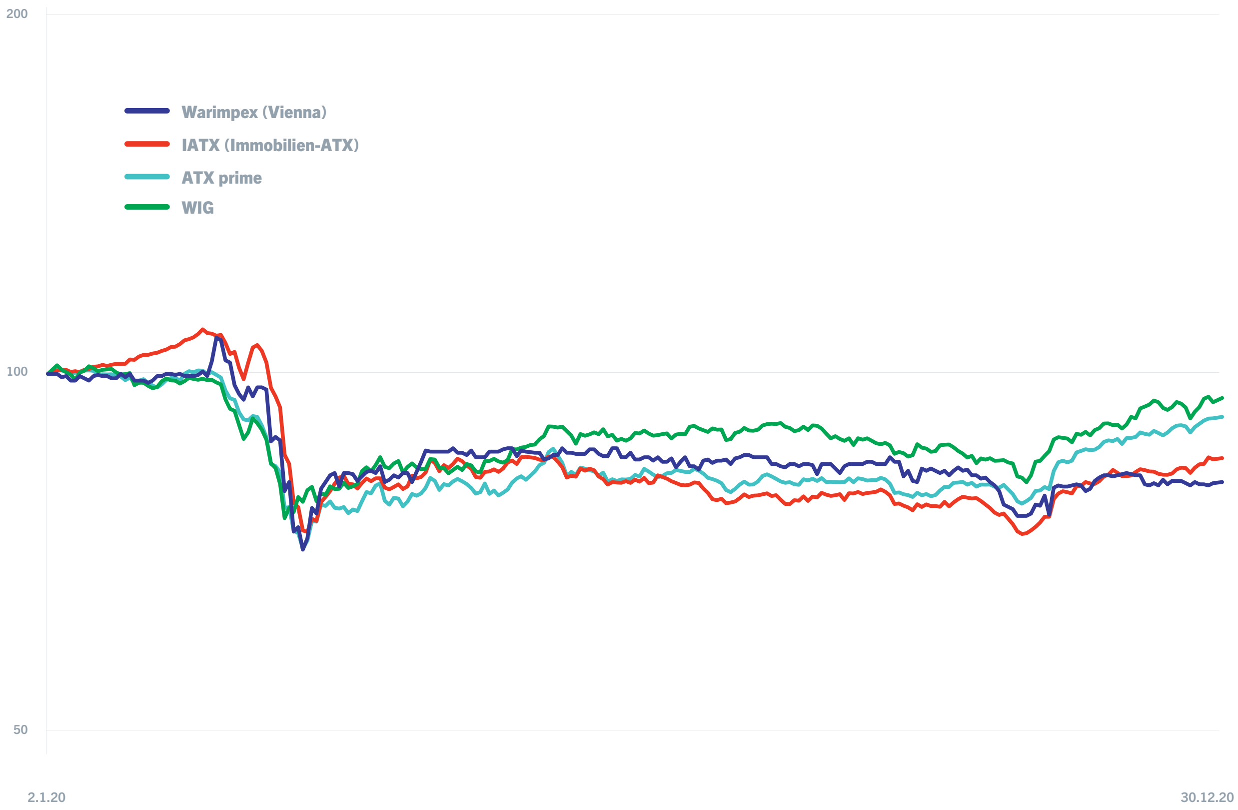
Since our IPO, we have maintained an open and proactive communication policy with our investors. Warimpex participated in online investor conferences organised by Raiffeisen Centrobank, Erste Bank, and Wood & Company in 2020.

The following analysts are covering the Warimpex share: Raiffeisen Centrobank and Erste Bank.

SHAREHOLDER STRUCTURE AS AT: 10 APRIL 2021



SHARE PRICE PERFORMANCE



KEY SHARE DATA

ISIN	AT0000827209
Number of shares on 31/12/2020	54,000,000
Ticker symbols	Stock Exchanges WXF
	Reuters WXFB.VI
High*	EUR 1.79 | PLN 7.54
Low*	EUR 0.85 | PLN 4.00
Price at 30/12/2020	EUR 1.15 | PLN 5.08
* Last 52 weeks	

Warimpex is included in the following indices, among others:	
Vienna	ATX Prime, Immobilien-ATX
Warsaw	Main 50 Plus, WIG,
	Real Estate Developers
100-day trading average	in Vienna roughly 15,000 shares
	in Warsaw around 600 shares

WARIMPEX

Corporate Governance Report

In accordance with the recommendation in the AFRAC opinion on corporate governance reports, the corporate governance report of the parent company and the consolidated corporate governance report are being merged into a single report.

Commitment to the Code of Corporate Governance

Warimpex is committed to compliance with the Austrian Code of Corporate Governance (ACCG) as well as the Polish Best Practice for GPW Listed Companies 2016. The Management Board declares that it complies with both sets of guidelines to the best of its ability and published its corporate governance report at www.warimpex.com (About us/Corporate Governance). Deviations from individual corporate governance rules relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.

Austrian Code of Corporate Governance, as amended in January 2020

The Austrian Code of Corporate Governance (as amended in January 2020 and which was applied for financial year 2020, www.corporate-governance.at) contains rules that must be followed (L-Rules), rules that are not mandatory for the Company but for which justification must be provided in the event of non-compliance (C-Rules), and rules that are entirely optional for the Company. Failure to comply with them requires no justification (R-Rules). Overall, the Company's statutes and the internal terms of reference for the Management Board and the Supervisory Board comply with the L-Rules in full, and with all of the C-Rules except as explained below:

- The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes, which would be required by Rule 18. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of Rule 18 is not planned for the foreseeable future for cost reasons.

- The remuneration of the Management Board is made up of fixed and variable components. The amount of the variable remuneration is not linked to any non-financial criteria as defined in Rule 27 and Rule 27a. This is intended to ensure objectivity and transparency. For further disclosures and information regarding the remuneration paid to the individual Supervisory Board members and the individual members of the Management Board, please consult sections 9.3.2.5. and 9.3.2.6. in the notes to the consolidated financial statements. Additional information is available in the report on the remuneration policy and the annual remuneration report on Warimpex's website.

- According to Rule 62, an external evaluation of compliance with the C-Rules must take place regularly, in any case at least every three years. The results of this evaluation must be presented in the corporate governance report. An internal evaluation is completed on the basis of the External Evaluation of Compliance with the Austrian Code of Corporate Governance questionnaire, which is also used for external evaluations. No external evaluation is conducted for cost reasons.

- The financial auditor does not assess the effectiveness of the Company's risk management system in accordance with Rule 83 because the operational risk management system is installed at the level of the Group's subsidiaries, and because equity-investment-specific risk management is an integral part of equity investment management in the Company's function as a holding company.

Poland – Best Practice for GPW Listed Companies 2016

The Company has decided to comply with these Polish rules, with the following exceptions. The majority of the exceptions relate to Austrian law, to which the Company is subject.

Rule I.Z.1:
A company should operate a corporate website and publish documentation required under Polish law in a separate section of this website. Warimpex is a company that is subject to Austrian law. Austrian law calls for a corporate governance report that contains a great deal of this information, but not all of it. Additional documents can also be accessed in other parts of the website. The following items are not required by Austrian law, and are therefore not fulfilled:

- 1.2.: Curricula vitae are only published on the website for candidates for the Supervisory Board.
- 1.8.: Selected financial indicators for the last five years are not available in a document enabling the recipient to process such data.
- 1.9.: Information about the planned dividend and the dividend paid out by the company in the last 5 financial years, including the dividend record date and the dividend payment date, cannot be downloaded.
- 1.11.: There is no internal guideline on changing the financial auditor.
- 1.15.: There is no formulated diversity policy.
- 1.19.: In accordance with Austrian law, questions from shareholders about agenda items are documented in the minutes of the annual general meetings, but not published by the Company on its own website.
- 1.20.: Audio and video recordings of the annual general meetings are not made by the Company, and are therefore not published on the Company's website.

Rule II.Z.10.:
Austrian law does not require an assessment by the Supervisory Board of the internal control, risk management, and compliance systems and other such systems. Austrian law requires that a Supervisory Board report be submitted to the annual general meeting; the contents of this report do not fully satisfy the Polish regulations.

Rule III.Z.3ff.:
The Company has neither outsourced its internal auditing functions nor set up a separate staff unit for internal auditing purposes. The Company has no intention to make such changes at this time. The Management Board has judged that such measures would be disproportionately cost intensive, and the implementation of this is not planned for the foreseeable future for cost reasons.

Rule IV.R.2. and IV.Z.2.:
Webcasts of the Company's annual general meeting are currently not offered, but will be offered in future when required by law. The Company allows votes to be cast by authorised proxy, and this option is exercised by numerous Polish institutional investors.

Rule IV.R.3.:
Company capital measures that entail the acquisition of shareholder's rights are executed at the same time or during the same periods in Austria and Poland; excepted from this are annual general meetings, which are always held at a venue in Austria.

SUMMARY OF THE BOARDS AND OFFICERS AND THE CORRESPONDING REMUNERATION

Management Board

Daniel Folian
Deputy Chairman

Year of birth: 1980
First appointed: 1 January 2018
Appointed until 31 December 2022
Responsibilities:
finances and accounting,
investor relations,
and financial management

Alexander Jurkowitsch
Member of the Management Board

Year of birth: 1973
First appointed: 31 July 2006
Appointed until 30 March 2024
Responsibilities:
planning, construction, IT,
and information management

Franz Jurkowitsch
Chairman of the Management Board

Year of birth: 1948
First appointed: 2 September 1986
Appointed until 31 December 2022
Responsibilities:
strategy and corporate communications

Florian Petrowsky
Member of the Management Board

Year of birth: 1967
First appointed: 1 May 2014
Appointed until 30 April 2024
Responsibilities:
transaction management, organisation, human resources, and legal issues

Supervisory Board

Günter Korp
Chairman of the Supervisory Board
Chairman of the Audit Committee/financial expert
Chairman of the Personnel Committee
Deputy Chairman of the Project Committee
Year of birth: 1945
First appointed: 16 October 2009
Current period of office ends in 2021 (36th AGM)

Thomas Aistleitner
Deputy Chairman of the Supervisory Board
Deputy Chairman of the Audit Committee
Member of the Project Committee
Member of the Personnel Committee
Year of birth: 1953
First appointed: 11 June 2012
Current period of office ends in 2021 (36th AGM)

William Henry Marie de Gelsey
(passed away on 26 February 2021)
Member of the Supervisory Board
Year of birth: 1921
First appointed: 31 May 2007
Honorary chairman of the board of directors of Gedeon Richter Ltd, Hungary

Harald Wengust
Member of the Supervisory Board
Chairman of the Project Committee
Member of the Audit Committee
Deputy Chairman of the Personnel Committee
Year of birth: 1969
First appointed: 16 October 2009
Current period of office ends in 2021 (36th AGM)

Hubert Staszewski
Member of the Supervisory Board
Year of birth: 1972
First appointed: 8 June 2016
Current period of office ends in 2022 (37th AGM)
Member of the management board of Elektrobudowa S.A., Poland
Member of the supervisory board of Próchnik S.A., Poland

All members of the Supervisory Board are independent as defined by C-Rule 53 of the Austrian Code of Corporate Governance. The guidelines for independence are based on the guidelines published in Annex 1 to the Code.

1 The Supervisory Board member has not served as a member of the management board or as a management-level staff member of either the Company or a subsidiary, associate, or affiliate of the Company (referred to as “Group companies” in the following) in the past five years.

2 The Supervisory Board member does not maintain and has not maintained in the past year any business relations with the Company or one of its Group companies to an extent of significance for the member of the Supervisory Board. This also applies to relationships between the Company and companies in which the Supervisory Board member has a considerable economic interest. The exercise of functions within the Group or the mere exercise by a Supervisory Board member of duties as a member of the management board or as a managing director do not generally result in the relevant company being considered a company in which the Supervisory Board member has a considerable economic interest. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 of the ACCG does not automatically mean the person is qualified as not independent.

3 The Supervisory Board member has not acted as auditor of the Company or owned a share in the auditing company or worked there as an employee in the past three years.

4 The Supervisory Board member is not a member of the management board of another company in which a member of the Management Board of Warimpex Finanz- und Beteiligungs AG is a supervisory board member.

5 The Supervisory Board member is not a close relative (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, niece, nephew) of a member of the Company’s Management Board or of persons who hold one of the positions described in items (1) to (4).

A directors and officers liability insurance policy has been taken out.

Information about the procedures of the Management Board and Supervisory Board

The Management Board

The terms of reference for the Management Board govern the composition and procedures of the Board, collaboration between the Management Board and Supervisory Board, how conflicts of interest are to be handled, the reporting and disclosure obligations of the Board, and what decisions require the approval of the Supervisory Board (including the most important business transactions of the Company's material subsidiaries). The Management Board generally meets at least every two weeks to exchange information and decide on motions.

Working principles of the Supervisory Board

The Supervisory Board discusses the position and objectives of the Company and adopts motions to fulfil its duties, in particular the supervision and strategic assistance of the Management Board. In addition to the composition, procedures, working principles, and responsibilities of the Supervisory Board, the terms of reference for this Board also govern how conflicts of interest are to be handled and specify the Supervisory Board committees (Audit Committee, Personnel Committee, and Project Committee) and their responsibilities and powers. The Supervisory Board held five meetings during the reporting period. Please refer to the Supervisory Board report for information about the focuses of the activities of and the number of meetings of the individual committees during the financial year.

Meetings were also held between the Supervisory Board and Management Board to discuss issues of Company management. All members of the Supervisory Board were physically present at more than half of the meetings of this Board during the reporting period.

Committees

The Supervisory Board appoints an Audit Committee, a Project Committee, and a Personnel Committee from among its members.

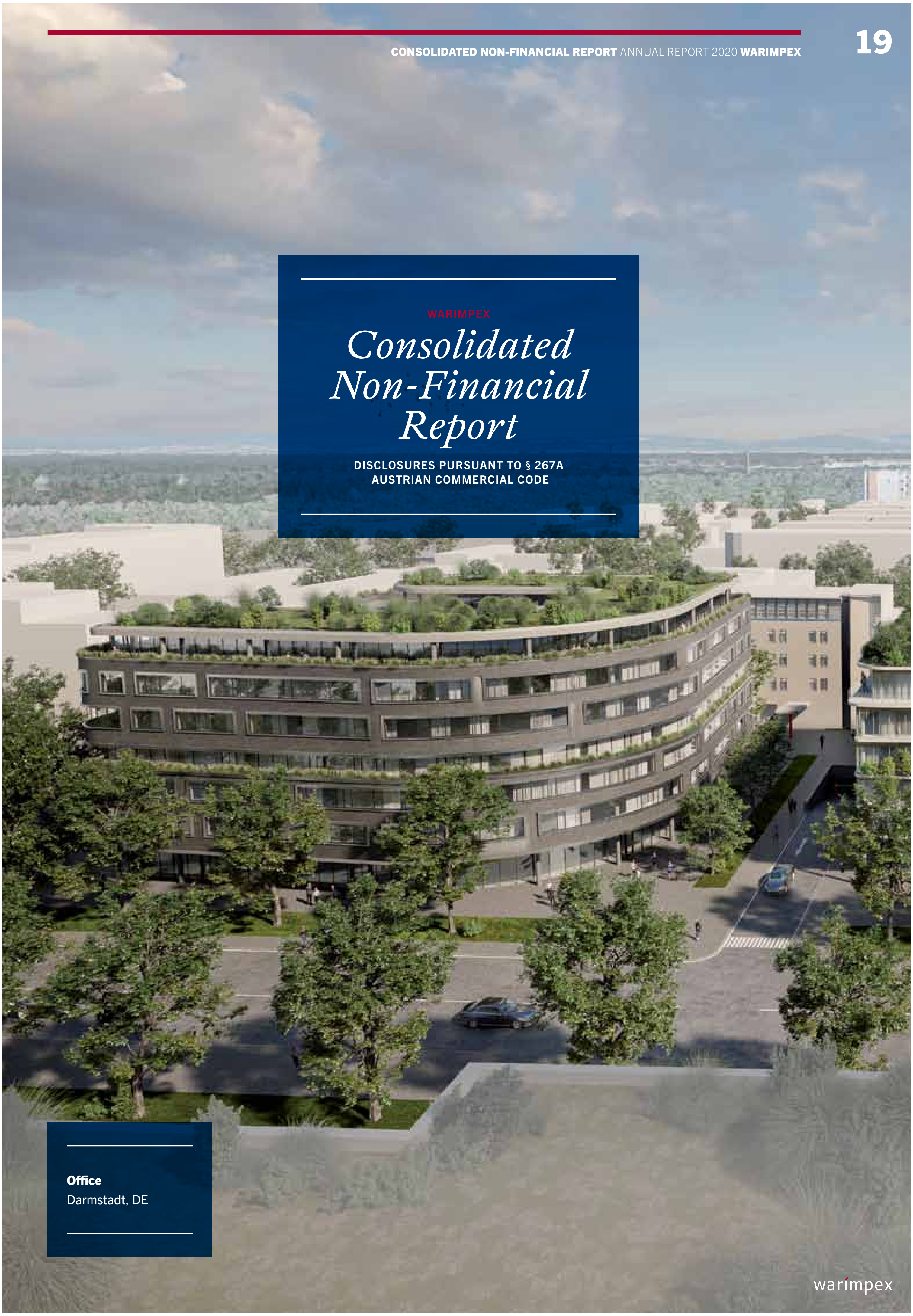
A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members. Please refer to the information about the boards and officers of the Company for further details.

Diversity concept – measures for promoting women

There are currently no women serving on the Supervisory Board or Management Board of Warimpex; one woman serves as an authorised officer (Prokuristin). There are 5 women in management positions, which represents a share of 33 per cent.

There are currently no concrete measures for the promotion of women in managerial positions in place at the Company.

At this time, the Company does not have a binding diversity concept that stipulates the consideration of criteria such as age, gender, education, and professional background in the appointment of members of the Management Board and Supervisory Board. The Company does not want to limit itself in the selection of board members. Nevertheless, the Management Board and Supervisory Board are very diverse in terms of the age, educational and professional background, and nationality of the members.



WARIMPEX

Consolidated Non-Financial Report

DISCLOSURES PURSUANT TO § 267A
AUSTRIAN COMMERCIAL CODE

Office
Darmstadt, DE

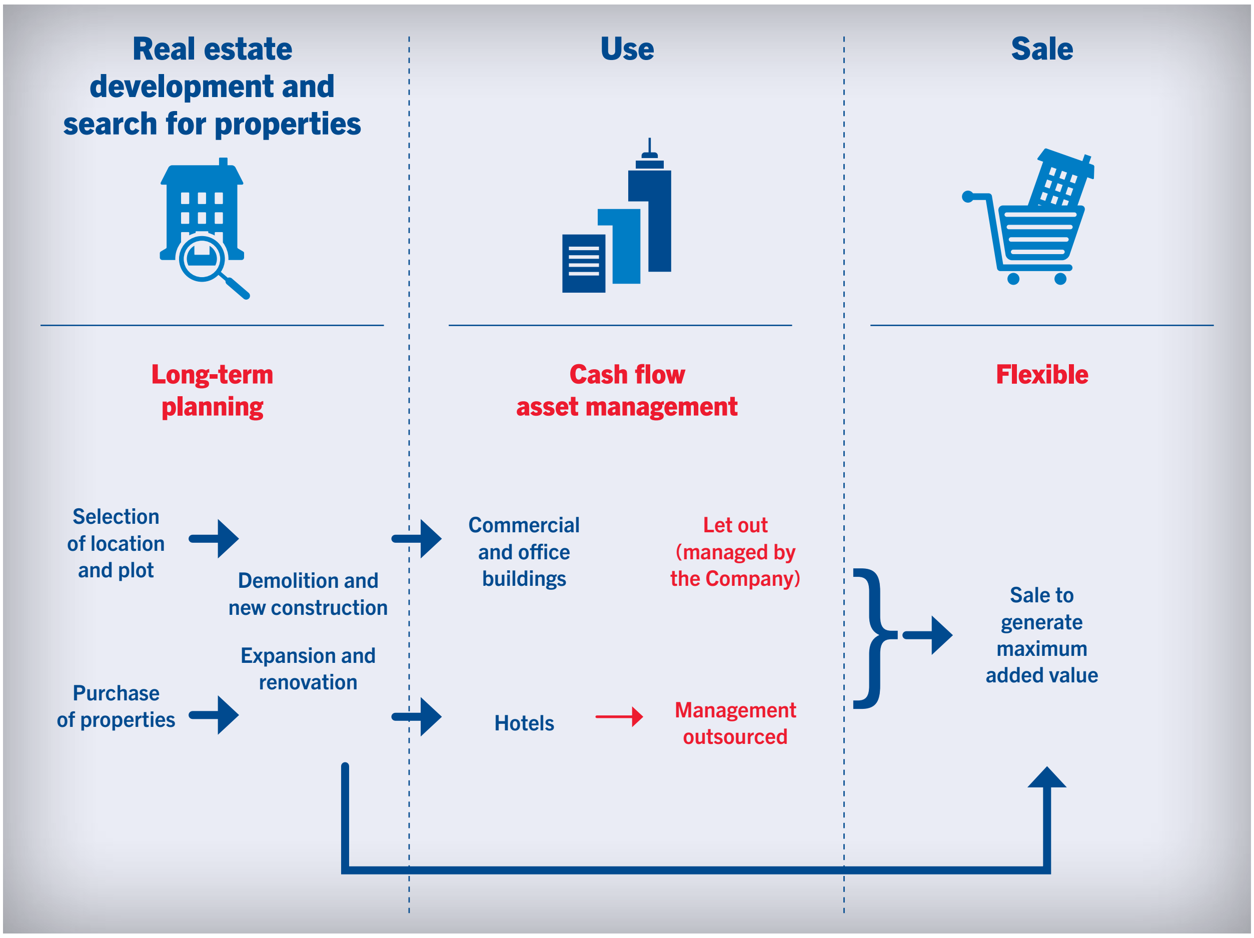
warimpex

WARIMPEX – Business model

Warimpex is a "hybrid" real estate company that develops and operates properties itself as an asset manager and property owner until the time at which the highest added value can be realised through sale. The majority of these projects is located in Central and Eastern Europe.

Accordingly, the Warimpex Group generates stable cash flows from the operation of hotel properties and the letting of office space while simultaneously realising proceeds from property sales.

In contrast to pure real estate portfolio companies, Warimpex combines the steady business of the asset management segment with the high profitability of the property development segment. Under this strategy, the property development units benefit from the stable cash flow from the developed properties, and the typical exit risk of a pure project developer is simultaneously minimised because the completed properties are generally held in the Company's portfolio initially in order to wait for the right time to sell.



WARIMPEX – AN OVERVIEW

Evolution of the Warimpex Group

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Development and asset management

Real estate project development and operations are coordinated by Warimpex in Vienna together with the local branch offices in Budapest, St. Petersburg, Krakow, and Warsaw. Warimpex is also building upon its successful, long-standing cooperative projects with international hotel groups such as Vienna House, InterContinental Group, Kempinski, and Accor.

As at the end of 2020, Warimpex was the owner, co-owner, or leaseholder of eight commercial and office buildings with a total floor area of some 104,600 square metres plus four hotels with a total of 1,000 rooms (roughly 800 rooms when adjusted for the proportionate share of ownership) in Poland, Russia, Hungary, Germany, and Austria.

Only properties that have been in the portfolio for at least 12 months are included in the indicators for the non-financial report.

Sustainable management

The Warimpex Group's real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated.

To this end, a project aimed at developing a sustainability strategy for the development of properties was completed in 2019. Along with internal strategic requirements for renovation projects and new construction projects in the hotel and office segments, sustainability standards were defined for Warimpex's properties. The aspects taken into account in this context include requirements from tenants and investors as well as criteria for sustainability certifications such as the BRE Environmental Assessment Method (BREEAM), the Deutsche Gesellschaft für Nachhaltiges Bauen (DNGB) Certification System, and Leadership in Energy and Environmental Design (LEED).

Therefore, this project included the following measures:

1. Survey to ascertain the sustainability requirements of the key customers

2. Clarification of the importance and use of sustainable building certifications

3. Development of minimum sustainability standards for Warimpex real estate projects

4. Definition of new, sustainable energy solutions for hotels and office buildings

As a result, the Company now has a clear definition regarding the key sustainability aspects for developments, a process for dealing with sustainability certifications, and a guideline and questionnaire for optimised energy solutions.

The key sustainability aspects are energy efficiency, the use of renewable energy sources, the reduction of carbon dioxide emissions, and the quality of interior space (comfort, air quality, etc.).

LEED for Existing Buildings: Operation & Maintenance was selected as the standard certification, but different certifications may be employed depending on the country, project type, and market requirements. Different certifications may also exist in the given country, for example when it is necessary to differentiate between new buildings and existing buildings. The plan is to have all new buildings certified during construction and to gradually have existing buildings certified. These certifications do not just benefit the owners – they also directly benefit the tenants in the form of cost savings. Certification will also pay off in the long run: It is conceivable that excessive carbon dioxide emissions will be "punished" with higher taxes in the future. These certifications will become a unique selling point that is indicative of high sustainability standards for the Warimpex Group's properties.

As at the reporting date, the following properties are certified:

	Opening		Certificate
Orgodowa Office, Łódź	2018	28,000 m²	BREEAM In-Use Excellent
Mogilska 43, Krakow	2019	12,000 m²	BREEAM In-Use Excellent
		40,000 m²	

Planned certifications

	Opening		Certificate
Avior Tower, St. Petersburg	2022	16,000 m²	LEED – Gold
Zeppelin Tower, St. Peterburg	2015	15,600 m²	LEED – Silver
Mogilska III, Krakow	2023	12,000 m²	BREEAM In-Use Excellent
Chopin Office, Krakow	2023	21,000 m²	BREEAM In-Use or LEED – Platinum
B52, Budapest	2006	5,400 m²	BREEAM In-Use

In addition, the decision was made to obtain the WELL Health-Safety Rating of the International WELL Building Institute (IWBI), which is based on the WELL Building Standard, for Krakow and Łódź in 2021 in order to improve health, safety, and well-being at the properties.

Due to the long service life of properties, the decisions we make today have an impact for the next 10 to 30 years. In the coming decades, climate protection and the sustainable use of resources will become even more important than they already are today. Real estate companies have to respond now – for instance in the area of climate protection. In order to achieve the 2-degree target defined at the Paris climate conference in 2015, we will have to transform into a low-carbon economy that hardly emits any carbon dioxide by 2050. This already has to be factored into long-term investments today. Warimpex is aware of its far-reaching responsibility in this context and does not see properties merely as economic goods, but also takes the ecological and social aspects into account in every stage of the planning. This basic philosophy reflects a deep-seated conscientiousness and respect for people and the environment and shapes both the Company's corporate culture and its concrete activities in all areas of business.

Materiality and stakeholders

The following sustainability report (prepared in accordance with the requirements of the Austrian Sustainability and Diversity Improvement Act [Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG]) is addressed to all stakeholders as well as everyone else who is interested in Warimpex's ecological, social, and economic performance.

Sustainable development is a multifaceted process that is influenced by many different issues in the areas of the economy, the environment, and society. The potential impact of business activities on these areas of life is determined by a company's core business, industry, and business environment.

Process description and strategic integration

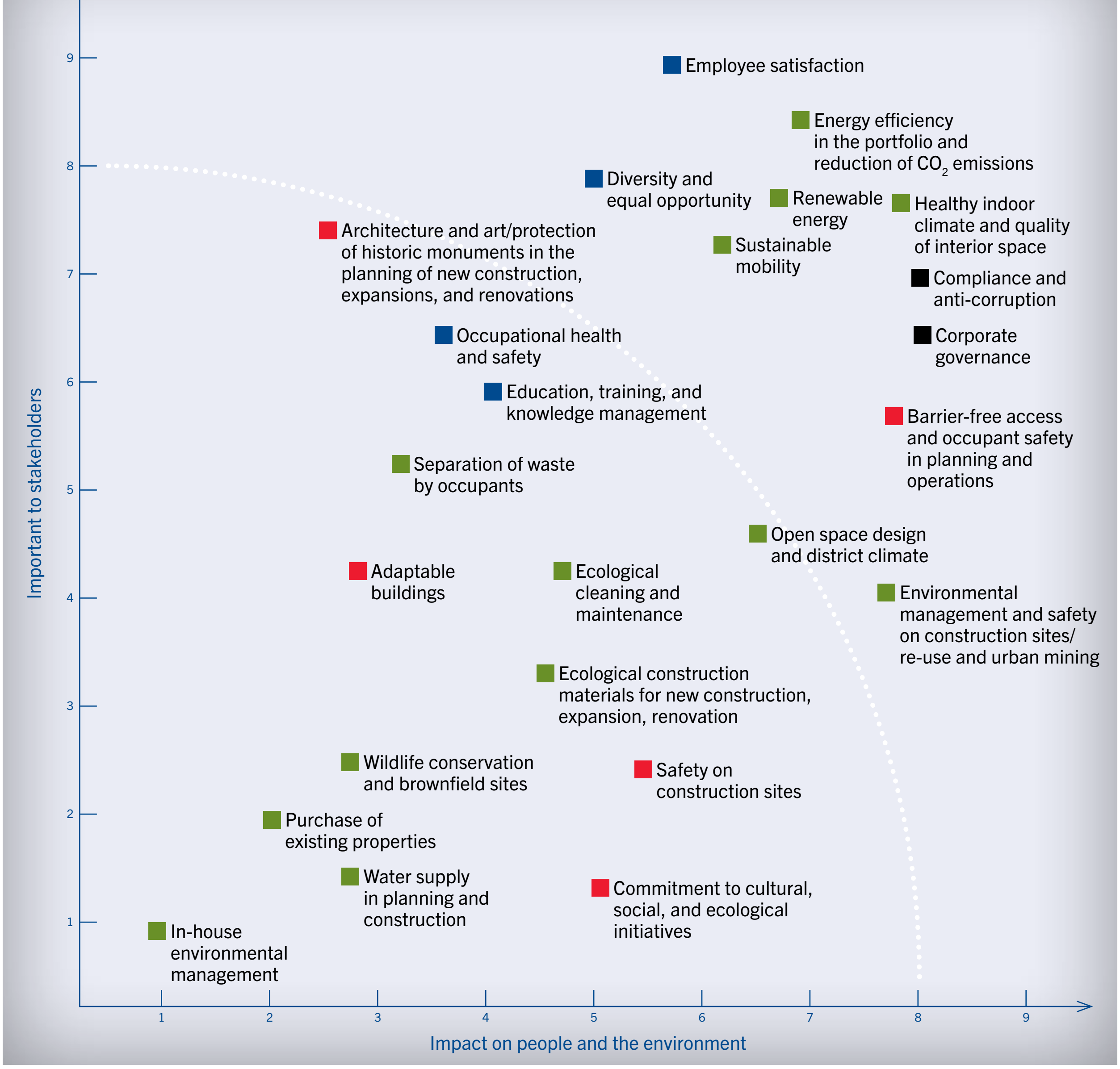
A comprehensive materiality analysis forms the basis for the reporting. The potential material topics for the Warimpex Group were identified and prioritised in a multi-stage process. The topics were analysed with regard to their impact on people and the environment as well as with regard to their importance for the following key stakeholders: investors, shareholders, analysts, banks, employees, suppliers, service providers, tenants, neighbours, peer companies, the media, policymakers, public authorities, and hotel guests. The topics that were deemed to be material can be assigned to the following categories:

- **Environment and energy**
- **Sustainable corporate culture (ethics and compliance)**
- **Social responsibility**
- **Employees**
- **Human rights**

In the following, Warimpex reports on activities and measures related to the issues deemed to be material, which are described in the overview below:

Topic	Description	Issue according to NaDiVeG
Energy efficiency of buildings	Thermal quality of buildings, energy-efficient technical building systems, appliances, etc. support the energy efficiency of buildings (heating, cooling, electricity consumption)	Environmental issue
Re-use and urban mining/environmental management on construction sites	Use of renewable resources as well as materials that are manufactured in an environmentally friendly manner and are regionally sourced, contaminant-free, multifunctional, and recyclable Noise and dust prevention, exclusion of brownfield sites, effective waste management, safe handling and storage of chemicals, and short transport distances	Environmental issue
Sustainable mobility	Offering of and incentives to use environmentally friendly means of transport such as connections to public transport networks, pedestrian and bike path networks, provision of infrastructure for bicycles, e-mobility, and car and bike sharing	Environmental issue
Corporate governance, compliance, and anti-corruption	Compliance with legal requirements (employment law, competition law, data protection, etc.), clear contract awarding processes, proper working relationships with contractors	Combatting corruption and bribery
Barrier-free access and occupant safety	Technical components (such as fire protection measures, escape routes, alarms for dangerous situations or evacuation), structural components (such as signage, lighting, video surveillance, or concierge services), compliance with all legal regulations and requirements and regular monitoring of this compliance	Social issue
Employee satisfaction	Motivation and satisfaction of the team is strengthened and maintained at a high level	Employee issue
Diversity and equal opportunity	Diverse team structure with regard to age, gender, background, working model, etc.	Employee issue
Respect for human rights	Deep-rooted part of the corporate culture that is put into practice internally and externally	Respect for human rights
Open space design and district climate	Prevention of urban heat islands (e.g. through light-coloured surfaces, providing green areas, water areas, optimised air circulation in districts) Designing open spaces with near-natural conditions (creation of habitats for native plants and animals)	Environmental issue
Healthy indoor climate and quality of interior space	Thermal comfort in winter and summer; visual comfort; sufficient ventilation; prevention of pollutants (formaldehyde, volatile organic compounds, and fine dust); acoustic comfort	Employee issue

MATERIALITY MATRIX FOR WARIMPEX



Categories
- Environment and energy
- Employees
- Sustainable corporate culture (ethics and compliance)
- Social responsibility

NON-FINANCIAL RISKS

Issue	Sustainability topic	- Risks + Opportunities	Description	Mitigation measures
Environmental issue	Energy efficiency of buildings	- High operating costs - Risk of non-implementation + Potential for cost savings	Due to a lack of funds or insufficient resources	Certification of all developed properties over the medium term; certification of new buildings
Environmental issue	Re-use and urban mining/environmental management on construction sites	- Risk of material waste + Potential for cost savings	Re-use of existing materials	Incorporated into the project concept
Environmental issue	Sustainable mobility	- Risk of a lack of infrastructure + Potential for the use of environmentally friendly means of transport	Lack of charging stations, bike parking spaces, no access to public transport	Incorporated into the project concept
Combatting corruption and bribery	Corporate governance, compliance, and anti-corruption	- Risk of a lack of knowledge + Opportunity due to training	Lack of awareness with regard to bribery and corruption	Training, compliance with Code of Conduct
Social issue	Barrier-free access and occupant safety	- Risk due to solutions that are not user-friendly + Opportunity due to improved accessibility	Compliance with legal requirements	Review of legal requirements for projects and usability
Employee issue	Employee satisfaction	- Risk due to loss of skilled personnel + Opportunities for higher employee satisfaction	Creation of a positive working climate	Employee reviews, office facilities and equipment are up to date
Employee issue	Diversity and equal opportunity	- Risk due to discrimination + Opportunities due to openness	Expertise and diversity	Promotion of diversity
Employee issue	Work-life balance	- Risk due to loss of employees + Opportunities for innovations	Burnout prevention	Training, consumption of holiday leave, balanced assignment of work
Respect for human rights	Respect for human rights	- Risk of human rights violations	Diversity and equal opportunity in the workplace	Principles apply equally to hiring, opportunities for promotion, and remuneration policies
Environmental issue	Open space design and district climate	- Risk of sealing off surfaces + Opportunities to prevent urban heat islands	Incorporate into the planning of new projects, assess possibilities for developed properties	Incorporated into the project concept
Employee issue	Healthy indoor climate and quality of interior space	- Risk of sick building syndrome + Opportunities for improved employee satisfaction	Comply with and exceed the legal measures	Incorporated into the project concept

ENVIRONMENT AND ENERGY

The topics of energy supply, energy consumption, and energy-related technical building systems are extremely important in the construction and real estate industry. The provision of energy in the form of electricity and heat is the basis for comfortable office facilities. At the same time, energy sources and energy consumption have a significant impact on climate change. Warimpex is aware of its energy-related impact on the environment and society and therefore takes great care with regard to ecological and economic requirements in terms of the energy supply and energy consumption and in terms of enhancing and preserving the value of buildings.

Warimpex also confronts the challenges of our time and makes an essential contribution to the lasting reduction of emissions by planning projects on a long-term basis. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated. Warimpex believes that sustainability and cost efficiency are not mutually exclusive.

At the beginning of 2013, Warimpex completed the BREEAM Good-certified Le Palais Office building in Warsaw. In 2018, the newly opened Ogrodowa Office building in Łódź received a BREEAM Very Good certification. A rating of BREEAM Very Good was obtained for the Mogilska 43 office project that was completed in Krakow in 2019. Both properties received BREEAM In-Use Excellent certification in 2020 following the completion of optimisation measures.

In general, the Company plans to secure certifications for all new developments, with one example being LEED Gold certification for the new Avior Tower project at AIRPORTCITY in St. Petersburg. Although Warimpex's portfolio does not contain any certified hotel properties at this time, the Company nevertheless attaches considerable importance to high environmental standards for existing and future hotels.

When it comes to new projects, the Company plans to maximise the environmental, social, and economic benefits. For Warimpex, this means that properties retain their value or increase in value over the long term while at the same time offering ecological and social benefits. In this context, measures will also be taken to prevent environmental damage. These principles will be followed not only for new construction projects but also for renovations. The Company developed a control model for internal project controlling aimed at reviewing projects with regard to energy efficiency, flexible floor plans, accessibility, and mobility.

Energy efficiency of the portfolio

Warimpex's direct area of influence lies in the energy-related design of new buildings, modernisation measures on existing properties, and energy performance. In addition, the selection of the energy source can have a positive impact on the energy balance of the properties.

However, energy efficiency does not just depend on the building itself. The careful use of energy by the occupants is also a decisive factor and can make a significant contribution to climate protection. However, Warimpex can only influence the individual behaviour of the occupants to a very limited extent. The steering measures in this regard are focused on clear and targeted communication with occupants, such as through notices at the property.

One key task for Warimpex is to create the conditions for low energy consumption at its buildings. This includes the energy-efficient design of new properties as well as the gradual energy-related modernisation of suitable existing properties.

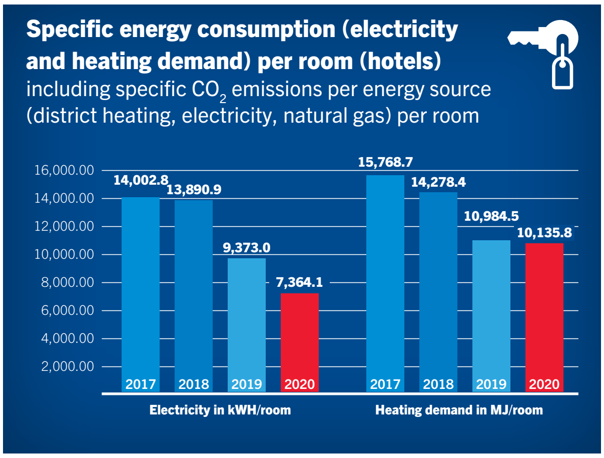
Indicators for 2020

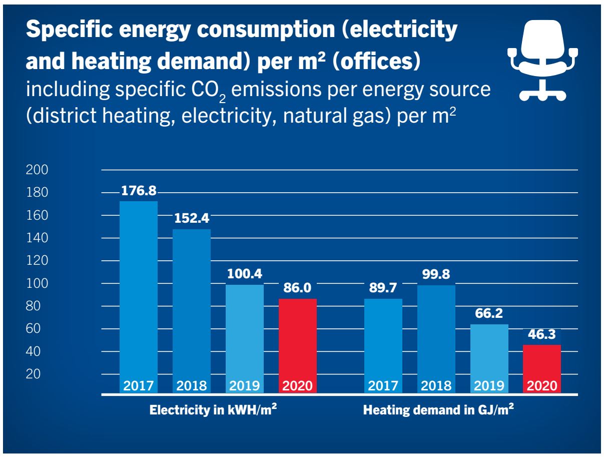
The indicators are presented differently for the asset classes of offices and hotels in order to provide a clear picture. For hotels, indicators are reported on a per-room basis in order to improve comparability. In contrast, the energy consumption figures for office properties are based on the square metres of lettable space.

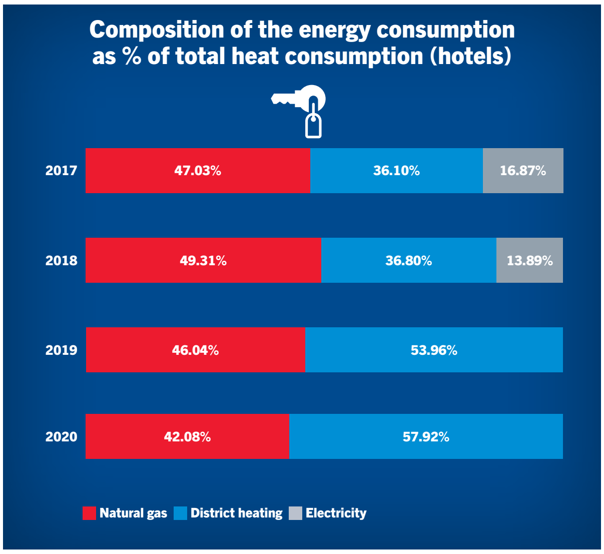
The indicators were collected for the first time in 2017 and thus form the basis for the ongoing monitoring of energy consumption. Warimpex aims to improve these indicators on an ongoing basis and take them into consideration in the planning of new projects.

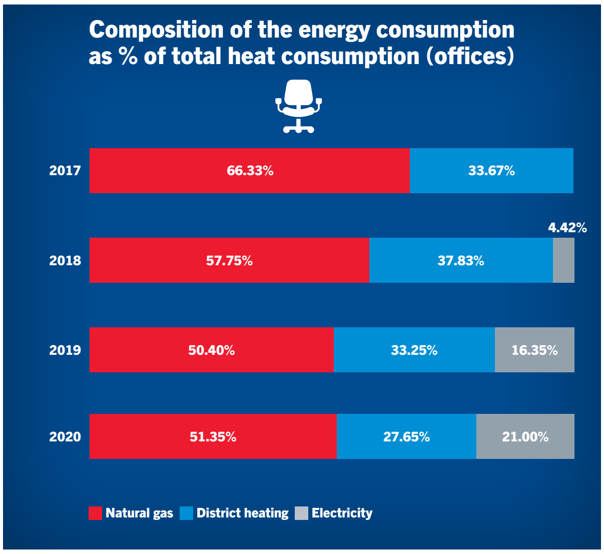
Particular emphasis was placed on energy-efficient and environmentally friendly design for the two newest office buildings in Poland: A green wall was built at the Mogilska 43 project in Krakow, and a green roof was implemented for the Ogrodowa project in Łódź. These measures not only contribute to the occupants' well-being, but also play a decisive role in environmental and climate protection. The energy consumption for cooling is reduced and the burden on the sewer system is minimised by the water retention. At the same time, these measures help to counteract urban heating and the formation of heat islands.

The Company ensures the energy-efficient operation of its own hotels by planning the occupancy of the rooms so that vacant rooms or floors do not have to be fully heated. In this way, care is taken in the initial planning of the projects to ensure that hotel areas can be supplied with energy individually, which can make a major contribution to reducing heating demand.









Environmental management and safety on construction sites/ re-use and urban mining

At construction sites, the Company does everything in its power to prevent noise and dust, to clean up brownfield sites, and to ensure effective waste management for building demolitions. The efficient separation of secondary raw materials is facilitated by working with companies that provide separation with as little mixing of materials as possible. It is important to Warimpex to maintain good relations and optimal communication with all stakeholders. One notable example in this context is the fact that the heating system of the direct neighbours of the Mogilska 43 construction site was converted to a district heat connection. In addition, vouchers for professional car washes were handed out to neighbours during the demolition work at this construction site. Warimpex aims to continue preventing complaints and lawsuits through good communication with neighbours.

All legal requirements are complied with in the Company's construction activities, and there have been no official complaints or fatal workplace accidents to date. Warimpex receives monthly reports from the general contractors containing updates on the progress of projects and, if applicable, information about violations of safety requirements and accidents on construction sites. Warimpex has set a clear goal to continue to avoid legal complaints and major violations of safety requirements at construction sites. In addition, the monthly reports from the general contractors for future projects will be expanded to include information about workplace accidents and official complaints related to occupational safety, environmental issues, and other legal issues.

The rehabilitation of old buildings is prioritised whenever possible in order to save resources, costs, and time. Construction activities are always resource-intensive. The intense use of raw materials contributes to the waste of resources and thus represents a risk to the environment. This risk is minimised by ensuring the optimal continued use of existing buildings in projects. For example, an old office building in Munich was converted into a hotel and an old office building that was built in Budapest in the 1960s was gutted and refurbished into an office building that meets today's requirements.

In 2020, there was yet again a rehabilitation project: The hotel that was acquired in Darmstadt in 2019 (a building from 1989) was extensively renovated in 2019 and 2020 and is scheduled to be reopened under the "greet" brand in September 2021.

Sustainable mobility

Mobility involves a number of current and future challenges pertaining to climate change, particularly in urban areas. This includes the risk of local air pollution due to emissions from automobile traffic in the form of nitrogen oxide as well as energy consumption.

Due to the rising demand for charging stations for electric vehicles, there is a risk that it will not be possible to provide a sufficient number of EV charging stations for the occupants of buildings. Forward-looking, intelligent mobility and traffic concepts are viable solutions in this context, including the increased use of public transport and car-sharing programmes as well as the further electrification of mobility in urban areas. In order to meet these requirements, it is important to account for a sufficient number of charging stations with a suitable charging capacity and charging connection in the initial planning stages and to observe and evaluate various concepts in order to determine which ones should be implemented at a site to optimally meet the demand.

E-mobility in particular represents an essential and groundbreaking topic. In this context, the future need for parking spaces with electric charging points or cable conduits for later retrofitting efforts at the building already have to be taken into consideration in the design and planning phase – generally around three years before completion. Among Warimpex's existing properties, Ogrodowa Office and Mogilska 43 currently offer EV charging stations, and EV charging stations are also planned for new projects. A total of 60 bike parking spaces were built at Mogilska 43 (which corresponds to 0.4 parking spaces per 100 square metres of office space). The building also offers showers and changing rooms in order to make it more appealing for employees to bike to the office. The Ogrodowa 8 project in Łódź has 150 bike parking spaces (which corresponds to 0.5 parking spaces per 100 square metres of office space) as well as showers and changing rooms in the office facilities.

The majority of the Warimpex Group's properties are in central locations in primary and secondary cities. Good transport connections for the users of the building (employees and customers) are an important factor for all of the projects. Hotels and office properties have to be easy to get to – both with public transport such as buses or trains as well as with cars and coaches. Public transport stations are generally located within a radius of 200 metres, and a connection to the airport must be available.

In the future, it will become increasingly important to offer optimal connections to the public transport network in a city because significant restrictions on private transport such as car-free zones or parking restrictions are to be expected. It is also crucial to promote sustainable mobility (electric vehicles, car sharing, etc.) because property users will see these offerings as decisive factors. In order to optimally address these developments, Warimpex has set itself the goal of taking sustainable mobility into consideration as a criterion for future projects.

In-house environmental management

	2020	2019	2018	2017
Flights	CO_2 46 t	CO_2 129 t	CO_2 113 t	CO_2 123 t
Kilometres driven by car	CO_2 22 t	CO_2 29 t	CO_2 32 t	CO_2 64 t

Employees of Warimpex Finanz- und Beteiligungs AG

The volume of carbon dioxide emissions caused by travel activities in 2020 decreased compared with the prior year. This reduction is the result of a decline in travel due to the COVID-19 crisis.

Warimpex's employees have a high level of travel because nearly all of the Company's projects are located outside of Austria. This impacts the environment through increased emissions and represents a danger to employee safety due to the increased risk of car accidents. Travel planning is the responsibility of the relevant project team, but reducing travel to an absolute minimum is a basic principle at Warimpex. Efforts are made in the planning of business travel to combine the travel of individual employees and to form carpools in order to keep travel expenses and the environmental impact as low as possible. Some project sites can be reached by train or plane, while others are more conducive to travelling by car because they are more easily accessible by car or require technical equipment to be taken along. In order to reduce business travel, the use of teleconferences and video conferences is encouraged. The necessary technology required for this is provided by Warimpex.

New developments are evaluated and incorporated into the Company's IT on an ongoing basis in order to ensure the optimal use of new technologies. This enables cross-border collaboration in projects to be simplified and employees' travel to be optimised. Warimpex acquired two electric vehicles for its vehicle fleet as part of a pilot project in order to study usage behaviour and gather valuable information both for future travel and for the charging infrastructure and other requirements for office locations. Along with the ongoing maintenance and modernisation of the vehicle fleet, investments are being made in employee training for business travel in the form of driving courses.

SUSTAINABLE CORPORATE CULTURE (ETHICS AND COMPLIANCE)

Around the world, bribery and corruption hinder investment activities and disrupt international competition. In addition, the economic, social, and ecological well-being of society is jeopardised by the diversion of funds through corrupt practices. Companies play an important role in combatting these practices because corruption is damaging not only to democratic institutions but also to proper corporate governance. In addition, some of the countries in which Warimpex does business have poor rankings according to the Corruption Perceptions Index and are thus exposed to a higher risk of corruption.

Corporate governance, compliance, and anti-corruption
Therefore, the implementation of effective corporate governance practices represents a significant sustainability topic with regard to fostering a responsible corporate culture.

As a listed company, Warimpex operates in accordance with the rules of the Austrian Code of Corporate Governance (January 2020 version) and the Polish Best Practice for GPW Listed Companies 2016. These codes are voluntary agreements for proper corporate governance and control aimed at achieving responsible value creation focused on sustainability and a long-term vision. These measures ensure that the interests of all stakeholders whose welfare is dependent upon the success of the Company are optimally served and that a high level of transparency is provided.

Code of Conduct
The Code of Conduct (CoC) is a summary of the general rules of conduct for Warimpex employees. The CoC has been applied at Warimpex AG since 2013 and was extended to all of the fully consolidated companies in 2018.

Warimpex's employees are required to obey the law at all times in their business dealings and to clearly reject all forms of bribery or corruption with their own conduct. The CoC documents the Company's interactions with employees, customers, suppliers, and all other stakeholders and provides orientation for day-to-day conduct. The ethical and legal rules and guidelines are specified in the CoC and promote individual responsibility and an open, respectful, and responsible working climate.

Employees receive ongoing training in order to foster an open and honest working climate. In 2019 and 2020, training courses were offered on current topics such as the new General Data Protection Regulation. Training sessions were also held on the Code of Conduct and corruption prevention as well as occupational safety. These training measures will be offered again in 2021. The various workdays of employees due to different scheduling models and travel are taken into account when planning the dates for training by offering multiple courses on different days so that everyone can participate. In addition, Warimpex strives to offer additional training as needed when it becomes apparent that a certain topic is important at the moment or is requested by the employees.

No cases related to corruption or violations of internal compliance guidelines have been identified to date.

SOCIAL RESPONSIBILITY

Barrier-free access and occupant safety in planning and operations
Barrier-free access is taken into account in accordance with legal requirements in both new construction and in the renovation/refurbishment of existing properties. All offices and hotels offer barrier-free access. The safety of the occupants is ensured through regular monitoring in line with local ordinances (e.g. inspection by the fire department or work inspectors) and at the management level (inspection together with the operators of the relevant property). Our own random inspections ensure the safety of the occupants of our properties and minimise the risk of a violation of the applicable regulations. No significant complaints (e.g. imminent hazards) have been lodged by authorities in relation to safety requirements to date. In acute cases, individual measures are taken to ensure the safety of the occupants at the given property. For example, increased security checks have been performed at the entrances to hotels in response to terrorist attacks in a given destination.

The goal is to prevent complaints by authorities and customers and to meet all legal requirements in order to guarantee the safety of the occupants at all times.

Six of the 294 hotel rooms at the Crowne Plaza hotel in St. Petersburg are barrier-free, which represents a share of 2 per cent.

EMPLOYEES

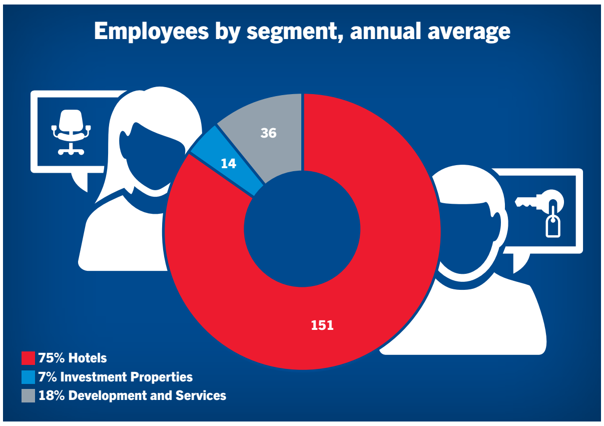
Employee satisfaction
Warimpex aims to offer opportunities for growth and career advancement, to reward outstanding performance, to promote collaboration at all levels, and to ensure an open corporate culture. The working world is constantly changing due to more vigorous demands and increasing requirements for flexibility. It is becoming more and more difficult for employees to achieve a balance between their careers, family duties, and private lives. A consistent policy of equal treatment, flexitime work models, and teleworking opportunities represent the pillars of a healthy work-life balance for Warimpex's employees.

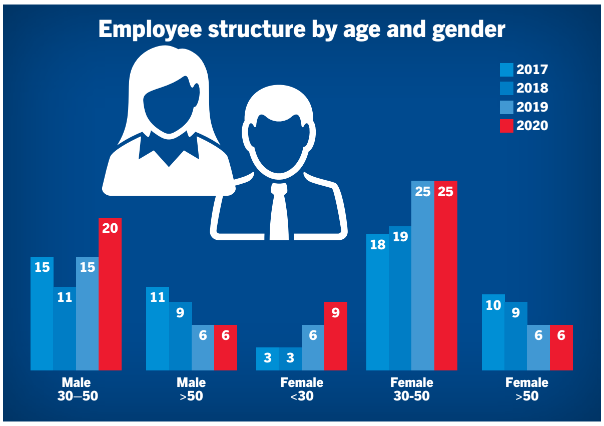
Hotels are operated by hotel management companies under management agreements. Therefore, control over personnel matters and the management of the hotel staff are the responsibility of the hotel managers and are not influenced by Warimpex. As such, the following information only pertains to Warimpex's other two segments (Investment Properties and Development and Services).

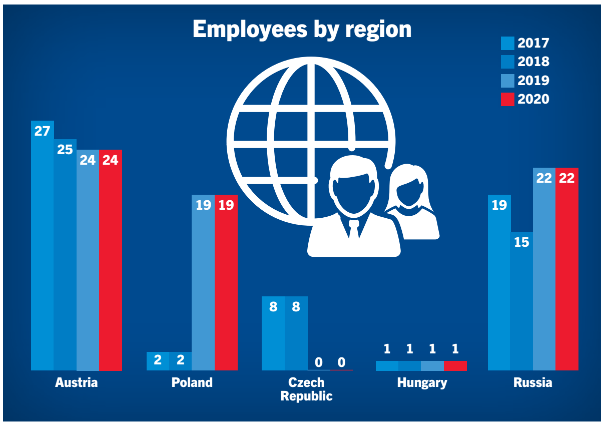
Employees in the Group
As at 31 December 2020, 66 employees worked in administrative positions at the fully consolidated companies of the Warimpex Group. The following charts show the distribution of the employees according to their regional assignment and their area of responsibility. Overall, roughly 44 per cent of the employees work in the areas of asset and property management.

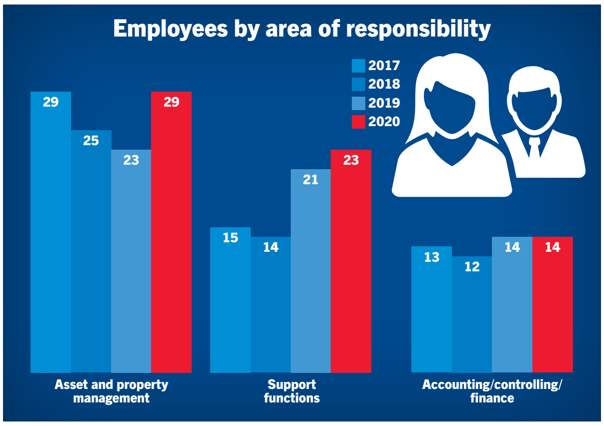
The duties in asset and property management include the management of the existing properties and development properties by the managers, technicians, and project controllers. The finance segment comprises the Group accounting department and the bookkeeping departments. The support functions provide administrative and organisational assistance to the other two segments.

In order to guard against the risk of losing highly qualified staff members, Warimpex's employees are provided with state-of-the-art technical equipment to make the work process as smooth and efficient as possible. This is intended to ensure a safe and pleasant work environment for everyone. Employees are also supported through the open and honest corporate culture. Warimpex does not put stock in adhering to hierarchies, but instead fosters a level playing field and respectful collaboration. The Company takes the individual needs of the employees into consideration by offering various working models such as part-time schedules, teleworking, and other possibilities, and adapting these models as necessary.









Diversity and equal opportunity

Ensuring equal opportunity between women and men and diversity with regard to the employees' different backgrounds is a key priority for the Company. Diversity is valued at Warimpex. This diversity applies not only to the background of employees from different cultures and countries, but can also be seen in the age structure of the staff. Employees from four countries and with various migration backgrounds work at the Group's headquarters in Vienna. At Warimpex, no one is excluded due to their gender, age, or background. On the contrary: The convergence of different views, opinions, and experiences allows many different aspects to be examined and addressed in projects.

A flat hierarchy also allows goals to be achieved through short communication channels, without having to fight through extraneous bureaucracy. Women and men are given equal opportunities to stay connected to the Company even when they are on parental leave. Invitations to company events are also sent to employees on parental leave, and these employees can continue to use communication devices such as their phones and laptops while on leave. It is also possible to work while on parental leave, and many employees take advantage of this opportunity. When employees return from parental leave, their needs are re-evaluated and individually adapted to suit their circumstances. In cases where it is desired and possible, teleworking and flexible working hours are agreed with employees. All of these measures have proven to be effective in the past and will thus be continued in the future. As a result, the risk of potential discrimination against employees is deemed to be low. Warimpex sees the diversity of its employees as an opportunity and utilises it accordingly.

The share of women in the total workforce was just under 61 per cent as at 31 December 2020, which represents an increase of 6 per cent compared with 2019. The share of female managers remained stable versus 2019, at 38.1 per cent. Warimpex offers its female and male employees the same opportunities and requirements. What counts are an employee's qualifications and experience in their field, not their nationality or gender. There are no targeted measures for the advancement of women – equality is a matter of course at Warimpex and is also reflected in the share of women in the total workforce.

The average age of the employees is roughly 42.6 years. The Warimpex Group works with an attractive mix of experienced employees and new employees.

Warimpex sees the diversity of its employees as an important factor for success.

HUMAN RIGHTS

Respecting human rights is seen as a deep-rooted part of Warimpex's philosophy and is put into practice each and every day. Freedom of expression is anchored in Warimpex's organisational structure because there are no restrictions on communication of any kind. Warimpex also respects and aims to protect everyone's right to freely practise their beliefs. At hotel buildings, for example, the interior design is kept non-religious as far as possible in order to ensure the religious freedom of all users. This is reflected in the selection of the pictures in the rooms and the lack of religious symbols such as crosses.

Respect for human dignity is primarily an important issue when it comes to employee relations. Warimpex is absolutely opposed to all forms of prejudice and discrimination. It is important that all employees are treated equally regardless of their age, gender, sexual orientation or identity, nationality, ethnic background, disability, religion, or world views. The Company actively promotes a culture characterised by respect, openness, trust, and mutual appreciation.

Warimpex is clearly committed to protecting international human rights. The Company supports and respects the protection of human rights within its sphere of influence and ensures that it is not involved in human rights violations. We expect our suppliers and partners to comply with the legal regulations as well. Warimpex assumes that they comply with the applicable laws for the protection of human rights and that violations are appropriately prosecuted by the competent legal authorities in the jurisdiction of the relevant suppliers and partners. We do not see a need or a possibility to take additional internal initiatives in this area. Suppliers and partners also receive goods and services from third parties in some cases. We are not aware of any human rights violations in connection with this supply chain to date. We assume that our suppliers and partners take action if they become aware of such issues. Proven violations are punished and can result in the termination of the business relationship with the respective supplier or partner.

Effects of COVID-19

The COVID-19 crisis had an impact on several factors in 2020.

Environmental issues:

The reduced travel activity around the world resulted in lower consumption of resources and thus to a decline in greenhouse gas emissions. This can also be seen in the travel activity of the Warimpex Group. However, it must be noted that no compromises are being made with regard to the Company's sustainability goals based on the decline in business caused by the COVID-19 crisis.

Employee issues:

The opportunities for teleworking and videoconferencing were expanded due to the crisis. Teleworking was offered to all employees. Training in the use of new programs is completed on an ongoing basis. The Company's data security was assessed and was deemed to be appropriate. Employees have the opportunity to get tested for COVID, and COVID antigen self-tests are also provided at the office.

Human rights:

There is a potential risk of human rights violations during the COVID-19 crisis – women are more heavily impacted due to short-time work and the double burden of professional and family obligations, and this was taken into account at Warimpex by offering flexible working hours.

Environmental issues:

Despite all of the restrictions, the year 2020 was used to upgrade the certification of two Polish properties from BREEAM Very Good to BREEAM In-Use Excellent by completing optimisation measures.

Due to the increasing importance of health issues, the Company plans to obtain the WELL Health-Safety Rating of the International WELL Building Institute (IWBI) for the properties in Łódź and Krakow in 2021. The following aspects, among others, are taken into account: cleaning and sanitisation procedures, emergency preparedness programmes, health service resources, air and water quality management, and innovation.

Sustainability is no longer a peripheral topic, but now shapes the thinking and actions of the majority of the population, which is why we aim to obtain further certifications for the portfolio.

Franz Jurkowitsch
Chairman
of the Management Board

Daniel Folian
Deputy Chairman
of the Management Board

Alexander Jurkowitsch
Member of the
Management Board

Florian Petrowsky
Member of the
Management Board

Group Management Report

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020

Economic conditions – COVID-19

Due to the massive spread of the SARS-CoV-2 virus (coronavirus) and the associated COVID-19 pandemic, measures such as lockdowns, travel bans, and the closure of airports and businesses were implemented by the governments in Austria as well as in other European countries and in Russia starting in February and March 2020. These measures were loosened gradually starting in the middle of May 2020, only to be tightened again in most European countries from October 2020.

Palais Hansen Kempinski*****
Vienna, A

Markets

Mogilska 41 Office
Krakow, PL

MARKETS

Poland

Economic environment

Economic output is believed to have contracted by 2.8 per cent for 2020 as a whole. Growth is expected to increase to very solid levels of 3.1 per cent in 2021 and 5.1 per cent in 2022.[1] The volume of real estate transactions declined to around EUR 5.3 billion in 2020 (2019: EUR 7.7 billion).[2] Prime yields for office properties were 4.60 per cent in Warsaw in 2020 (2019: 4.25 per cent) and roughly 6.00 per cent in secondary cities (2019: 5.75 per cent)[3]. Rents ranged between EUR 12.50 and EUR 15.50 per square metre in regional cities such as Krakow and Łódź.[4] In the five-star hotel segment, average occupancy in Warsaw fell by around 60 percentage points to 22 per cent while the average room rate in the local currency dropped by 12 per cent to PLN 426.[5]

Existing portfolio: 3 office properties, 1 hotel

Warimpex has been 50 per cent leaseholder of the five-star InterContinental in Warsaw since December 2012. As part of a lease agreement, the hotel is being leased back at a fixed rate and managed under the InterContinental brand until 2037.
Occupancy at the InterContinental hotel declined from 80 per cent to 26 per cent and the average room rate in euros decreased by roughly 26 per cent. The hotel was closed from the end of March to the beginning of June 2020 and from 20 December 2020 to 12 February 2021. The lease payments were partially suspended in agreement with the lessor, and the lease agreement was extended by three years.

An office building in Krakow (Mogilska 41) with roughly 5,800 square metres of space was acquired in 2017, renovated, and handed over to the new tenant in September 2019. The building has been fully occupied since then.

Ogrodowa Office was opened in Łódź at the beginning of October 2018. The building is a state-of-the-art office property located directly in the Łódź city centre near the Manufaktura shopping centre. The current tenants include Orange Polska, PwC Poland, and Harman Connected Services. Around 83 per cent of the space at the office building was occupied as at 31 December 2020.

Mogilska 43 Office was completed in early April 2019. As at the reporting date, roughly 90 per cent of the office space had been let out. Mogilska 43 Office is an ultra-modern, class A office building that encompasses a total of 12,000 square metres over nine floors. Large glass surfaces provide natural lighting for the offices, and the efficient climate control system ensures the optimal temperature and humidity. Green balconies and terraces can be accessed directly from the office level. The building's ground floor contains retail and service spaces, and the two-storey garage offers 204 parking spaces as well as bike racks, changing rooms, and showers. Mogilska 43 Office meets the highest environmental standards and has been certified BREEAM In-Use Excellent.

Under development: 3 office buildings, reserve properties

Property reserves were also acquired along with the Mogilska 41 building. In October 2020, a building permit that was not yet legally valid was issued for an office building with roughly 9,700 square metres of space (Mogilska Phase III). The permit became legally valid in March 2021.

In recent years, Warimpex has acquired smaller, partially developed properties adjacent to the two existing Mogilska office buildings and the Mogilska Phase III project. The Mogilska Phase IV project will subsequently be built on these properties. The initial demolition work has already been completed.

Warimpex is also the owner of a development property next to the Chopin Hotel in Krakow, on which an office building with around 21,000 square metres of space is to be built. The application for a building permit has been submitted.

Warimpex owns a development property in Białystok. Office properties will be built on this site in multiple phases. Two office buildings with roughly 24,000 square metres of office space and 8,000 square metres of commercial space are being planned. A building permit was issued in March 2021.

[1] European Commission – European Economic Forecast, Winter 2021
[2] CB Richard Ellis, Real Estate Market Outlook 2021, Poland
[3] CB Richard Ellis, Real Estate Market Outlook 2021, Poland
[4] CB Richard Ellis, Real Estate Market Outlook 2021, Poland
[5] STR Comp Set – Performance Report for InterContinental Warsaw

MARKETS

Hungary

Economic environment

Economic developments resulted in a contraction of 5.3% in 2020. GDP growth is forecast to come in at 4.0 per cent in 2021 and 5.0 per cent in 2022.[6]

In Budapest, average rents increased to roughly EUR 13.50 per month[7], prime yields advanced from 5.25 per cent to 5.75 per cent[8], and vacancy rose from 5.9 per cent to 8.1 per cent.[9]

Existing portfolio: 2 office properties

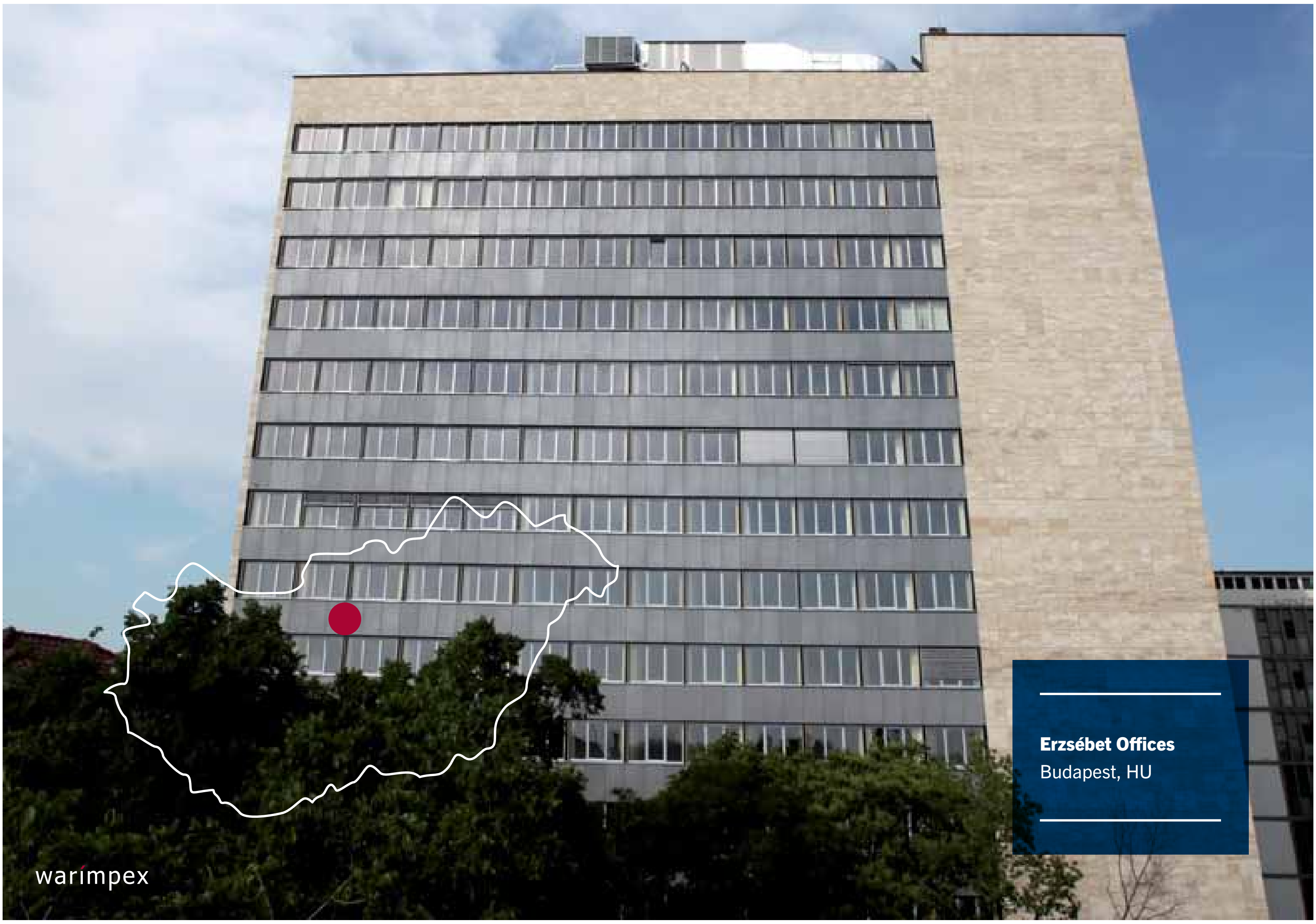
In Budapest, Warimpex owns the Erzsébet and B52 office buildings, which together have a total net floor space of around 20,200 square metres.

The B52 office building was acquired at the end of May 2018 and has a total net floor space of 5,200 square metres and an occupancy rate of 96 per cent.

Roughly 96 per cent of the space at Erzsébet Office was let out on the reporting date; 12,250 square metres (of 14,500 square metres) are let to the insurance company Groupama Garancia Insurance Private Co. Ltd., a Hungarian branch of the international Groupama Group.

The Sajka office building with its approximately 600 square metres of lettable space was sold at the beginning of 2019.

[6] European Commission – European Economic Forecast, Winter 2021
[7] CB Richard Ellis, Budapest Office Snapshot, Q3 2020
[8] CB Richard Ellis, Budapest Office Snapshot, Q3 2020
[9] CB Richard Ellis, Budapest Investment Snapshot, Q3 2020



Erzsébet Offices
Budapest, HU

MARKETS

Austria

Existing portfolio: 1 hotel

In Vienna, Warimpex holds around 10 per cent of the company holding the Palais Hansen Kempinski hotel in Vienna together with Wiener Städtische Versicherung/Vienna Insurance Group and UBM Development. The hotel is Warimpex's first project in Austria and was opened in March 2013.

Palais Hansen Kempinski***
Vienna, A

AirportCity
St. Petersburg, RU

MARKETS

Russia

Economic environment

The Russian economy expanded by 1.3 per cent in 2019 and contracted by 3.6 per cent in 2020. GDP growth is projected to come in at 3.0 per cent in 2021 and 3.9 per cent in 2022.[10]

The volume of real estate transactions in Russia increased by 14 per cent to around RUB 285 billion in 2020. The share of transactions in St. Petersburg declined by 20 percentage points to 11 per cent.[11] The vacancy rate for class A office properties in St. Petersburg was 4.8 per cent at the end of September 2020 (3.3 per cent), and average rents (including operating costs and VAT) came to roughly RUB 1,970 (around EUR 22; 2019: RUB 1,960) per square metre per month.[12]

In St. Petersburg, hotel occupancy rates declined by 62 percentage points to 25 per cent on average, and the average room rate fell by 34 per cent to RUB 4,344.[13]

[10] World Economic Outlook Update, January 2021
[11] CB Richard Ellis, Russian Real Estate Investment Market, Q4 2020
[12] Maris CBRE, Market Commentary, Saint Petersburg
[13] STR Comp Set – Performance Report for Crowne Plaza St. Petersburg Airport

Existing portfolio:
1 hotel, 2 office properties, 1 multi-use building
In St. Petersburg, Warimpex holds 90 per cent of AIRPORTCITY St. Petersburg. In the first phase of the project, a four-star Crowne Plaza hotel (InterContinental Hotel Group) and two office towers (Jupiter 1 + 2) with 16,800 square metres of lettable space were opened at the end of December 2011. AIRPORTCITY St. Petersburg is being developed by the project company AO AVIELEN A.G. and is located in close proximity to the Pulkovo international airport in St. Petersburg. AIRPORTCITY is the first premium-class business centre in the region and is a key infrastructure project in the growing economic centre of St. Petersburg.

Warimpex indirectly holds roughly 40 per cent of the Jupiter 1 and 2 office towers at AIRPORTCITY St. Petersburg.

The Zeppelin office building (stake: 90 per cent) with 15,600 square metres of lettable space was completed at AIRPORTCITY at the end of June 2015. The tower is completely let out.

The Crowne Plaza hotel achieved occupancy of 29 per cent (1–12 2019: 77 per cent) while the average room rate in euros declined by 33 per cent.

Warimpex owns a 100 per cent stake in the Bykovskaya multiuse building (with parking spaces for around 450 vehicles and roughly 6,000 square metres of office and archive space), which has been fully occupied since it was completed in May 2017.

In August 2019, Warimpex acquired a 35 per cent stake in the project company AO AVIELEN A.G. Following this acquisition, the Group holds a total stake of 90 per cent in AVIELEN, which is responsible for the development and operation of AIRPORTCITY St. Petersburg. The remaining 10 per cent is held by UBM Development.

Under development: 1 office property, development properties
There are property reserves for around 150,000 square metres of office space at AIRPORTCITY St. Petersburg.

In April 2018, Warimpex took over full ownership of a portion of this property reserve (roughly 17,000 square metres) from AO AVIELEN A.G. through a project company. The construction of an office tower (Avior Tower) with roughly 16,000 square metres of lettable office space began in the fourth quarter of 2019. The opening is scheduled for the fourth quarter of 2022.

MARKETS

Germany

Economic environment

Economic output declined by 5.0 per cent in 2020. GDP growth is forecast to come in at 3.2 per cent in 2021 and 3.1 per cent in 2022.[14]

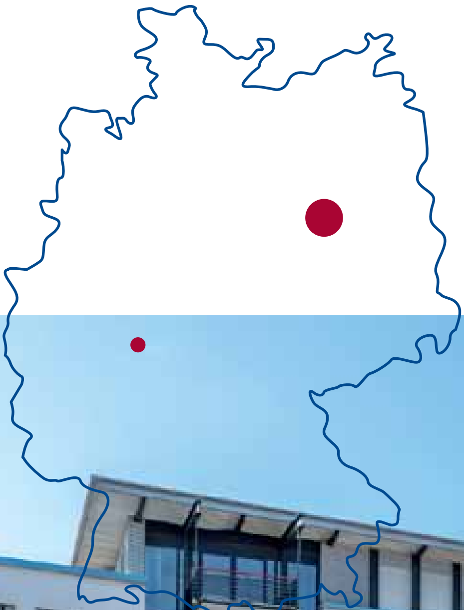
Existing portfolio: 1 hotel

In April 2019, Warimpex acquired a hotel property (327 rooms) in Darmstadt that had been closed since mid-2018 and reopened it under the name “The Hotel Darmstadt” in September. Cycas Hospitality was tasked with managing the three-star superior conference hotel. The hotel was closed due to the pandemic in early April 2020 and is currently being renovated. It is scheduled to reopen in September 2021 under the Accor brand “greet”.

Under development: Development properties

The 30,000 square metre hotel property also offers property reserves for the development of further premium office and commercial space. The preparation of a new development plan and the permit planning for the first office building are already at an advanced stage.

[14] European Commission – European Economic Forecast, Winter 2021



The Hotel Darmstadt
Darmstadt, D

BUSINESS DEVELOPMENT

Assets, Financial Position, and Earnings Situation

Development of revenues

Revenues from the rental of office properties (Investment Properties revenues) increased from EUR 19.9 million to EUR 20.6 million, largely due to new lettings. Rental revenue in Russia declined by roughly 8 per cent year-on-year due to the substantial depreciation of the rouble (31 per cent in 2020).

Revenues in the Hotels segment fell to EUR 3.6 million, which represents a drop of 64 per cent compared with the prior year. Revenues declined significantly starting in March 2020 due to the COVID-19 pandemic. While revenues fell by 92 per cent compared with the prior-year period to just EUR 0.2 million in the second quarter of 2020, they recovered somewhat in the second half of the year.

Total revenues declined to EUR 25.7 million, while expenses directly attributable to revenues decreased from EUR 14.2 million to EUR 11.3 million.

This results in gross income from revenues of EUR 14.4 million (2019: EUR 17.5 million).

Earnings situation

Gains or losses from the disposal of properties

The Group conducted no real estate transactions during the reporting period. In the comparison period, Warimpex sold two hotels in Paris, an office property in Budapest, and the operating company for the Dvořák spa hotel in Karlovy Vary. This brought the disposal result to EUR 28.9 million in the prior year.

EBITDA

Earnings before interest, taxes, depreciation and amortisation, and gains/losses on the remeasurement of investment properties (EBITDA) decreased from EUR 29.9 million to EUR 3.0 million. The year-on-year decline can be attributed primarily to the lack of property sales and accounting gains as well as a negative result from the Hotels segment.

Depreciation, amortisation, and remeasurement

Depreciation, amortisation, and remeasurement fell from EUR 14.9 million to minus EUR 10.7 million. The remeasurement result from the office assets (investment properties) came to approximately minus EUR 7.8 million, while market value adjustments in the amount of EUR 15.3 million were recognised in the prior-year period. Impairment for hotels amounted to minus EUR 1.0 million (2019: impairment reversal of EUR 1.2 million).

EBIT

After accounting for depreciation, amortisation, and remeasurement, EBIT dropped from EUR 44.7 million in the prior-year period to minus EUR 7.7 million.

Financial result

The financial result (including earnings from joint ventures) went from EUR 25.8 million to minus EUR 21.4 million. This includes exchange rate losses of EUR 8.2 million (2019: exchange rate gains of EUR 8.3 million and an accounting gain of EUR 20.3 million on the purchase of loans of former minority shareholders of a Russian Group company).

Earnings from joint ventures fell from EUR 3.6 million to minus EUR 4.9 million. This decline can be attributed to non-cash foreign currency losses due to currency translation and losses from hotel operations.

Profit or loss for the period

The result for the period decreased from EUR 66.5 million in the previous year to minus EUR 31.1 million. The profit or loss for the shareholders of the parent fell in annual comparison from EUR 61.5 million to minus EUR 29.7 million.

Segment analysis

For more information, see the detailed comments in section 2. Segment information of the notes to the consolidated financial statements.

The Warimpex Group has defined the business segments of: Investment Properties, Hotels, and Development and Services. The joint ventures that are recognised using the equity method in the consolidated financial statements are included in the segment report using the proportionate consolidation method. The Hotels segment is comparable with the hotels and/or hotel rooms held by the Group as consolidated entities in the reporting period (with the joint ventures recognised on a proportionate basis). The Investment Properties segment contains the rental revenue from office properties. The Development and Services segment covers development services, activities of the Group parent, and profit contributions from the sale of properties.

Investment Properties segment*

in EUR '000	2020	2019
Revenues for the Group	24,383	24,015
Segment EBITDA	16,488	16,170

* Including all joint ventures on a proportionate basis

Revenues and the segment EBITDA changed very little versus the prior year. Higher revenues from new lettings offset lower revenues due to the depreciation of the rouble.

Hotels segment*

in EUR '000	2020	2019
Revenues for the Group	7,483	37,545
Average number of hotel rooms for the Group**	686	680
GOP for the Group	-943	12,689
NOP for the Group	-1,909	9,114
NOP/available room in EUR	-2,784	13,395

* Including all joint ventures on a proportionate basis

** See the disclosures pertaining to the Hotels segment in the consolidated financial statements

In the previous year, the average number of rooms falling under Group ownership declined due to the sale of the Dvořák hotel at the end of February 2019 and the sale of the two hotels in Paris at the end of September 2019. An additional hotel was opened in Darmstadt in September 2019, but was closed again in March 2020 due to the coronavirus. Therefore, the average number of rooms increased by 6 in total in the reporting period.

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership after GOP such as management fees, insurance, land tax, etc.).

Development and Services segment*

in EUR '000	2020	2019
Revenues for the Group	1,449	2,241
Gains or losses from the disposal of properties	–	28,934
Segment EBITDA	-8,693	16,355

* Including all joint ventures on a proportionate basis

The results in this segment depend heavily on the sale of real estate holdings (share deals) and properties (asset deals) and are subject to significant year-on-year fluctuation.

In the comparison period, Warimpex sold two hotels in Paris, an office property in Budapest, and the operating company for the Dvořák spa hotel in Karlovy Vary, while no sales transactions were executed in 2020.

Assets

Consolidated Statement of Financial Position EUR '000	**31/12/2020**	31/12/2019	31/12/2018
ASSETS			
Non-current assets	308,132	345,053	265,505
Current assets	12,533	11,506	26,506
Total assets	**320,665**	**356,559**	**292,012**
EQUITY AND LIABILITIES			
Share capital	54,000	54,000	54,000
Retained earnings and reserves	56,619	104,431	56,887
Equity attributable to the parent	**110,619**	**158,431**	**110,887**
Non-controlling interests	-1,827	-1,364	-20,740
Total equity	**108,792**	**157,068**	**90,147**
Non-current liabilities	183,857	172,210	172,261
Current liabilities	28,016	27,282	29,603
Total liabilities	**211,873**	**199,491**	**201,865**
Total equity and liabilities	**320,665**	**356,559**	**292,012**

As Warimpex is a property developer, the assets side of the statement of financial position is dominated by investment properties and property, plant, and equipment. Because two thirds of the properties held by Warimpex Group are financed through long-term project loans, non-current financial liabilities make up the majority of the liabilities side of the statement of financial position.

Following the sale of a hotel portfolio in 2017 that led to a substantial reduction of the balance sheet total, 2018 and 2019 were marked by growth despite further property sales, as the Company's property assets and balance sheet total increased once again due to purchases and developments. The 2020 financial year was dominated by the effects of the pandemic, and negative valuation adjustments were recognised on properties.

Financial position

Consolidated Statement of Cash Flows EUR '000	**2020**	2019
Cash receipts from operating activities	26,690	31,663
Cash payments for operating activities	-24,222	-31,704
Net cash flows from operating activities	2,468	-41
Net cash flows for investing activities	-11,342	-11,597
Net cash flows from financing activities	11,459	9,717
Cash and cash equivalents at 31 December	**8,931**	**7,519**

Cash flow from operations

Despite lower cash receipts, the cash flow from operating activities increased during the reporting period due to cost-saving measures and lower income taxes.

Net cash flows from investing activities

The cash payments for investments were primarily related to construction activities for the Avior Tower in St. Petersburg, renovations at the Hotel Darmstadt, tenant adaptations in Poland, and project preparations in Poland and Germany (2019: construction activities for Ogrodowa Office in Łódź and Mogilska 43 Office in Krakow). The cash receipts from investing activities in the prior year related primarily to the sale of the two hotels in Paris.

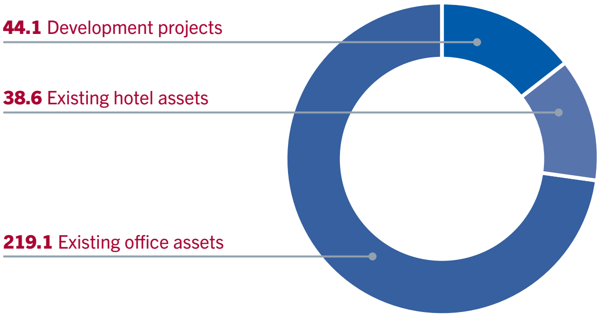
Cash flows from financing activities

The change in the cash flows from financing activities can primarily be attributed to a higher amount of loans and borrowing in connection with construction work.

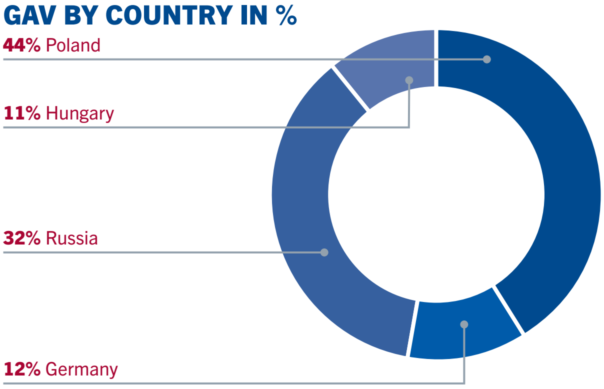
REAL ESTATE ASSETS

On 31 December 2020, the real estate portfolio of the Warimpex Group comprised eight commercial and office buildings with a total floor area of some 104,600 square metres (92,800 square metres when adjusted for the proportionate share of ownership) plus four hotels with a total of 1,000 rooms (roughly 800 rooms when adjusted for the proportionate share of ownership).

PROPERTY ASSETS IN EUR MILLIONS



GAV BY COUNTRY IN %



Calculation of gross asset value and triple net asset value in EUR millions

Warimpex recognises its property, plant, and equipment such as hotel properties at cost less depreciation according to IAS 16, as is required for owner-operated hotels in IAS 40.12. Changes in the value of investment properties (primarily office buildings) are recognised through profit or loss according to the fair value model in IAS 40.56.

The majority of the properties and development projects are valuated twice annually (on 30 June and 31 December) by independent real estate appraisers.

On 31 December 2020, the following experts appraised Warimpex's portfolio:

Appraiser	Fair values as at 31 December 2020 in EUR millions	in %
CB Richard Ellis	168	56%
Knight Frank	131	43%
Others or not appraised	3	1%
	302	**100%**

The fair values are determined in accordance with the valuation standards of the Royal Institute of Chartered Surveyors (RICS). The fair value is the price that would be paid for the transfer of an asset or a liability in a transaction at arm's length terms on the reporting date. The real estate appraisers use an income-based approach (investment method or discounted cash flow method) to calculate the fair values of developed properties, and the comparative method for reserve properties. Development projects are generally measured using the residual value method, taking a developer's profit into account.

For information on the yield used to calculate the fair value, please see section 7.1.3 (investment properties) and section 7.2.2. (hotels) in the notes to the consolidated financial statements.

The gross asset value of Warimpex's proportionate properties came in at EUR 301.8 million on 31 December 2020 (31 December 2019: EUR 333.3 million), of which EUR 16.5 million (31 December 2019: EUR 19.6 million) can be attributed to joint ventures. This decline was primarily due to the lower rouble exchange rate and a negative remeasurement result. The Group's triple net asset value (NNNAV) fell from EUR 178.8 million as at 31 December 2019 to EUR 128.4 million as at 31 December 2020.

The triple net asset value (NNNAV) is calculated as follows:

in EUR millions	**12/2020**		12/2019	
Equity before non-controlling interests		110.6		158.4
Deferred tax assets	-1.0		-4.5	
Deferred tax liabilities	8.7	7.7	10.9	6.4
Carrying amount of existing hotel assets	-30.2		-35.6	
Fair value of existing hotel assets	40.3	10.1	49.6	14.0
Triple net asset value		**128.4**		**178.8**
Number of shares on 31 December		54.0		54.0
Treasury shares		-1.9		-1.5
Number of shares on 31 December		52.1		52.5
NNNAV per share in EUR		**2.46**		**3.41**

MATERIAL RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED AND RISK MANAGEMENT

As an international group, Warimpex is exposed to various economic and financial risks as part of its daily operations.

a) General

As part of its risk management system, Warimpex has set internal risk management targets for the Management Board and Company staff and adapts these targets to the prevailing market conditions. These risk management targets include special regulations and define responsibilities for risk assessment, control mechanisms, monitoring, information management, and communication within the Company and with external parties.

There is a clearly defined organisation within Warimpex and especially within the Management Board that governs responsibilities and authorisations in this connection to enable risks to be identified at an early stage and appropriate action to be taken. The Management Board's guidelines and the guidelines for the Supervisory Board define the responsibilities and obligations of the Company's boards and officers.

b) Operating risks

In the Investment Properties segment, Warimpex is exposed to the risk that it will be unable to let out spaces, that rents will decline, and that tenants will default on their payments. Rental risk is closely linked to the general economic conditions in the individual markets and is thus subject to corresponding planning uncertainties. There is always a certain degree of rental risk due to the different political and economic developments in the various markets. The competition between property owners for well-known, attractive tenants can also impact occupancy rates and lease extensions, especially amidst lower demand for space due to new workplace models. Depending on the economic development in the various markets, rents can come under pressure. This factor in particular may make it necessary to accept rents that are lower than originally projected.

In the Hotels segment, Warimpex is exposed to the general risks inherent to the tourism industry such as economic fluctuations, political risks, increasing fear of terrorist attacks, and travel restrictions related to pandemics. There is the risk that competitors may enter the Group's target markets, thereby increasing the number of beds available.

The Group is exposed to finance and currency risks, interest rate risks, market entry risks, and the risk of delays in the completion of construction work on real estate projects. In addition, there are risks of rent default which may impact both on the current cash flow and on property values.

The Group invests in real estate in a limited number of countries, and is therefore exposed to increased risk that local conditions such as an excess supply of properties can affect the development of business. Owing to its focus on property development and property holdings, the Group's performance is heavily dependent on the current situation in the real estate markets. Price declines in the real estate market could therefore affect the Group significantly and also influence real estate financing.

Real estate maintenance is a key aspect in the sustainable economic development of the Warimpex Group. Asset management staff therefore submit status reports to the Management Board at regular intervals together with projections for the optimum maintenance of the properties.

c) Capital market risk

Refinancing on the capital market is of high strategic importance for Warimpex. To avoid risks of insufficient capital market compliance, Warimpex has enacted a compliance guideline that ensures adherence to the capital market regulations and that especially prevents the abuse or sharing of insider information. A permanent confidentiality area has been set up for all employees in Vienna, and temporary confidentiality areas are set up and waiting periods and trading prohibitions enacted on a project basis.

d) Legal risks

As an internationally active company, Warimpex is exposed to a wide range of legal risks. These include risks related to the purchase and sale of properties and legal disputes with tenants or joint venture partners.

At the time that the financial statements were prepared, no material legal disputes were known.

e) Risk and risk management related to financial instruments

Aside from derivative forms of financing, the most significant financial instruments used by the Group are current account and bank loans, bonds and convertible bonds, cash and cash equivalents, and short-term deposits. The main purpose of these financial instruments is to provide funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group also enters into derivatives transactions that are intended to minimise the Group's exposure to interest rate and currency risk. The Group's risk management policies provide for a risk-oriented relationship between fixed-rate and variable-rate financial liabilities. All significant financial transactions are subject to approval by the Management Board and, when required, also approval by the Supervisory Board.

Further information on financial risk management, in particular quantitative disclosures, can be found in the notes to the consolidated financial statements as at 31 December 2020 in section 8.2.

1. Interest rate risk
The risk of fluctuations in market interest rates (usually the three-month EURIBOR for bank loans) to which the Group is exposed results primarily from its variable-rate long-term financial liabilities.

Interest rate hikes can impact the Group's result by causing higher interest expenses for existing variable-rate financing. In the case of variable-rate financing, a change in the interest rate has an immediate effect on the Company's financial result.

Warimpex limits the risk of rising interest rates that would lead to higher interest expenses and a worsening of the financial result in part through the arrangement of fixed-rate financing and in part through the use of derivative financial instruments (especially interest rate swaps).

2. Currency risk
Currency risk results primarily from financial liabilities denominated in currencies other than the functional currency. For Group companies that have the euro as their functional currency, this is primarily financial liabilities in a local or other foreign currency (such as PLN), or for foreign Group companies with the local currency as their functional currency, financial liabilities in a foreign currency (EUR). During the 2020 financial year, euro liabilities of Group companies with the rouble as their functional currency were significantly reduced, thus lowering the associated currency risk.

There are no natural hedges, and the Group does not systematically use derivative financial instruments to hedge its exposure to foreign currency risk. When needed, cross currency swaps or currency forwards concluded for a maximum of one year in relation to specific future payments in foreign currencies are employed to hedge the currency risk.

3. Default risk
The amounts stated as assets on the face of the consolidated statement of financial position represent the maximum credit risk and default risk, since there are no general settlement agreements.

The default risk pertaining to trade receivables in the Investment Properties segment correlates to the creditworthiness of the tenant. Tenants' creditworthiness can deteriorate on a short- or medium-term basis, particularly during an economic downturn. In addition, the risk can emerge that a tenant will become insolvent or is otherwise incapable of meeting the payment obligations defined in the lease. The risk of rent default can be reduced further through targeted monitoring and proactive measures (e.g. requiring collateral, assessing tenants' creditworthiness and reputation).

The default risk associated with trade receivables can be considered moderate in the Hotels segment because receivables are generally paid either in advance or immediately on site. Longer payment terms are generally only accepted for receivables from travel agencies.

The Group is in a position to influence the default risk on loans to joint ventures or associates through its involvement in the management of the respective companies, but there are still default risks arising from operational risks.

The default risk associated with cash and short-term deposits can be considered negligible since the Group only works with financial institutions which can demonstrate sound creditworthiness. The default risk for other receivables is relatively low, as attention is paid to working with contract partners that have good credit ratings. The Group recognises impairments where necessary.

Please also see section 8.2.3. in the notes to the consolidated financial statements.

4. Liquidity risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans for project financing. Refinancing on the capital market is also of high strategic importance for Warimpex.

Significant fluctuations on the capital markets can hamper the raising of equity and debt capital. To limit refinancing risk, Warimpex maintains a balanced combination of equity and debt capital and of different terms for bank and capital market financing.

Liquidity risks are also minimised through a medium-term 18-month plan, an annual budget planned in monthly blocks, and revolving monthly liquidity planning. Daily liquidity management ensures that all operational obligations are met and that cash is invested optimally. Free liquidity resulting from the sale of properties is primarily used to repay operating credit lines and to finance acquisitions and the development of new projects.

Please also see section 8.2.4. in the notes to the consolidated financial statements.

To prevent cost overruns and an associated increased outflow of liquidity, Warimpex completes continuous budget and progress monitoring for development projects and maintenance work.

f) Reporting on key characteristics of the internal control system and the risk management system as relevant for the accounting process

The Management Board bears overall responsibility for the Group's risk management system, while operational responsibility lies with the managers of the respective business units.

This makes the internal reports that are submitted to Group headquarters particularly important in ensuring that risks are recognised at an early stage so that suitable countermeasures can be taken. To this end, the operating units submit weekly and monthly reports to the Management Board with all necessary information.

The Group has enacted uniform standards for all subsidiaries governing the implementation and documentation of the entire internal control system, and therefore also the accounting process in particular. This is intended to prevent the risks that can lead to incomplete or erroneous financial reporting.

The internal reports that are prepared by the subsidiaries are subjected to plausibility reviews at the Group headquarters and are compared with the planning calculations to ensure that suitable countermeasures can be taken in the event of deviations. To this end, the companies are required to submit annual budgets and medium-term plans, which must be approved by the Management Board.

The correctness of the accounts at the subsidiaries is monitored by the local management as well as by the Group holding company. The annual financial statements of all operating property companies are also reviewed by external financial auditors.

The risk management system is primarily monitored by the Management Board, and compliance with the prescribed risk management targets and methods in the preparation of quarterly and annual financial statements is ensured by the following units and individuals:
- Management Board, especially the Chief Financial Officer
- Group accounting department
- Audit Committee (only for annual financial statements)

The current development of business and foreseeable opportunities and risks are discussed at regular meetings between the Management Board and local managers.

Quarterly financial statements are prepared by the Group accounting department in orientation towards IAS 34, Interim Financial Reporting, reviewed by the Chief Financial Officer, and then approved for publication by the Management Board. The annual financial statements and consolidated annual financial statements are studied by the Supervisory Board and by the Audit Committee before they are published.

Employees

The Warimpex Group’s employees are a key factor in its success.

Particularly in the hotel sector, well qualified, service-oriented staff are crucial to an establishment’s reputation and, as a consequence, have a decisive impact on its occupancy rates. The Group’s experienced asset managers also play a key role in Warimpex’s success. The fact that the Development and Services segment has seen extremely low employee turnover over the past few years is an indication of the good working atmosphere.

With a view to constantly expanding the key skills and capabilities of its employees, Warimpex places great emphasis on continuing education and training. The Group has especially high requirements for all of its managerial staff in terms of commitment to quality, well founded technical expertise, and flexibility.

In 2020, an average of 14 (2019: 29) employees worked in the Investment Properties segment, 151 (2019: 244) in the Hotels segment, and 36 (2019: 38) in the Development and Services segment.

Sustainable management

The Warimpex Group’s real estate development projects and the operation of its properties have an impact on the social, ecological, and economic environments in which it does business. Because of this, the Company bears great responsibility. It has firmly anchored the fulfilment of this responsibility into its corporate culture, and sees living up to this responsibility as a central element in its success. This applies to new and existing buildings. In the further development of existing properties into hotel and office buildings, we attach considerable importance to compliance with the requirements for the preservation of the historic features of the properties. Building energy-efficient buildings is a matter of course for us because the operating costs of these buildings are lower, and this enables higher rents to be negotiated.

To this end, a project aimed at developing a sustainability strategy for the development of properties was completed in 2019. Along with internal strategic requirements for renovation projects and new construction projects in the hotel and office segments, sustainability standards were defined for Warimpex’s properties. The aspects taken into account in this context include requirements from tenants and investors as well as criteria for sustainability certifications such as the BRE Environmental Assessment Method (BREEAM), the Deutsche Gesellschaft für Nachhaltiges Bauen (DNGB) Certification System, and Leadership in Energy and Environmental Design (LEED).

Therefore, this project included the following measures:

1. Survey to ascertain the sustainability requirements of the key customers
2. Clarification of the importance and use of sustainable building certifications
3. Development of minimum sustainability standards for Warimpex real estate projects
4. Definition of new, sustainable energy solutions for hotels and office buildings

As a result, the Company now has a clear definition regarding the key sustainability aspects for developments, a process for dealing with sustainability certifications, and a guideline and questionnaire for optimised energy solutions.

The key sustainability aspects are energy efficiency, the use of renewable energy sources, the reduction of carbon dioxide emissions, and the quality of interior space (comfort, air quality, etc.).

LEED for Existing Buildings: Operation & Maintenance was selected as the standard certification, but different certifications may be employed depending on the country, project type, and market requirements. Different certifications may also exist in the given country, for example when it is necessary to differentiate between new buildings and existing buildings. The plan is to have all new buildings certified during construction and to gradually have existing buildings certified. These certifications do not just benefit the owners – they also directly benefit the tenants in the form of cost savings. Certification will also pay off in the long run: It is conceivable that excessive carbon dioxide emissions will be “punished” with higher taxes in the future, for example. These certifications will become a unique selling point that is indicative of high sustainability standards for the Warimpex Group’s properties.

As at the reporting date, the following properties are certified:

	Opening		Certificate
Orgodowa Office, Łódź	2018	28,000 m²	BREEAM In-Use Excellent
Mogilska 43, Krakow	2019	12,000 m²	BREEAM In-Use Excellent
		40,000 m²	

Planned certifications:

	Opening		Certificate
Avior Tower, St. Petersburg	2022	16,000 m²	LEED – Gold
Zeppelin Tower, St. Peterburg	2015	15,600 m²	LEED – Silver
Mogilska III, Krakow	2023	12,000 m²	BREEAM In-Use Excellent
Chopin Office, Krakow	2023	21,000 m²	BREEAM In-Use Excellent or LEED – Platinum
B52, Budapest	2006	5,400 m²	BREEAM In-Use

In addition, the decision was made to obtain the WELL Health-Safety Rating of the International WELL Building Institute (IWBI), which is based on the WELL Building Standard, for Krakow and Łódź in 2021 in order to improve health, safety, and well-being at the properties.

Due to the long service life of properties, the decisions we make today have an impact for the next 10 to 30 years. In the coming decades, climate protection and the sustainable use of resources will become even more important than they already are today. Real estate companies have to respond now – for instance in the area of climate protection. In order to achieve the 2-degree target defined at the Paris climate conference in 2015, we will have to transform into a low-carbon economy that hardly emits any carbon dioxide by 2050. This already has to be factored into long-term investments today. Warimpex is aware of its far-reaching responsibility in this context and does not see properties merely as economic goods, but also takes the ecological and social aspects into account in every stage of the planning. This basic philosophy reflects a deep-seated conscientiousness and respect for people and the environment and shapes both the Company's corporate culture and its concrete activities in all areas of business.

Additional non-financial performance indicators

- Vacancy rate of the individual properties: The vacancy rate shows the ratio of the unlet space to lettable space and thus plays an important role in the return. The higher the vacancy rate, the lower the rental revenue. The vacancy rate is reported per property in the management report.
- Location quality and infrastructure are key determinants of how easy it is to let a property.
- Local presence and market knowledge: Branch offices in the core markets ensure efficient operation and tenant retention.

DISCLOSURES PURSUANT TO § 243A AUSTRIAN COMMERCIAL CODE

The share capital of Warimpex Finanz- und Beteiligungs AG amounts to EUR 54,000,000 and is divided into 54,000,000 non-par-value bearer shares.

The Management Board is aware of no limitations on voting rights or the transfer of shares.

The following shareholders each hold interests amounting to more than 10 per cent of the Company's share capital:

Georg Folian	14.6%
Franz Jurkowitsch	14.1%
Bocca Privatstiftung	10.6%
Amber Privatstiftung	10.7%

The bond of Warimpex Finanz- und Beteiligungs AG as at 31 December 2020

	ISIN	Outstanding amount
Bond 09/25	AT0000A23GA4	EUR 9,000,000

Treasury shares:
At the Annual General Meeting on 3 June 2019, the Management Board was authorised to purchase shares in the Company up to the maximum amount permitted by law of 10 per cent of the total capital stock within a period of 30 months after the passing of the motion. The purposes for which the purchased shares may be used were also specified. In addition to being held as treasury shares, they can be sold or given to employees of the Company or of an associate. The shares can also be used to service the convertible and/or warrant bonds or as payment for the purchase of real estate, business entities, business operations, or shares in one or more companies in Austria or abroad, or can be sold at any time on the exchange or through a public offer, and can be sold by any other legal means, including outside of the stock exchange, for a period of five years after the adoption of the resolution.

A buyback programme was completed from 23 September 2019 to 4 March 2020, with 1,000,000 shares being purchased at an average price of EUR 1.60.

Warimpex held a total of 1,939,280 treasury shares as at 31 December 2020, which corresponds to 3.59 per cent of the capital stock.

Apart from the above, there are no further particulars that must be disclosed pursuant to § 243a Austrian Commercial Code.

OUTLOOK

Outlook

The following development projects are currently under construction or development:

- Avior Tower 1 with roughly 16,000 square metres of space, St. Petersburg (under construction)
- Mogilska Phase III office building with roughly 9,700 square metres of space, Krakow (currently being planned, construction permit issued)
- Office building in Białystok with roughly 31,600 square metres of space (currently being planned, construction permit issued)
- Chopin office building with roughly 21,000 square metres of space, Krakow (currently being planned)
- Office building in Darmstadt with roughly 13,800 square metres of space (currently being planned)

In 2021, our activities will focus on making preparations for construction and obtaining building permits for our development projects as well as on continuing ongoing construction and starting new construction work.

Warimpex Finanz- und Beteiligungs AG is on solid financial footing, even against the backdrop of the current COVID-19 pandemic. In recent years, the Company focused on the strategic reorientation and diversification of the portfolio, and while it was primarily active in the now heavily impacted hotels segment up to just a few years ago, the fair value of hotels now only accounts for 13 per cent of the overall portfolio. Office properties with long-term leases that are contractually assured account for 73 per cent of the overall portfolio.

The Group is evaluating the impact of COVID-19 on an ongoing basis. In the area of office property letting (Investment Properties segment), only minor operational effects are discernible at the moment. The payment discipline of office tenants remains high; lease adjustments, rent arrears, and rent defaults were only seen in isolated cases during the reporting period. However, there is a general risk that payments will not be received as contractually agreed in future.

Hotels are being impacted by the pandemic to a greater degree than office properties. The hotel in Darmstadt was closed in March 2020, and the renovation that was originally planned to be completed while remaining open for business was started early. Following another lockdown at the beginning of 2021, the hotel is now scheduled to reopen in September 2021. The Crowne Plaza hotel in St. Petersburg has remained open throughout this period, and has seen lower occupancy and a decline in revenues. The InterContinental hotel in Warsaw, which is operated under a 50/50 joint venture, was closed from March to early June 2020 and from mid-December 2020 to mid-February 2021, and suffered corresponding revenue contractions. The impact of COVID-19 on the Development and Services segment and the Group's financing activities was relatively minor in comparison.

The Company continues to take a wide range of measures to minimise the impact on the Group, including making use of government assistance such as short-time work aid and compensation for lost revenue.

The key challenge remains combatting the COVID-19 pandemic. A potential improvement of the pandemic situation, accompanied by a broad recovery of economic growth, is highly dependent on the success of the cornavirus vaccines. The overall effects of the pandemic and their economic impact cannot yet be conclusively assessed due to the dynamic development of the situation, but Warimpex is monitoring these developments on an ongoing basis. Warimpex still expects the positive development of its business activities to continue. The updated planning calculations show positive results of operating activities before finance income, taxes, depreciation, and amortisation (EBITDA) as well as sufficient liquidity for the 2021 financial year. Based on these considerations, the coronavirus crisis has no impact on the continued operation of the Group.

Apart from COVID-19, the topic of sustainability will be a bigger focus in 2021. Sustainability is no longer a peripheral topic, but now shapes the thinking and actions of the majority of the population, which is why we aim to obtain further certifications for the property portfolio in this area.

Vienna, 26 April 2021

Franz Jurkowitsch
Chairman of the Management Board

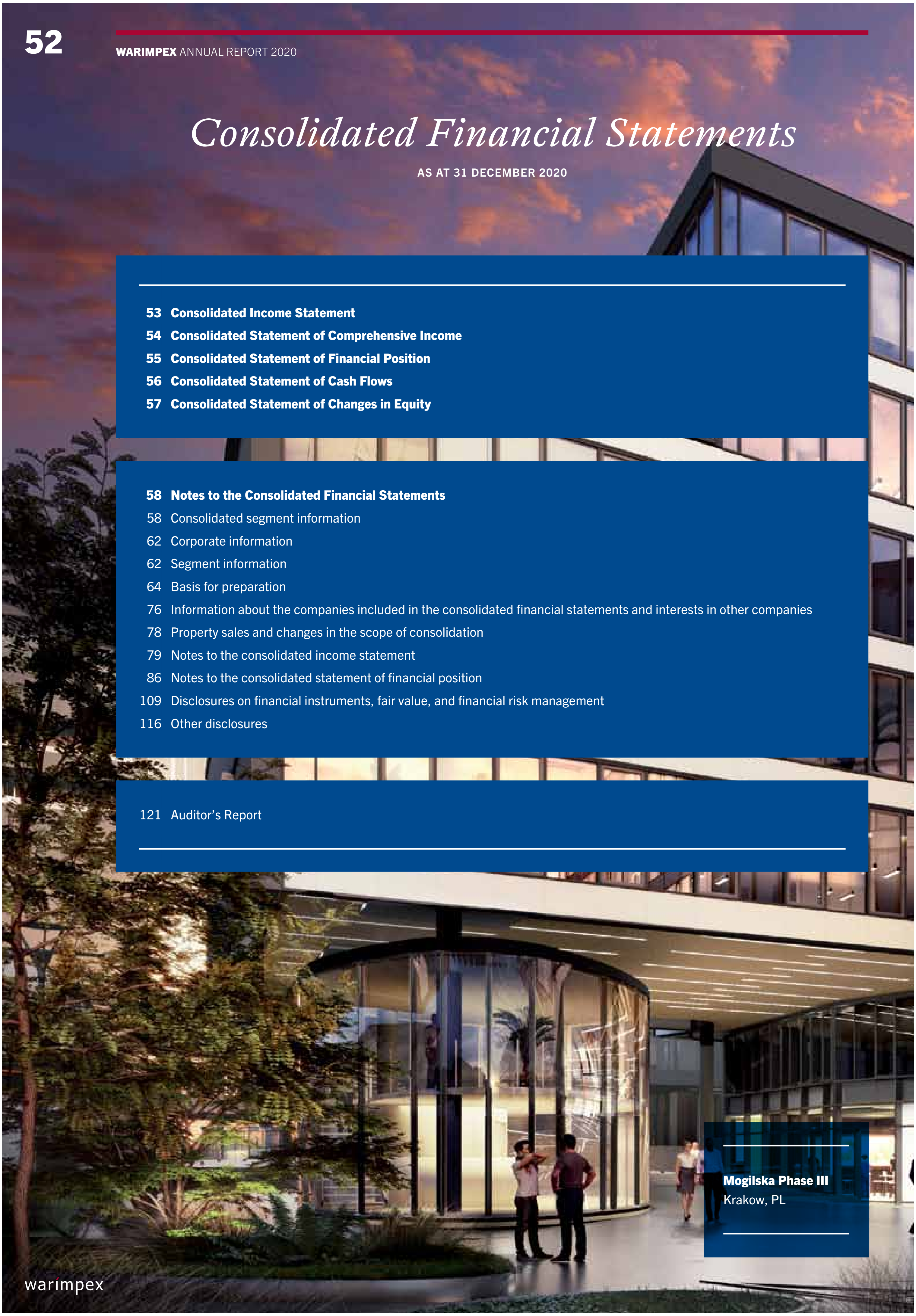
Daniel Folian
Deputy Chairman of the Management Board

Alexander Jurkowitsch
Member of the Management Board

Florian Petrowsky
Member of the Management Board

Consolidated Financial Statements

AS AT 31 DECEMBER 2020



Mogilska Phase III
Krakow, PL

Consolidated Income Statement

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020

in EUR '000	Note	2020	2019
Investment Properties revenues		20,604	19,861
Hotels revenues		3,607	9,987
Development and Services revenues		1,449	1,794
Revenues	6.1.	**25,660**	**31,642**
Expenses from the operation of investment properties		(5,110)	(5,288)
Expenses from the operation of hotels		(5,441)	(7,720)
Expenses directly attributable to development and services		(737)	(1,161)
Expenses directly attributable to revenues	6.2.	**(11,288)**	**(14,169)**
Gross income from revenues		**14,371**	**17,473**
Income from the sale of properties		–	33,612
Disposal of carrying amounts and expenses related to sales		–	(4,678)
Gains or losses from the disposal of properties	5.1.	**–**	**28,934**
Other operating income		**423**	**481**
Administrative expenses		**(8,672)**	**(13,642)**
Other expenses	6.4.	**(3,143)**	**(3,387)**
Earnings before interest, taxes, depreciation, amortisation, and remeasurement (EBITDA)		**2,979**	**29,859**
Scheduled depreciation and amortisation on property, plant, and equipment		(1,575)	(1,125)
Scheduled depreciation on right-of-use assets		(345)	(433)
Impairment of property, plant, and equipment		(976)	–
Reversals of impairment on property, plant, and equipment		–	1,170
Gains/losses on remeasurement of investment property		(7,770)	15,255
Depreciation, amortisation, and remeasurement	6.5.	**(10,666)**	**14,868**
Earnings before interest and taxes (EBIT)		**(7,687)**	**44,726**
Interest revenue	6.6.	653	653
Other finance income	6.7.	125	20,921
Finance expenses	6.8.	(9,133)	(7,733)
Changes in foreign exchange rates	6.9.	(8,213)	8,330
Result from joint ventures (equity method) after taxes	7.3.4.	(4,858)	3,585
Financial result		**(21,426)**	**25,756**
Earnings before taxes		**(29,113)**	**70,483**
Current income taxes	6.10.	(665)	(3,340)
Deferred income taxes	7.5.	(1,341)	(637)
Taxes		**(2,006)**	**(3,977)**
Profit or loss for the period		**(31,119)**	**66,505**
thereof profit or loss of non-controlling interests		(1,429)	5,033
thereof profit or loss of shareholders of the parent		**(29,691)**	**61,473**
Undiluted earnings per share in EUR	7.9.1.	-0.57	1.16
Diluted earnings per share in EUR	7.9.1.	-0.57	1.16

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020

in EUR '000	Note	2020	2019
Profit or loss for the period		**(31,119)**	**66,505**
Foreign exchange differences		(16,138)	5,592
thereof reclassified to the income statement		*(1)*	–
Other comprehensive income from joint ventures (equity method)		(670)	6
(Deferred) taxes in other comprehensive income		80	(21)
Other comprehensive income (reclassified to profit or loss in subsequent periods)	7.9.3.	**(16,729)**	**5,577**
Gains/losses from financial assets measured at fair value through other comprehensive income	7.7.	(617)	(13)
Result of remeasurement result in accordance with IAS 19		384	(1,290)
(Deferred) taxes in other comprehensive income		24	3
Other comprehensive income (not reclassified to profit or loss in subsequent periods)	7.9.3.	**(209)**	**(1,300)**
Other comprehensive income		**(16,938)**	**4,277**
Total comprehensive income for the period		**(48,057)**	**70,782**
thereof profit or loss of non-controlling interests		(2,463)	5,950
thereof profit or loss of shareholders of the parent		**(45,594)**	**64,832**

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

in EUR '000	Note	31/12/2020	31/12/2019
ASSETS			
Investment properties	7.1.	251,337	272,455
Property, plant, and equipment	7.2.	33,877	38,876
Other intangible assets		80	110
Joint ventures (equity method)	7.3.	5,077	10,671
Financial assets measured at fair value through other comprehensive income	7.7.	5,625	6,242
Other assets	7.4.	11,158	12,224
Deferred tax assets	7.5.	978	4,475
Non-current assets		**308,132**	**345,053**
Inventories		154	131
Trade and other receivables	7.6.	3,448	3,856
Cash and cash equivalents	7.8.	8,931	7,519
Current assets		**12,533**	**11,506**
TOTAL ASSETS		**320,665**	**356,559**
EQUITY AND LIABILITIES			
Share capital	7.9.1.	54,000	54,000
Retained earnings	7.9.3.	77,307	109,155
Treasury shares	7.9.3.	(2,991)	(2,337)
Other reserves	7.9.3.	(17,697)	(2,386)
Equity attributable to shareholders of the parent		**110,619**	**158,431**
Non-controlling interests		(1,827)	(1,364)
Equity		**108,792**	**157,068**
Bonds	7.10.1.	7,137	8,943
Other financial liabilities	7.10.2.	152,624	135,817
Lease liabilities	7.10.3.	1,709	1,259
Derivative financial instruments	7.11.	320	–
Other liabilities	7.12.	6,731	7,785
Provisions	7.13.	4,700	4,722
Deferred tax liabilities	7.5.	8,679	10,939
Deferred income	7.15.	1,957	2,746
Non-current liabilities		**183,857**	**172,210**
Bonds	7.10.1.	1,890	5,802
Other financial liabilities	7.10.2.	14,546	9,912
Lease liabilities	7.10.3.	217	367
Trade and other payables	7.14.	8,881	10,178
Provisions	7.13.	2,241	758
Income tax liabilities	6.10.	12	51
Deferred income	7.15.	229	213
Current liabilities		**28,016**	**27,282**
Liabilities		**211,873**	**199,491**
TOTAL EQUITY AND LIABILITIES		**320,665**	**356,559**

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020

in EUR '000	Note	2020	2019
Cash receipts			
from letting and hotel operations		25,578	30,551
from real estate development projects and other		1,004	823
from interest income		108	289
Cash receipts from operating activities		**26,690**	**31,663**
Cash payments			
for real estate development projects		(310)	(981)
for materials and services received		(8,507)	(11,057)
for personnel expenses		(9,171)	(7,907)
for other administrative expenses		(5,525)	(8,260)
for income taxes		(710)	(3,499)
Cash payments for operating activities		**(24,222)**	**(31,704)**
Net cash flows from operating activities		**2,468**	**(41)**
Cash receipts from			
the sale of disposal groups and property	5.3.	–	31,303
less outflow of cash and cash equivalents from disposal groups sold		–	(268)
purchase price payments from sales in previous periods	5.3.	463	–
the sale of property, plant, and equipment		5	28
dividends		–	50
other financial assets		970	5
returns on joint ventures		1,083	10,466
Cash receipts from investing activities		**2,520**	**41,583**
Cash payments for			
investments in investment property		(9,344)	(37,379)
investments in property, plant, and equipment		(3,451)	(13,174)
investments in intangible assets		(14)	(119)
other financial assets		(1,052)	(2,509)
the purchase of equity interests		–	(14)
less received cash and cash equivalents of equity interests		–	14
Payments made for investments		**(13,862)**	**(53,181)**
Net cash flows from investing activities		**(11,342)**	**(11,597)**
Cash payments for the purchase of treasury shares	7.9.1.	(654)	(1,863)
Cash receipts from the issue of bonds	7.10.3.	–	7,000
Payments for the redemption of bonds	7.10.3.	(5,500)	(7,000)
Cash receipts from loans and borrowing	7.10.3.	78,961	35,642
Payments for the repayment of loans and borrowing	7.10.3.	(51,190)	(13,574)
Payments for the payment of lease liabilities	7.10.3.	(318)	(566)
Paid interest (for loans and borrowing)		(6,275)	(5,586)
Paid interest (for bonds and convertible bonds)		(526)	(316)
Paid financing costs		(1,475)	(821)
Payments for dividends	7.9.1.	(1,564)	(3,199)
Net cash flows from/used in financing activities		**11,459**	**9,717**
Net change in cash and cash equivalents		**2,586**	**(1,921)**
Foreign exchange rate changes in cash and cash equivalents		24	12
Foreign exchange rate changes from other comprehensive income		(1,197)	623
Cash and cash equivalents as at 1 January		7,519	8,805
Cash and cash equivalents as at 31 December		**8,931**	**7,519**
Cash and cash equivalents at the end of the period consist of:			
Cash and cash equivalents of the Group		8,931	7,519
		8,931	**7,519**

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020

in EUR '000	Equity attributable to shareholders of the parent						
	Share capital	Retained earnings	Treasury shares	Other reserves	**Total**	**Non-controlling interests**	**Total equity**
As at 1 January 2019	**54,000**	**62,171**	**(474)**	**(4,810)**	**110,887**	**(20,740)**	**90,147**
Capital from non-controlling interests	–	–	–	–	–	1,200	**1,200**
Share buyback	–	–	(1,863)	–	**(1,863)**	–	**(1,863)**
Dividend	–	(3,199)	–	–	**(3,199)**	–	**(3,199)**
Shareholding increase within scope of consolidation	–	(11,280)	–	(946)	**(12,226)**	12,226	–
Total comprehensive income for the period	–	61,463	–	3,369	**64,832**	5,950	**70,782**
thereof profit or loss for the period	–	*61,473*	–	–	***61,473***	*5,033*	***66,505***
thereof other comprehensive income	–	*(10)*	–	*3,369*	***3,360***	*918*	***4,277***
As at 31 December 2019	**54,000**	**109,155**	**(2,337)**	**(2,386)**	**158,431**	**(1,364)**	**157,068**
= **As at 1 January 2020**	**54,000**	**109,155**	**(2,337)**	**(2,386)**	**158,431**	**(1,364)**	**157,068**
Capital from non-controlling interests	–	–	–	–	–	2,000	**2,000**
Share buyback	–	–	(654)	–	**(654)**	–	**(654)**
Dividend	–	(1,564)	–	–	**(1,564)**	–	**(1,564)**
Total comprehensive income for the period	–	(30,284)	–	(15,310)	**(45,594)**	(2,463)	**(48,057)**
thereof profit or loss for the period	–	*(29,691)*	–	–	***(29,691)***	*(1,429)*	***(31,119)***
thereof other comprehensive income	–	*(593)*	–	*(15,310)*	***(15,903)***	*(1,035)*	***(16,938)***
As at 31 December 2020	**54,000**	**77,307**	**(2,991)**	**(17,697)**	**110,619**	**(1,827)**	**108,792**

Notes to the Consolidated Financial Statements

FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020

Segment reporting

In "Segment overview – profit or loss for the period", the segments are presented in accordance with their breakdown in the income statement and allocated to the consolidated result. As the Hotels segment is subject to different criteria than the other segments in terms of its management, the corresponding information for the Hotels segment is also presented. Detailed information about the individual segments in terms of their scope and management criteria is presented in section 2.

	Investment Properties		Hotels	
in EUR '000	**2020**	2019	**2020**	2019
SEGMENT OVERVIEW – PROFIT OR LOSS FOR THE PERIOD				
External revenues	24,383	24,015	7,483	37,545
Intragroup services	–	–	16	–
Expenses directly attributable to revenues	(5,889)	(6,038)	(9,392)	(28,431)
Gross income from revenues	**18,494**	**17,977**	**(1,893)**	**9,114**
Gains or losses from the disposal of properties	–	–	–	–
Other operating income	3	468	345	7
Expenses for development projects	–	–	(63)	–
Personnel expenses	(260)	(282)	–	(155)
Other/miscellaneous expenses	(571)	(803)	(427)	(2,056)
Intragroup services	(1,177)	(1,189)	–	–
Segment EBITDA	**16,488**	**16,170**	**(2,038)**	**6,910**
Scheduled depreciation and amortisation on property, plant, and equipment	(9)	6	(2,042)	(2,532)
Scheduled depreciation on right-of-use assets	(36)	(34)	(1,944)	(2,294)
Impairments	–	–	(928)	–
Impairment reversals	–	–	–	1,170
Measurement gains	1,624	13,467	–	–
Measurement losses	(9,708)	(1,890)	–	–
Segment EBIT	**8,359**	**27,720**	**(6,951)**	**3,253**
Finance income	187	537	1	42
Finance expenses	(8,215)	(6,705)	(2,555)	(3,096)
Changes in foreign exchange rates	(9,175)	7,567	(2,738)	2,777
Earnings from joint ventures	–	–	–	–
Income taxes	(508)	(1,961)	–	(855)
Deferred income taxes	2,418	(3,236)	(454)	638
Segment overview – profit or loss for the period	**(6,934)**	**23,923**	**(12,696)**	**2,758**

Development and Services		Segment total as at 31 December		Reconciliation		Group total	
2020	2019	2020	2019	2020	2019	2020	2019
1,449	2,241	33,314	63,802	(7,655)	(32,160)	25,660	31,642
1,161	1,189	1,177	1,189	(1,177)	(1,189)	–	–
(737)	(1,591)	(16,017)	(36,061)	4,729	21,892	(11,288)	(14,169)
1,873	1,839	18,474	28,930	(4,103)	(11,457)	14,371	17,473
–	28,934	–	28,934	–	–	–	28,934
75	13	423	488	–	(7)	423	481
(70)	(821)	(132)	(821)	–	–	(132)	(821)
(5,469)	(8,097)	(5,730)	(8,534)	–	84	(5,730)	(8,450)
(5,102)	(5,513)	(6,101)	(8,373)	147	615	(5,953)	(7,758)
–	–	(1,177)	(1,189)	1,177	1,189	–	–
(8,693)	16,355	5,757	39,435	(2,778)	(9,577)	2,979	29,858
(257)	(224)	(2,308)	(2,750)	733	1,625	(1,575)	(1,125)
(309)	(399)	(2,289)	(2,727)	1,944	2,294	(345)	(433)
(48)	–	(976)	–	–	–	(976)	–
–	–	–	1,170	–	–	–	1,170
3,967	5,093	5,591	18,560	(1,624)	(351)	3,967	18,209
(2,029)	(1,064)	(11,737)	(2,954)	–	–	(11,737)	(2,954)
(7,370)	19,761	(5,962)	50,734	(1,725)	(6,008)	(7,687)	44,726
646	21,074	835	21,653	(57)	(79)	778	21,574
(1,133)	(1,423)	(11,904)	(11,224)	2,771	3,491	(9,133)	(7,733)
–	–	(11,913)	10,343	3,700	(2,013)	(8,213)	8,330
–	22	–	22	(4,858)	3,563	(4,858)	3,585
(169)	(1,005)	(677)	(3,821)	12	481	(665)	(3,340)
(3,463)	1,395	(1,499)	(1,202)	158	565	(1,341)	(637)
(11,489)	39,824	(31,119)	66,505	–	–	(31,119)	66,505

in EUR '000	Segment total 2020	Segment total 2019	Reconciliation 2020	Reconciliation 2019	Group Subtotal 2020	Group Subtotal 2019
HOTELS SEGMENT – PROFIT OR LOSS OVERVIEW						
Revenues from hotels	7,270	37,537	(3,875)	(27,559)	**3,395**	9,978
Expenses for materials and services rendered	(4,407)	(15,527)	1,841	11,187	**(2,566)**	(4,340)
Personnel expenses	(3,807)	(9,321)	1,696	6,973	**(2,110)**	(2,349)
Gross operating profit (GOP)	**(943)**	**12,689**	**(338)**	**(9,399)**	**(1,282)**	**3,289**
Income after GOP	558	15	(345)	(7)	**213**	8
Management fees	(329)	(2,103)	142	1,580	**(187)**	(523)
Exchange rate differences	(73)	(6)	30	(22)	**(43)**	(28)
Property costs	(1,121)	(1,481)	587	1,000	**(534)**	(480)
Net operating profit (NOP)	**(1,909)**	**9,114**	**75**	**(6,848)**	**(1,834)**	**2,266**
Other income/costs after NOP	(2,089)	(4,501)	2,023	2,953	**(65)**	(1,549)
Lease/rent	–	2	–	(2)	–	–
Scheduled amortisation and depreciation	(2,042)	(2,532)	733	1,622	**(1,309)**	(911)
Impairment of fixed assets	(928)	–	–	–	**(928)**	–
Impairment reversals	–	1,170	–	–	–	1,170
Contribution to the operating profit for the Hotels segment	**(6,967)**	**3,253**	**2,832**	**(2,276)**	**(4,136)**	**977**
Less intragroup services	16	–	–	–	**16**	–
Segment EBIT	**(6,951)**	**3,253**	**2,832**	**(2,276)**	**(4,120)**	**977**
Key operating figures in the Hotels segment						
Employees – Hotels	231	322	-95	-85	**136**	237
Rooms (absolute)	828	894	-207	-505	**621**	389
Rooms available	686	680	-201	-291	**485**	389
Rooms sold	202	496	-87	-241	**115**	254
Occupancy	30%	73%	-6%	-8%	**24%**	65%
REVPAR (in EUR)	19	64	-11	-46	**8**	18
Composition of NOP (geographic):						
Czech Republic	–	(82)	–	–	–	(82)
Poland	(75)	4,041	75	(4,041)	–	–
Germany	(1,708)	(500)	–	–	**(1,708)**	(500)
Russia	(126)	2,848	–	–	**(126)**	2,848
France	–	2,807	–	(2,807)	–	–

SEGMENT DISCLOSURES AT GROUP LEVEL (GEOGRAPHIC)

	Investment Properties		Hotels		Development and Services		Group total	
	31/12/20	31/12/19	**31/12/20**	31/12/19	**31/12/20**	31/12/19	**31/12/20**	31/12/19
Composition of non-current assets in accordance with IFRS 8.33 (geographic):								
Austria	–	–	–	–	955	444	**955**	444
Czech Republic	–	–	–	–	–	11	**–**	11
Poland	118,644	123,426	–	–	18,313	17,792	**136,956**	141,218
Russia	55,197	75,713	17,351	24,619	14,864	12,019	**87,413**	112,351
Germany	–	–	12,934	11,019	14,092	12,731	**27,026**	23,750
Hungary	32,914	33,599	–	–	30	68	**32,944**	33,667
Total	**206,755**	**232,738**	**30,285**	**35,638**	**48,254**	**43,065**	**285,294**	**311,441**

	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Composition of revenues (geographic):								
Austria	–	–	–	–	68	300	**68**	300
Czech Republic	–	–	–	478	–	32	**–**	510
Poland	6,536	4,688	–	–	1,006	1,293	**7,542**	5,981
Russia	11,335	12,341	2,443	8,712	305	100	**14,083**	21,153
Germany	–	–	1,165	796	18	–	**1,183**	796
Hungary	2,733	2,832	–	–	52	69	**2,784**	2,901
Total	**20,604**	**19,861**	**3,607**	**9,987**	**1,449**	**1,794**	**25,660**	**31,642**
Average number of employees	**14**	29	**151**	244	**36**	38	**201**	311

[01] Corporate information

Warimpex Finanz- und Beteiligungs AG ("the Company" or "Warimpex") is registered with the Commercial Court of Vienna under the number FN 78485w. The Company's registered address is Floridsdorfer Hauptstrasse 1, A-1210 Vienna, Austria.

The audited consolidated financial statements of Warimpex Finanz- und Beteiligungs AG for the reporting year ended 31 December 2020 were authorised for release to the Supervisory Board by the Management Board on 26 April 2021. It is the duty of the Supervisory Board to review the consolidated financial statements and state whether the consolidated financial statements are approved.

The core activities of the Group encompass the construction of office buildings and hotels as well as the operation of these properties in Central and Eastern Europe. Depending on the market situation and maturity, properties are sold to achieve the maximum added value.

[02] Segment information

2.1. General

Reporting within the Group is based on the following reportable business segments:

- Investment Properties
- Hotels
- Development and Services

The business segments were defined according to the criteria in IFRS 8.5 ff. The individual segments are identified on the basis of their different products and services. The individual hotels and individual managed properties (investment properties) also represent individual business segments based on the Group's reporting structure and are consolidated under the reportable segments of Hotels and Investment Properties as appropriate in accordance with IFRS 8.12. Detailed information about this can be found in section 2.2. Due to the gradual shift in the Group's activities from hotels to office properties in recent years, the latter are now presented in the first columns of the segment reporting.

Transactions between business segments contain the recharging of intragroup services and project development services at arm's length terms. Service relationships with a single customer exceeded 10 per cent of the total Group revenues in the reporting period. These revenues amounted to EUR 11,569 thousand (2019: EUR 12,441 thousand) and primarily pertained to the Investment Properties segment. Revenues from customers are allocated geographically in the segment reporting according to the place of performance.

The internal reporting and segment reporting are completed according to the provisions of the IFRS as they have been adopted by the EU. One hotel and one office building are operated through joint ventures. The income, expenses, assets, and liabilities of joint ventures are included under the principle of proportionate consolidation for segment reporting purposes. The "Reconciliation" column shows the effects from the reconciliation between recognition of the joint ventures using the proportionate consolidation method for the segment information and the equity method in the consolidated financial statements.

2.2 Information about the individual business segments

2.2.1. Investment Properties segment

The Investment Properties segment contains the business activities, assets, and liabilities for the non-hotel properties that are currently operated by the Group. These are offices and office buildings that have comparable economic characteristics.

The office properties in the reportable segment are comparable in terms of the rendered services (letting), the production processes (construction or purchase of the property, tenant adaptations), the customer groups (corporate customers), and the sales channels.

The properties are either wholly owned by the Group or, in one case, partially owned by the Group through joint ventures. The Investment Properties segment contains the following buildings for the reporting period:

Poland:	Ogrodowa Office, Łódź; Mogilska 41 Office, Krakow; Mogilska 43 Office, Krakow (from May 2019)
Russia:	Zeppelin office tower, Bykovskaya multi-use building, Jupiter 1 and 2 office towers (as a joint venture) – all in St. Petersburg
Hungary:	B52 Office, Erzsébet Office, Sajka (until February 2019) – all in Budapest

This segment is managed on the basis of the performance metrics according to IFRS, in particular EBITDA (earnings before financial expenses and gains/losses on remeasurement). The revenues consist primarily of rental revenue (according to IFRS 16), income from charged operating expenses (IFRS 15), and, if applicable, revenue for tenant adaptations.

2.2.2. Hotels segment

The individual hotels are combined into a single reportable segment on the basis of comparable economic characteristics. This pertains particularly to the type of products and services (lodging, food and beverages), to the production processes in the hotels, to the customer structure (business and leisure), and to the sales channels.

The resulting business segment covers all activities, assets, and liabilities that are associated with the operation of hotels. The hotels are either wholly owned by the Group or are leased (as part of a joint venture). The hotels are in the three-star superior and four-star segments. The following hotels are fully or proportionately included in the segment information:

Czech Republic:	Dvořák spa hotel, Karlovy Vary (until February 2019)
Poland:	InterContinental hotel, Warsaw (lease, joint venture)
Russia:	Crowne Plaza, St. Petersburg
Germany:	The Hotel Darmstadt – soon to be greet (from September 2019)
France:	Magic Circus, Dream Castle (Paris, joint ventures, until September 2019)

Key figures that are typical for the sector are used to manage the hotels. These include GOP (gross operating profit, calculated according to the Uniform System of Accounts for the Lodging Industry) and NOP (net operating profit, which corresponds to the GOP less specific costs of ownership such as management fees, insurance, land tax, etc.). A reconciliation of the NOP against the earnings before interest and taxes (EBIT) can be seen in the profit or loss overview for the Hotels segment. Additional hotel-specific metrics are occupancy and the average revenue per available room (REVPAR).

The Hotels segment is analysed according to the cost of sales method for purposes of internal Group reporting. The GOP contains all sales revenues, costs of materials and services, and personnel expenses that are directly related to the operation of the hotel. The NOP also contains the directly allocable costs of the owner.

Hotel revenue consists mainly of revenue for lodging and for food and beverages. The hotels are managed by external service providers; the management fee is generally calculated as a percentage of the revenues and of the GOP. The property costs include insurance and property taxes, among other expenses.

Other costs after NOP include personnel expenses for administrative staff as well as expenses of the owner of the hotel that are not directly attributable to the operation of the hotel.

2.2.3. Development and Services segment

The Development and Services segment contains development activities and other services, as well as the associated assets and liabilities including activities in the Group parent company. The revenues in this segment come either from the sale of developed properties or from development activities and services for third parties, and are subject to significant annual fluctuation. Properties operated under a different segment are reclassified into the Development and Services segment in the event of a sale.

During the reporting period, the segment assets included development properties and properties under construction in Poland, Russia, and Germany.

This business segment is primarily managed on the basis of sale transactions, and revenue, EBITDA, and the segment result according to IFRS are the most important metrics.

[03] Basis for preparation

3.1. Basis for preparation of the financial statements

The consolidated financial statements of Warimpex Finanz- und Beteiligungs AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The additional requirements of § 245a (1) UGB (Austrian Commercial Code) were also met.

As a general rule, the consolidated financial statements are prepared using the (amortised) historical cost of all assets. However, investment properties, derivative financial instruments (to the extent such instruments are held), and financial assets measured at fair value through other comprehensive income are stated at fair value.

The consolidated financial statements are based on the going concern principle.

The Group's reporting currency is the euro. The consolidated financial statements are presented in full thousands of euros except where otherwise indicated. Rounding differences may arise from the addition of rounded figures.

Financial statements of the Group member companies prepared in accordance with local accounting regulations are reconciled with IFRS and uniform Group accounting guidelines by the Group's accounting department in Vienna. All companies included in the consolidated financial statements prepare their financial statements as at 31 December.

All entities that are included in the consolidated financial statements are listed in section 4.1.1..

3.2. Changes in accounting policies and regulations

3.2.1. New and amended standards and interpretations – first-time application

The following new or amended standards were required to be applied for the first time in the reporting period:

• IAS 1 and IAS 8: Definition of Material

With these amendments to IAS 1 and IAS 8, the IASB has standardised and clarified the concept of materiality. According to the new definition, information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. In general, this corresponds to the concept of materiality used by the Group. This did not result in any changes to the Group's accounting during the reporting period.

• Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS Standards

The revised Conceptual Framework serves the IASB as a guideline for the development of standards and supports companies in developing accounting methods when no specific IFRS regulations are applicable. The content changes include revised definitions and the addition of information regarding the prudence concept, commercial substance, recognition and derecognition, measurement, etc. Accordingly, the references to the Conceptual Framework in current standards will be updated. The Group takes these principles into account when preparing the financial statements; the changes to be applied do not result in any concrete effects.

• Other amendments:

The following amendments to the international accounting regulations that must be applied starting on 1 January 2020 did not have any effects for the Group in the financial year because they do not pertain to the Group:

Standard/ interpretation	Content/ description	Initial application mandatory from start of financial year
IFRS 9	Interest Rate Benchmark Reform (Phase 1)	1/1/20
IAS 39	Interest Rate Benchmark Reform (Phase 1)	1/1/20
IFRS 7	Interest Rate Benchmark Reform (Phase 1)	1/1/20
IFRS 3	Amendments to Definition of a Business	1/1/20

3.2.2. New and amended standards and interpretations — not yet applied

The following new or amended standards and interpretations were adopted by the EU after they were published by the International Accounting Standards Board (IASB) and therefore must be applied starting on the specified date (see section 3.2.2.1.):

Standard/ interpretation	Content/ description	Initial application mandatory from start of financial year
IFRS 16	COVID-19-Related Rent Concessions	1/6/2020
IFRS 4	Interest Rate Benchmark Reform (Phase 2)	1/1/2021*
IFRS 7	Interest Rate Benchmark Reform (Phase 2)	1/1/2021
IFRS 9	Interest Rate Benchmark Reform (Phase 2)	1/1/2021
IFRS 16	Interest Rate Benchmark Reform (Phase 2)	1/1/2021
IAS 39	Interest Rate Benchmark Reform (Phase 2)	1/1/2021

The following new or amended standards and interpretations have already been published by the IASB, but have not yet been adopted by the EU (see section 3.2.2.2.):

Standard/ interpretation	Content/ description	Initial application mandatory from start of financial year as per standard
IFRS 4	Deferral of IFRS 9	1/1/2021*
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1/1/2022*
IFRS 3	Reference to the Conceptual Framework	1/1/2022*
IAS 16	Proceeds before Intended Use	1/1/2022*
IFRS 1	Subsidiary as First-time Adopter	1/1/2022*
IFRS 9	Fees in the 10 per cent Test for Derecognition	1/1/2022
IFRS 16	Lease Incentives	1/1/2022*
IAS 41	Taxation in Fair Value Measurements	1/1/2022*
IAS 1	Classification of Liabilities as Current or Non-current and Deferral of Effective Date	1/1/2023
IFRS 17	Insurance Contracts (including amendments from June 2020)	1/1/2023*

*) Based on the Group's current assessment, these amendments to the accounting regulations will have no impact or only a minor impact on the consolidated financial statements. Therefore, they are not explained in detail in the following. The assessment of the relevance of these amendments will be evaluated on a regular basis before the first-time application date and adapted if necessary.

Warimpex does not intend to apply the new or amended standards and interpretations listed above early.

3.2.2.1. New and amended standards and interpretations (adopted by the EU)

• IFRS 16: COVID-19-Related Rent Concessions

These provisions allow lease modifications related to rent concessions for tenants to be recognised in simplified form in the income statement without having to apply the rules for lease modifications. This relief is subject to the cumulative fulfilment of the following conditions:
- The concession is granted due to the coronavirus pandemic.
- The consideration must be less than or the same as before the concession.
- The concession only applies to payments due on or before 30 June 2021.
- The concession is not related to material lease modifications beyond this.

The amendments are effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted, but the Group opted not to take advantage of this. These amendments may be applied by the Group at a later date if the conditions are met.

• IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39: Interest Rate Benchmark Reform (Phase 2)

This relates to Phase 2 of the amendments to IFRS in order to reflect the effects of the interest rate benchmark reform (IBOR reform) in financial reporting. The second phase provides reliefs for the accounting of modifications of financial instruments and the continuation of hedge accounting, with adaptations to the documentation in each case. The IBOR reform has also resulted in amendments to IFRS 4 (Insurance Contracts) and IFRS 16 (Leases) as well as the disclosures required in the notes (IFRS 7).

The amendments are effective from 1 January 2021 and are to be applied retrospectively. These amendments may have an impact on the Group's accounting after the IBOR reform goes into effect.

3.2.2.2. New and amended standards and interpretations (not yet adopted by the EU)

• IFRS 9: Fees in the 10 per cent Test for Derecognition

This amendment pertains to the 10 per cent test for modifications to the terms of financial liabilities that is used to assess whether the present value of the new cash flows differs from the present value of the original cash flows by more than 10 per cent following the modification of the terms and the debt must therefore be derecognised.

The amendment clarifies that only fees paid directly between the lender and the borrower or fees paid by one on behalf of the other are to be included in this test. The amendment is effective from 1 January 2022. Following an initial analysis, the Group believes that it will only lead to minor changes in the consolidated financial statements.

• IAS 1: Classification of Liabilities as Current or Non-current and Deferral of Effective Date

This amendment clarifies that the classification of liabilities as current or non-current should solely be based on rights that exist at the end of the reporting period. In addition, the concept of the settlement of liabilities is defined in more detail. Settlement can refer to the transfer of cash, economic resources, or equity instruments. After the transfer of such (settlement), the liability is extinguished. Due to the COVID-19 pandemic, the mandatory – retrospective – first-time application was delayed to periods beginning on or after 1 January 2023. These clarifications are in line with the Group's accounting policies and will therefore not lead to any changes in the future based on the Group's current assessment.

3.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of Warimpex Finanz- und Beteiligungs AG and its direct and indirect subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the parent company, using consistent accounting policies.

Subsidiaries are included in the consolidated financial statements by full consolidation from the acquisition date, which is the date when the Group obtains control of the subsidiary. They continue to be consolidated until the date that the Group's control of the company ceases.

Business combinations are accounted for according to the purchase method. All subsidiaries that have to be consolidated have been included in the consolidated financial statements (see section 4.1.). For details about the recognition of joint ventures, please refer to the information in section 3.5.

3.4. Important accounting judgements and estimation uncertainty

In preparing the consolidated financial statements of the Group, it is necessary to estimate figures and make assumptions which influence the recording of assets and liabilities, the presentation of other obligations as at the reporting date, and the recognition of revenues and expenses during the period. The uncertainty that is associated with these estimates can result in material changes to the values of assets or liabilities in future periods.

The most important future-related assumptions and other sources of estimation uncertainties that existed as at the reporting date and which may constitute a source of considerable risk that substantial adjustments of the carrying amounts of balance sheet items will have to be made in the subsequent financial year are explained in detail below.

3.4.1. Impact of the COVID-19 pandemic

The 2020 financial year was dominated by the impact of the COVID-19 pandemic. Starting in March 2020, nearly every affected country saw lockdowns to varying degrees, with stay-at-home orders, travel restrictions, and the partial closure of businesses and other establishments such as hotels, sport facilities, and cultural venues. A temporary recovery in the summer was followed by another wave of infections in the autumn of 2020, which was once again accompanied by significant restrictions on economic and social life. The pandemic led to historic economic declines around the world in 2020.

The Group is evaluating the impact of COVID-19 on an ongoing basis. In the area of office property letting (Investment Properties segment), only minor operational effects are discernible at the moment. The payment discipline of office tenants remains high; lease adjustments, rent arrears, and rent defaults were only seen in isolated cases during the reporting period. However, there is a general risk that payments will not be received as contractually agreed in future. Revenue in the reporting period declined by around EUR 184 thousand due to contract amendments with office tenants made to account for the coronavirus situation, which represents around 0.9% of the Investment Properties revenues.

Hotels are being impacted by the pandemic to a greater degree than office properties. The hotel in Darmstadt was closed in March 2020, and the renovation that was originally planned to be completed while remaining open for business was started early. Following another lockdown at the beginning of 2021, the hotel is now scheduled to reopen in September 2021. The Crowne Plaza hotel in St. Petersburg has remained open throughout this period, and has seen lower occupancy and a decline in revenues. The InterContinental hotel in Warsaw, which is operated under a 50/50 joint venture, was closed from March to early June 2020 and from mid-December 2020 to mid-February 2021, and suffered corresponding revenue contractions. The impact of COVID-19 on the Development and Services segment and the Group's financing activities was relatively minor in comparison.

The following government aid was provided to the Group in connection with the coronavirus during the reporting period:

	in EUR '000
Compensation for lost revenue	343
Short-time work aid	305
Property tax	249
	897

As of the reporting date, EUR 628 thousand of this amount was still recognised as a receivable (see sections 7.4 and 7.6). In Poland, an exemption from building taxes was granted in the amount of EUR 113 thousand along with an exemption from social security contributions in the amount of EUR 3 thousand.

In addition, the suspension of interest and redemption payments was stipulated by law in Hungary, and the Group made use of these measures in the amount of EUR 121 thousand (interest) and EUR 211 thousand (redemption) for a project loan, while simultaneously extending the term by 10 months. Partial deferrals of interest payments in the amount of EUR 301 thousand and of redemption payments in the amount of EUR 303 thousand were contractually agreed for hotel loans in Russia and Germany. The hotel loan in Germany was extended by six months; in Russia, the deferred amounts are to be paid in part based on the hotel cash flows and in part at the end of the loan term.

Due to the COVID-19 pandemic, the property valuations as at the reporting date for the two fully consolidated hotels are subject to a higher degree of estimation uncertainty than usual as future developments are more difficult to predict and available market data is less reliable at present. It was evident as at the reporting date of 31 December 2020 that all of the developed properties declined in value during the financial year due to the uncertain outlook for the future. In the hotels segment, a decline in the recoverable amounts led to impairments being recognised on the Crowne Plaza hotel; earnings are now expected to recover to the level originally planned for 2020 in 2022. Such a recovery is expected for the Hotel Darmstadt in 2023. Please refer to section 6.5. for details about the remeasurement results.

The overall effects of the pandemic and their economic impact cannot yet be conclusively assessed due to the dynamic development of the situation, but Warimpex is monitoring these developments on an ongoing basis. Warimpex still expects the positive development of its business activities to continue. The updated planning calculations show positive results of operating activities before finance income, taxes, depreciation, and amortisation (EBITDA) as well as sufficient liquidity for the 2021 financial year.

Based on these considerations, the coronavirus crisis has no impact on the continued operation of the Group.

The COVID-19 pandemic also impacts the guarantees in the Group, which are explained in sections 6.4. and 9.1.3.

3.4.2. Measurement of the fair value (IFRS 13)

The Group measures non-financial assets such as investment properties and certain financial instruments such as equity instruments and – if present – derivatives at their fair value on each reporting date. The fair value is the price that would be paid for the transfer of an asset or a liability in a transaction at arm's length terms on the reporting date. In measuring the fair value, it is assumed that the transaction will take place on the primary market or, when such a market does not exist, on the most advantageous market.

All assets and liabilities for which the fair value is measured or that are reported in the consolidated financial statements are classified according to the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Measurement methods employing inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Measurement methods employing inputs other than quoted prices included within level 1 that are not observable for the asset or liability

3.4.2.1. Valuation of property

Because of the importance of properties for the Group, the value of properties is generally determined by independent external experts with appropriate professional qualifications and current experience with the location and type of the property in question using recognised appraisal methods. The experts are selected by the Chief Financial Officer in coordination with the responsible project or asset managers. In the cases where there is a binding offer to buy a property or a purchase contract for a property, this is used for the valuation. This was not the case as at 31 December 2020.

The appraisal method used by the expert depends on the type of property. In this, developed properties that generate regular returns (hotels and office properties), properties under development, and undeveloped plots of land are treated differently.

Income-based appraisal methods (investment method or discounted cash flow method) are used to determine the fair value of developed properties. This corresponds to level 3 of the fair value hierarchy. Regardless of the appraisal method, planning uncertainties are accounted for by selecting an appropriate interest rate. Both the contracted rental revenue as at the reference date and the projected standard rental revenue after the expiration of leases are taken into account in the appraisal of office properties.

The residual value method is generally used for properties under development. For this, the fair value is first determined on the basis of the expected cash flows. The outstanding investment costs and an appropriate project profit for the developer are deducted from this. The development profit is calculated as a percentage of the investment costs, and covers the development risk, among other things.

The fair value of undeveloped properties (reserve properties) is determined using the comparative method, based on standard market prices per square metre.

The fair value determined by the experts is checked by the responsible project/asset manager with regard to the assumptions and input parameters applied by the expert as well as the changes compared with the previous valuation date and is approved for posting by the Chief Financial Officer.

Remeasurement results for investment properties:
Warimpex recognises its investment properties using the fair value model taking external appraisals into account. The remeasurement results that stem from the changes in the fair values are recognised through profit or loss.

Please see section 7.1. for information about the changes in investment properties, the valuation input parameters, and the associated sensitivity information. The gains/losses on remeasurement are shown in section 6.5.

Impairment of and reversal of impairments
on hotel properties (see also sections 6.5. and 7.2.):
The Group generally recognises the hotel properties it operates itself as property, plant, and equipment and regularly reviews them for impairment. This requires the estimation of the recoverable amount. The recoverable amount is the higher of the value in use or fair value, less selling expenses. The recoverable amount of each property is determined on the basis of external appraisals.

Changes in the recoverable amount are recognised on the income statement as follows: impairments in their full amount and impairment reversals only up to the amortised cost of acquisition. The amortised cost of acquisition is the amount that would result after accounting for scheduled depreciation and amortisation without any impairment charges in prior years.

The recoverable amount depends heavily on the applied exit yield and the expected future cash inflows.

The impairment reversals and impairment charges are shown in section 6.5. Please see section 7.2. for information on the carrying amounts of these assets.

3.4.2.2. Measurement of financial instruments
If the Group cannot measure the fair value of recognised financial instruments using listed prices on active markets, it is determined using measurement methods including the discounted cash flow approach. The inputs used in the valuation models that fall under level 3 of the hierarchy are based on observable market data to the greatest extent possible. If such data is not available, discretionary decisions have to be made by management. This discretion pertains to inputs such as liquidity risk, default risk, and volatility. When changes are made to the assumptions for these factors, this can have an effect on the recognised fair values of the financial instruments.

One equity instrument is measured at fair value in the consolidated statement of financial position as at the reporting date. Additional information is provided in section 7.7. Please refer to sections 3.6. and 8.1. for further information about financial instruments and fair values.

3.4.3. Measurement of revenues
For the application of IFRS 15 (Revenue from Contracts with Customers), the Group made discretionary decisions for the measurement of the revenues in the Investment Properties segment pertaining to whether the Group is to be considered the principal or the agent when it comes to earnings from operating costs in connection with the letting of office space.

Based on the indicators specified in IFRS 15, the Group determined that it has primary responsibility for fulfilling the commitments vis-à-vis the customers; must fulfil the contract vis-à-vis the suppliers even if costs cannot be charged with or without a surcharge; and has discretion in establishing prices in the course of the contract negotiations. Therefore, the Group recognises its income from charged operating expenses as revenues according to IFRS 15.

3.4.4. Determination of the functional currency of foreign business operations

The functional currency of subsidiaries deviates from the local currency in some cases. In most cases, the rental revenue from office properties in the Group is denominated in euros – with the exception of Russia or agreements concluded with government entities. At hotels in the EU, the revenue is also primarily denominated in euros. The goods and services required for letting out office properties and for hotel operations are paid for in part in the local currency and in part in euros. Financing throughout the Group is generally conducted in euros. Applying the discretion permitted in IAS 21.12, the euro is defined as the functional currency for the subsidiaries whose revenue is denominated in euros. The functional currency of each subsidiary is shown in the overview of subsidiaries (section 4.1.1.).

3.4.5. Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the loss carryforwards of unused tax credits can be utilised. The amount of deferred tax assets is determined at the discretion of the management based on the expected time of occurrence and the amount of future taxable income as well as future tax planning strategies.

Other deferred tax assets are only shown in the statement of financial position if tax budgeting for the individual taxable entity makes it appear probable that the deferrals can actually be utilised.

Further information is provided in section 6.10. Income taxes and in section 7.5. Deferred taxes (tax assets and liabilities).

3.5. Joint ventures and associates

Interests are qualified as joint ventures when an agreement is in place under which the contract partners that exercise joint control over the arrangement have rights to the net assets of the arrangement.

An associate is a company in which the Group holds a material interest, in which it can influence decisions, but in which it can exert no control over decision-making processes and in which decisions are not made jointly. In cases of doubt, interests of between 20 per cent and below 50 per cent are classified as associates.

The Group recognises its net investments in joint ventures (IFRS 11) and its interests in associates using the equity method.

Based on its contractual rights, the Group recognises its 44 per cent stake in AO Micos as a joint venture (see section 7.3.3.).

The composition of and changes in the net investments in joint ventures and summarised financial information about the key joint ventures can be found in section 7.3.

3.6. Financial instruments

3.6.1. Financial assets

In accordance with IFRS 9, financial assets are classified as follows upon initial recognition:

1. Measured at amortised cost
2. Measured at fair value through other comprehensive income
3. Measured at fair value through profit or loss

The classification is based on the Group's business model and the characteristics of the contractual cash flows. In each case, assets are recognised at their fair value upon initial recognition, taking the provisions of IFRS 9 into account. The transaction costs are also recognised except in the case of financial assets recognised at fair value through profit or loss.

Measured at amortised cost

Financial assets are recognised at amortised cost when the objective of the business model is to hold the asset in order to collect the contractual cash flows ("business model test") and the contractual terms give rise on specified dates to cash flows from payments of principal and interest ("cash flow characteristics test"). The objective of the Group's business model is to collect the contractual cash flows from payments of principal and in some cases interest, so the Group's financial assets are generally recognised at amortised cost. Interest revenue is to be calculated by applying the effective interest rate method to the gross carrying amount. There are exceptions for credit-impaired assets. In the event of changes in contractual cash flows that do not result in derecognition, the gross carrying amount is recalculated and the difference compared with the previous gross carrying amount is recognised as a modification gain or modification loss.

Measured at fair value through other comprehensive income

Financial assets are recognised at fair value through other comprehensive income if the asset is either

1. an equity instrument that is not held for trading, or
2. a debt instrument in a hold to collect and sell business model with cash flows that are solely payments of principal and interest.

With regard to the equity instruments held within the Group, Warimpex has elected to recognise value changes in other comprehensive income. Later reclassification of cumulated value changes (recycling) is not permitted. Dividends from the equity instruments are recognised through profit or loss.

IFRS 9 stipulates that debt instruments in a hold to collect and sell business model that meet the conditions of the cash flow characteristics test must be measured at fair value through other comprehensive income. Value changes are not recognised through profit or loss, but are instead initially recognised in other comprehensive income. Later reclassification to the income statement (recycling) is permitted.

Measured at fair value through profit or loss

Derivatives and debt instruments that do not meet the conditions of the business model test and cash flow characteristics test described above – and thus are not measured at amortised cost or at fair value through other comprehensive income – must be recognised at fair value through profit or loss according to IFRS 9. Value changes are recognised in the income statement.

3.6.2. Impairment of financial assets

The amount of the impairment and the recognised interest is determined in three stages in accordance with IFRS 9:

Stage 1: Expected losses in the amount of the present value of an expected 12-month loss must be measured upon initial recognition.

Stage 2: If there is a significant increase in the default risk, the risk provision must be increased to the amount of the expected full lifetime losses for the entire remaining term.

Stage 3: When there is objective evidence of impairment, interest revenue must be recognised on the basis of the net carrying amount, i.e. the carrying amount less risk provisions.

The Group applies the simplified approach for trade receivables and contract assets that do not contain a significant financing component. Under this approach, impairments must be recognised in the amount of the expected lifetime losses for the entire remaining term.

3.6.3. Financial liabilities

When recognised for the first time, financial liabilities are either categorised as financial liabilities measured at amortised cost, as financial liabilities measured at fair value through profit or loss, or as derivative financial instruments in a hedging relationship.

Upon initial recognition, financial liabilities are recognised at fair value; financial liabilities that are recognised at amortised cost are recognised at their fair value less directly allocable transaction costs upon initial recognition.

Financial liabilities measured at amortised cost:

After initial recognition, financial liabilities are recognised at amortised cost using the effective interest rate method. Gains and losses are recognised through profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Financial liabilities measured at fair value through profit or loss:
The category of financial liabilities measured at fair value through profit or loss includes all derivative financial instruments with negative fair values (including separately recognised embedded derivatives) not held for hedging purposes. Gains and losses from financial liabilities that are recognised at fair value are recorded in the income statement.

Derivative financial instruments with hedging relationships:
The Group occasionally employs derivative financial instruments with hedging relationships (cash flow hedges). These serve to protect against the risk of fluctuations in cash flows associated with an asset or liability on the statement of financial position, for example loans subject to variable interest, a risk that may materialise related to a forecast transaction, or the currency risk associated with a firm off-balance-sheet commitment.

The Group did not hold any derivative financial instruments in a hedging relationship during the reporting period.

3.7. Leases

The accounting policies for leases were fundamentally changed, particularly for lessees, due to IFRS 16, which came into force on 1 January 2019.

The Group as lessee:
According to IFRS 16, the Group recognises both a right-of-use asset on the assets side of the consolidated statement of financial position and the corresponding lease liability on the liabilities side for leases in which it is the lessee. There are exceptions from the recognition obligation for the capitalisation of short-term leases (with a [remaining] term of less than one year) and leases of low-value assets (up to roughly EUR 5,000). The Group has decided to apply these exceptions. When determining the useful life of the right-of-use asset, the Group assesses whether it is reasonably certain that an extension option will be exercised, taking into account the overall circumstances and, in particular, the economic incentives. The extension option is only taken into account when determining the useful life if it is reasonably certain that it will be exercised.

The first-time recognition of the right of use encompasses the following components: the initial measurement of the lease liability (present value of the lease payments), lease payments made before or at the beginning of the leasing arrangement, direct initial costs of the lessee, and any dismantling costs. Subsequently, the right of use is recognised at amortised cost pursuant to IAS 16 Property, Plant and Equipment and IAS 36 Impairment of Assets (see section 7.2.1.). This does not include investment properties that are measured at fair value pursuant to IAS 40 (see section 7.1.1.). The Group is party to long-term lease agreements for plots of land (perpetual annuity) in connection with investment properties. Due to the application of IFRS 16, the rights of use from these lease agreements increase the previously determined fair value of the property, while the associated lease liabilities are presented on the liabilities side.

Lease liabilities are discounted using the rate implicit in the agreement and reduced by the lease payments. Interest costs and variable lease payments that are not part of the lease liability are recognised through profit or loss in the income statement.

The Group made use of the reliefs defined in the transitional arrangements (modified retrospective approach) for the first-time application as at 1 January 2019. In particular, comparative information was not restated. In accordance with the exemptions defined in IFRS 16, neither a right-of-use asset nor a lease liability were recognised for leases that ended within one year of the initial application of the standard. The relevant incremental borrowing rate (4.06 per cent on average) was used to determine the present value.

The Group as lessor:
Leases under which all material risks and benefits incidental to ownership of the leased item are not transferred from the Group to the lessee are classified as operating leases. The Group has concluded leases for the commercial letting of its investment properties (primarily office properties) and classified them as operating leases. According to IFRS 16.B33, income from land tax and insurance charged to tenants was assigned to rental revenue and not revenues in accordance with IFRS 15.

The Group has not concluded any leases as a lessor that meet the requirements for classification as finance leases.

3.8. Non-current assets/disposal groups held for sale

If disposal groups are classified as held for sale, all associated assets and liabilities are reclassified in accordance with IFRS 5. Non-current assets or disposal groups are classified as held for sale when the associated carrying amount is based primarily on a disposal transaction. It must be highly probable that the asset will be sold, and the asset or disposal group must be in an immediately saleable condition. Further criteria for classification as held for sale are related Management Board decisions, the initiation of a search for a buyer or the implementation of the associated plans, and expected sale within one year.

Non-current assets (or disposal groups) that are classified as held for sale are recognised at the lower of the carrying amount or the fair value less selling costs. Investment properties are still subject to the measurement rules of IAS 40, even when they have been classified as held for sale. For this reason, these properties are recognised at fair value, not taking the costs of disposal into account.

3.9. Foreign currency transactions and balances

The financial statements of foreign companies are translated into euros according to the functional currency concept. The functional currency for each entity within the Group is determined on the basis of the relevant criteria (see section 3.4.4.). The items contained in the financial statements of each entity are translated on the basis of the functional currency.

Where the transactions that are relevant in determining an entity's functional currency change, this will lead to a change in the functional currency of the respective entity. An overview of the functional currencies is presented in section 4.1.1.

Foreign currency transactions and balances:
Foreign currency transactions are translated into the functional currency by the Group member company at the valid spot rate on the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on the reporting date using the valid spot rate on the reporting date.

When the respective local currency is not the functional currency for foreign businesses, current income and expenses are translated on the basis of monthly interim financial statements at the weighted average exchange rate for the respective month. Significant transactions are translated at the spot rate that is valid for the date of the transaction. All translation differences are recognised in profit or loss.

Non-monetary items measured at historical cost in a foreign currency are translated at the valid exchange rate on the date of the transaction.

Translation of the financial statements of the entities included in the consolidated financial statements (foreign businesses):
The assets and liabilities of the foreign subsidiaries are translated into euros at the valid rate on the reporting date. The income and expenses are translated at the spot rate on the date of the transaction, or at average rates for the purposes of simplification. All exchange differences that arise are recognised in other comprehensive income. Upon disposal of a foreign entity, the deferred cumulated amount related to the particular subsidiary previously recognised in other comprehensive income is transferred to the profit or loss statement. When settling internal monetary assets and debts within the Group, the translation difference is recognised through profit or loss so far as the difference is not a translation difference from monetary items that are part of the net investment in a foreign business. These are recognised in the other comprehensive income, and are transferred from equity to the profit or loss statement in the event that the net investment is sold.

Exchange rates:
The exchange rates that have been applied for all items that are translated at the closing rate as at the reporting date are as follows:

		31/12/2020	31/12/2019
Polish zloty	(PLN/EUR)	4.6148	4.2585
Czech koruna *)	(CZK/EUR)	n/a	25.4100
Hungarian forint	(HUF/EUR)	365.13	330.52
Russian rouble	(RUB/EUR)	90.6824	69.3406

*) Because the last remaining Czech subsidiary was liquidated during the financial year (see section 4.1.1), there was no need to translate CZK to EUR as at 31 December 2020.

3.10. Investment properties

The Group recognises investment properties at fair value according to IAS 40. Changes in the fair value result in measurement gains or losses that are recognised through profit or loss during the financial year.

Investment properties are classified as such when there is no intention to sell them or use them for Group purposes and they are held to generate rental revenue or value increases. The Group reclassified a reserve property from property, plant, and equipment to investment properties during the prior year (see section 7.2.1.).

Rent incentives (e.g. rent-free periods) and the initial costs of leases are deferred in accordance with the relevant IFRS regulations and recognised through profit or loss over the term of the given lease. Such deferred items are recognised in the same way as additions to property and thus reduce the remeasurement result, while the release of these deferred items in the subsequent years increases the remeasurement result over the term. Where applicable, the value of investment properties is increased by rights of use from long-term lease agreements in connection with properties recognised in accordance with IAS 40 (see also item 3.7. on IFRS 16).

Investment properties are derecognised upon the sale of such properties or when no further continued use is possible or no future economic benefit is expected from their disposal. Gains or losses from the disposal of investment property are recognised through profit or loss at the time at which the property is disposed of or sold.

3.11. Property, plant, and equipment

Property, plant, and equipment that is eligible for depreciation is recognised at cost of acquisition or production less scheduled depreciation and impairment charges and plus any impairment reversals in accordance with IAS 16. Scheduled depreciation is applied on a straight-line basis and is calculated for the estimated useful lives of the assets. Where significant components of an item of property, plant, and equipment have different useful lives, depreciation is based on the useful lives of these components. Replacements that are capitalised are also written down over their estimated useful lives. The carrying amounts of property, plant, and equipment items are tested for impairment whenever there is evidence to indicate that the carrying amount of the asset is greater than its recoverable amount.

For accounting purposes, hotels are separated into their most significant components (land and rights equivalent to land, building fabric, heating facilities and other technical equipment, and fixtures) and depreciated individually. Please see section 7.2. in the notes for information about the useful lives.

Production costs of property, plant, and equipment developed by the Group contain direct expenses plus allocated material and production overheads. Borrowing costs are capitalised according to IAS 23 where they can be directly attributed to the project under development through specific project financing or loans from joint venture partners or shareholders, for example. These costs are also written down over the estimated useful economic lives of the respective assets.

A property, plant, and equipment item is derecognised upon its disposal or when no further economic benefit is expected from the continued use or disposal of the asset. The gains or losses associated with the derecognition of the asset are determined by calculating the difference between the net selling proceeds and the carrying amount of the asset and are recognised through profit or loss in the period in which the asset is derecognised.

3.12. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less from the time of acquisition.

The Group holds bank deposits that serve as collateral for guarantees or loans. These are not reported under the cash and cash equivalents, but under the other assets.

3.13. Pensions and other employee benefits

Provisions for severance payments and long-term service bonuses for employees and members of the Management Board are primarily recognised for employees of Austrian Group companies, since employees in Poland, Hungary, Germany, and Russia are not entitled to similar benefits and local laws only provide for a very limited range of employee benefits.

The provisions are measured using the projected unit credit method. For this, the expected benefits to be paid are distributed according to the active time of the employee until retirement or until the last planned anniversary bonus payment. The provision amounts are determined on the reporting date by an external expert in the form of an actuarial opinion.

Valuation changes are recognised in other comprehensive income in the period in which they are incurred according to IAS 19. The interest component is taken into account in finance expenses. Provisions for pensions and other long-term employee benefits pertain solely to the Development and Services segment.

Pension agreements were in force with three Management Board members of the parent company on the reporting date. Pension reimbursement insurance has been taken out for these pension commitments. Annual contributions are made to this item, which is dedicated to the coverage of the pension obligations and is of a long-term nature. The pension reimbursement insurance is not a pension plan asset within the meaning of IAS 19 and must be recognised separately. The Group's pension plan is a defined benefit plan and is unfunded.

Reimbursement rights from this pension reimbursement insurance in the amount of EUR 997 thousand (2019: EUR 820) thousand) are reported under the non-current other financial assets. The pension reimbursement insurance includes the actuarial capital including profit shares.

Due to the amount of the pension commitment, which is covered by the pension reimbursement insurance, no material risk is associated with the pension plan.

3.14. Revenue recognition

Income recognition in accordance with IFRS 15:

Pursuant to IFRS 15, revenue is recognised according to the following model:

1. Identification of the contract with a customer
2. Identification of the individual performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations in the contract
5. Recognition of the revenue when the company satisfies a performance obligation
   (criterion: transfer of control)

The Group's revenues are recognised as follows:

- Hotels revenues:

Revenue in the Hotels segment consists mainly of revenue for overnight stays (lodging) and revenue from the sale of food and beverages. For these types of performance obligations, revenue is recognised at a point in time. There are no customer loyalty programmes in place in the Group that have a material impact on the timing or the amount of the revenue recognition.

- Investment Properties revenues:

The revenue in this segment is primarily made up of rental revenue as well as earnings from facility management and operating costs. When negotiating leases for office space, not only the rent but also the fees for operating costs and in some cases other services are generally agreed together in the contracts with the tenants.

IFRS 16 (Leases) stipulates that lease and non-lease components of a contract must be separated and the non-lease components must be recognised separately in accordance with IFRS 15. Therefore, rental revenue is recognised in accordance with IFRS 16 and other income from contracts with tenants in accordance with IFRS 15.

- Development and Services revenues:

In the development segment, IFRS 15 stipulates the recognition of revenue over a period of time for properties that have already been sold but are still in development. Warimpex does not perform such services at this time. Property sales, which are generally recognised at a point in time as at the closing date, also fall under this business segment. Other customer contracts in the Development and Services segment are analysed individually according to the requirements of IFRS 15 and the revenues are recognised accordingly.

Gains from the sale of subsidiaries (IFRS 10):

Income is recognised when control of the subsidiary is lost in accordance with IAS 10.25. In the case of the sale of a subsidiary, the difference between the sale price and the net assets plus cumulated foreign currency translation differences recognised in other comprehensive income and the goodwill are recognised through profit or loss at the point that control is transferred.

3.15. Deferred taxes

Deferred income tax is provided for using the liability method on temporary differences as at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group reviews the carrying amount of deferred income tax assets on each reporting date and does not recognise tax assets for which it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilised. Unrecognised deferred tax assets are reassessed on each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be realised.

Income tax related to items recognised either in other comprehensive income or directly in equity are not included in the profit or loss for the period.

[04] Information about the companies included in the consolidated financial statements and interests in other companies

4.1. Information about consolidated subsidiaries

4.1.1. Overview of subsidiaries

The following entities were fully consolidated in these financial statements:

Included subsidiaries	Domicile/ country	Voting rights share and equity interest direct	Voting rights share and equity interest indirect	Share capital	Currency of capital	Functional currency*	Activity/ segment
				in thousands			
100% interests:							
Grassi Hotelbeteiligungs- und Errichtungs GesmbH	A-Vienna	100%	–	2,943	EUR	EUR	DS
Grassi H1 Hotelbeteiligungs GmbH	A-Vienna	100%	–	35	EUR	EUR	DS
Warimpex Leasing GmbH	A-Vienna	100%	–	500	EUR	EUR	DS
Boyauville Invest GmbH	D-Munich	100%	–	25	EUR	EUR	H / DS
Boyauville Betriebs GmbH	D-Darmstadt	100%	–	25	EUR	EUR	H
Memos GmbH	D-Darmstadt	100%	–	25	EUR	EUR	DS
→ Memos sp. z o.o.[5]	PL-Warsaw	100%	–	5	PLN	PLN	DS
REVITÁL ZRt.	HU-Budapest	100%	–	220,500	HUF	HUF	DS
BÉCSINVESTOR Kft.	HU-Budapest	100%	–	35,380	HUF	EUR	IP
ELSBET Kft.	HU-Budapest	100%	–	103,000	HUF	EUR	IP
Hamzsa-Office Kft.	HU-Budapest	100%	–	15	HUF	EUR	DS
Warimpex Property HU 2 Kft.	HU-Budapest	100%	–	600	HUF	HUF	DS
Balnex 1 a.s.[3]	CZ-Prague	100%	–	4,557	CZK	EUR	H
Vladinvest Praha s.r.o.[2]	CZ-Prague	100%	–	3,100	CZK	CZK	IP / DS
WX Office Development sp. z o.o.	PL-Warsaw	100%	–	100	PLN	PLN	DS
Multi Development sp. z o.o.	PL-Warsaw	100%	–	50	PLN	PLN	DS
→ WX Office Innovation sp. z o.o.	PL-Warsaw	3%	97%	5	PLN	EUR	IP / DS
WX Mogilska Office 3 sp. z o.o (vormals Erty sp. z o.o.)[4]	PL-Krakow	100%	–	5	PLN	PLN	DS
WX Mogilska Office 4 sp. z o.o. (vormals Duose sp. z o.o.)[4]	PL-Krakow	100%	–	5	PLN	PLN	DS
Stelio sp. z o.o.[1]	PL-Krakow	100%	–	5	PLN	PLN	DS
Hotel Rondo Krakow sp. z o.o.	PL-Krakow	100%	–	5	PLN	PLN	DS
Mogilska Office Development sp. z o.o.	PL-Krakow	100%	–	7,045	PLN	PLN	DS
→ Limonite sp. z o.o.	PL-Krakow	–	100%	8,035	PLN	PLN	DS
WX Office Development 2 sp. z o.o.	PL-Warsaw	100%	–	150	PLN	EUR	DS
Warimpex Polska sp. z o.o.	PL-Warsaw	100%	–	2,000	PLN	PLN	DS
RLX Dvorak S.A.[3 4]	LU-Luxembourg	100%	–	0	EUR	EUR	DS
WX Budget Hotel Holding S.A.[6]	LU-Luxembourg	100%	–	80	EUR	EUR	DS
WX Krakow Holding S.A.	LU-Luxembourg	100%	–	31	EUR	EUR	DS
→ WX Management Services sp. z o.o. Prozna Development SKA	PL-Warsaw	–	100%	50	PLN	PLN	DS
→ Le Palais Holding s. a r.l.	LU-Luxembourg	–	100%	13	EUR	EUR	DS
→ Prozna Investments sp. z o.o.[2]	PL-Warsaw	–	100%	23,550	PLN	PLN	DS
Kopernik Development sp. z o.o.	PL-Warsaw	100%	–	25	PLN	PLN	DS
AO Avielen Parking	RU-St. Petersburg	100%	–	30	RUB	RUB	IP
AO Atmosfera	RU-St. Petersburg	100%	–	30	RUB	RUB	DS
OOO Fomalhaut[4]	RU-St. Petersburg	100%	–	1,000	RUB	RUB	DS
Non-controlling interests:							
EI Invest Sp. z o.o.	PL-Warsaw	81%	–	1,300	PLN	PLN	DS
AO Avielen A.G.	RU-St. Petersburg	90%	–	370,001	RUB	RUB	H / IP / DS

Explanations:
H = Hotels segment
IP = Investment Properties segment
DS = Development and Services segment
i.L. = These companies are in liquidation.
→ These are indirect subsidiaries with the company specified above as the parent company.
* Discretionary decisions on the functional currency are explained in section 3.4.4.

1 These companies were acquired or founded during the financial year.
2 These companies were liquidated during the financial year.
3 These companies were sold in 2019.
4 These companies were acquired or founded in 2019.
5 The shares in this company were transferred to the Group parent in an intragroup transaction during the financial year.
6 This company was liquidated in 2019.

4.1.2. Information about subsidiaries with non-controlling interests

The information about subsidiaries in which material non-controlling interests are held pertains to general information and summary financial information about each company. The financial information below shows the amounts before intragroup reconciliation. Dividends were not assigned to the non-controlling interests.

Overview of non-controlling interests:

Company	Domicile/country	Voting rights and capital share non-controlling interests 31/12/20	31/12/19	Profit/loss attributable to non-controlling interests 2020	2019	Total non-controlling interests 31/12/20	31/12/19
AO Avielen A.G.	RU-St. Petersburg	10%	10%	(1,461)	5,028	(1,956)	(1,477)
EI Invest Sp. z o.o.	PL-Warsaw	19%	19%	32	5	129	113
Total non-controlling interests						**(1,827)**	**(1,364)**

Summary financial information:

	AO Avielen A.G. 31/12/20	31/12/19
Summary balance sheet:		
Non-current assets	65,987	94,940
Current assets	1,270	1,715
Total assets	**67,257**	**96,655**
Equity – Group share	(17,603)	(13,290)
Equity – non-controlling interests	(1,956)	(1,477)
Non-current liabilities	84,808	106,433
Current liabilities	2,008	4,988
Total equity and liabilities	**67,257**	**96,655**

	2020	2019
Summary profit or loss statement:		
Income	9,880	16,813
Expenses	(24,488)	(597)
Profit or loss for the period	**(14,608)**	**16,216**
thereof attributable to shareholders of the parent	*(13,148)*	*11,188*
thereof attributable to non-controlling interests	*(1,461)*	*5,028*
Other comprehensive income	**(8,184)**	**4,544**
thereof attributable to shareholders of the parent	*(9,166)*	*2,428*
thereof attributable to non-controlling interests	*982*	*2,116*
Profit/loss for the period	**(22,792)**	**20,760**
thereof attributable to shareholders of the parent	*(22,313)*	*13,616*
thereof attributable to non-controlling interests	*(479)*	*7,144*

	2020	2019
Summary cash flow statement:		
Net cash flows from operating activities	4,017	4,313
Net cash flows from investing activities	946	2,330
Net cash flows from/used in financing activities	(4,426)	(10,034)
Net change in cash and cash equivalents	**537**	**(3,390)**

4.1.3. Other disclosures

Nature and extent of material restrictions in connection with subsidiaries:

In some cases, subsidiaries are subject to contractual restrictions on the use of assets and the payment of interest and dividends to shareholders and on the repayment of shareholder loans based on existing credit agreements. For information on the granting of mortgage collateral to lenders, please see the information about the carrying amounts of the assets in question in section 7.1. Investment properties and section 7.2. Property, plant, and equipment.

There are no restrictions based on protection rights of non-controlling interests in the Group.

[05] Property sales and changes in the scope of consolidation

5.1. Disposal of shares and property

No sales transactions for shares or property took place during the financial year.

5.2. Changes in the scope of consolidation

Please see section 4.1.1. for information about further changes in the scope of consolidation. During the financial year, only a company that does not constitute a business for the purposes of a business combination according to IFRS 3 was acquired.

5.3. Property sales in the previous financial year

The following sales transactions occurred in 2019:

- Sale of shares in Balnex 1 a.s., Karlovy Vary (hotel operating company for Dvořák spa hotel)
- Sale of Sajka office property in Budapest
- Sale of shares in WX Management Services Sp. z o.o., Warsaw (50 per cent stake)
- Sale of shares in the holding company for the companies owning and operating the Disney hotels, Paris (50 per cent stake)

This had the following effects on the consolidated financial statements as at 31 December 2019:

Consolidated statement of financial position:	Assets	Equity and liabilities
Non-current assets and disposal groups held for sale (IFRS 5)	(8,395)	
thereof outflow of cash and cash equivalents	*(268)*	
Liabilities related to disposal groups		4,529
	(8,395)	**4,529**

Consolidated income statement:	2019
Agreed (net) purchase price for the properties/shares	33,612
Carrying amount of the proportionate net assets of the sold properties/companies	(3,867)
Directly allocable expenses in connection with the sale of interests and properties	(811)
Net result	**28,934**

Cash flow:	2019
Agreed consideration	33,612
less directly allocable expenses in connection with the sale of interests and properties	(811)
less settlement of advance payments received for property sales	(285)
less purchase price claims at the reporting date (see sections 7.4. and 7.6.)	(1,156)
less interest portion of long-term purchase price claims	(57)
Payments received for the sale of properties during the financial year	31,303
less outflow of cash and cash equivalents	(268)
Cash flow	**31,035**

[06] Notes to the consolidated income statement

6.1. Revenues

The revenues are broken down according to the business segments of the Group.

The following table breaks revenues down into revenues according to IFRS 15 and other revenues:

	Investment Properties	Hotels	Development and Services	**Total**
Geographical composition in 2019:				
Russia	2,244	8,712	100	11,056
Poland	1,040	–	1,293	2,334
Germany	–	796	–	796
Czech Republic	–	478	14	493
Hungary	547	–	69	617
Austria	–	–	300	300
Revenues according to IFRS 15	**3,832**	**9,987**	**1,777**	**15,595**
Russia	10,097	–	–	10,097
Poland	3,648	–	–	3,648
Czech Republic	–	–	17	17
Hungary	2,284	–	–	2,284
Revenues according to IFRS 16 (rental revenue)	**16,029**	**–**	**17**	**16,046**
Total revenues	**19,861**	**9,987**	**1,794**	**31,641**
Geographical composition in 2020:				
Russia	2,016	2,443	305	4,764
Poland	1,548	–	1,001	2,550
Germany	–	1,043	18	1,061
Hungary	544	–	52	595
Austria	–	–	68	68
Revenues according to IFRS 15	**4,108**	**3,485**	**1,444**	**9,037**
Russia	9,319	–	–	9,319
Poland	4,988	–	5	4,992
Germany	–	122	–	122
Hungary	2,189	–	–	2,189
Revenues according to IFRS 16 (rental revenue)	**16,495**	**122**	**5**	**16,622**
Total revenues	**20,604**	**3,607**	**1,449**	**25,660**

The revenue in the Development and Services segment includes revenue with joint ventures in the amount of EUR 325 thousand (2019: EUR 100 thousand).

6.2. Expenses directly attributable to revenues

	2020	2019
Composition of direct Hotels expenses:		
Expenses for materials and services rendered	(2,753)	(4,863)
Personnel expenses	(2,110)	(2,349)
Other expenses	(577)	(509)
	(5,441)	**(7,720)**

	2020	2019
Composition of direct Investment Properties expenses:		
Expenses for materials and services rendered	(4,193)	(4,296)
Other expenses	(917)	(992)
	(5,110)	**(5,288)**

	2020	2019
Composition of direct Development and Services expenses:		
Expenses for materials and services rendered	(661)	(1,103)
Personnel expenses	(53)	(52)
Other services	(22)	(6)
	(737)	**(1,161)**

6.3. Administrative expenses

	2020	2019
Composition:		
Other personnel expenses	(5,730)	(8,450)
Other administrative expenses	(2,942)	(5,192)
	(8,672)	**(13,642)**

The individual components of the administrative expenses are explained in sections 6.3.1. and 6.3.2.

6.3.1. Other personnel expenses

	2020	2019
Composition:		
Wages and salaries	(6,700)	(9,581)
Ancillary wage and salary costs	(621)	(708)
Expenses for posted employees	(119)	(257)
Expenses/income related to holiday, severance, pension, and anniversary bonus benefits	(453)	(305)
	(7,893)	**(10,851)**
Less personnel expenses directly attributable to revenues	2,164	2,401
Other personnel expenses	**(5,730)**	**(8,450)**

During the reporting period, the Group had an average of 201 (2019: 311) employees.

Please see section 9.3.2.7. for information about directors' remuneration.

6.3.2. Other administrative expenses

	2020	2019
Composition:		
Administrative costs	(1,221)	(2,340)
Legal and consulting costs	(894)	(1,667)
Supervisory Board fees	(335)	(135)
Other administration-related expenses	(493)	(1,050)
	(2,942)	**(5,192)**

Fees were paid to the Group financial auditor, Ernst & Young Wirtschaftsprüfungs GmbH, Vienna, for the financial year as follows: EUR 137 thousand (2019: EUR 116 thousand) for auditing services and EUR 1 thousand (2019: EUR 0 thousand) for other services.

The Supervisory Board fees are explained in section 9.3.2.8.

6.4. Other expenses

	2020	2019
Composition:		
Property costs	(1,529)	(1,490)
Public relations, stock exchange listing, and sales	(591)	(1,817)
Hotel pre-opening expenses	–	(237)
Contractual penalties	–	(10)
Non-deductible input taxes	(48)	(205)
Foreign exchange differences	(491)	(75)
Rental expenses for short-term leases	(46)	(117)
Rental expenses for low-value assets	(13)	(2)
Allocation to guarantee provisions	(1,664)	–
Sundry other expenses	(279)	(942)
	(4,660)	**(4,893)**
Less administrative expenses directly attributable to revenues	1,517	1,506
Other expenses	**(3,143)**	**(3,387)**

Property costs consist of owner expenses such as maintenance, insurance premiums, and property taxes. The allocation to guarantee provisions pertains to potential guarantee claims in connection with contractual guarantees that may be exercised due to coronavirus-related financial losses in the hotel industry (see also the information about contractual bonds and guarantees in section 9.1.3.).

6.5. Depreciation, amortisation, and remeasurement

	2020	2019
Composition:		
Scheduled depreciation and amortisation on property, plant, and equipment	(1,575)	(1,125)
Scheduled depreciation on right-of-use assets	(345)	(433)
Impairment of property, plant, and equipment	(976)	–
Reversals of impairment on property, plant, and equipment	–	1,170
Measurement gains (from investment properties)	3,967	18,209
Measurement losses (from investment properties)	(11,737)	(2,954)
	(10,666)	**14,868**

The scheduled depreciation, impairments, and impairment reversals pertain to the property, plant, and equipment (primarily hotel properties) that are recognised at amortised cost according to IAS 16. Measurement gains and losses result from the changes in the fair values of the investment properties, which are recognised at fair value according to IAS 40.

Appraisals were obtained for hotel properties from the property valuation company CBRE Hotels on the reporting date (see section 3.4.2.1.). These valuations are based on assumptions about the future development of earnings that reflect the prevailing market conditions on the reporting date.

Impairments:
The impairments in the reporting period pertain to the Hotels segment in the amount of minus EUR 928 thousand (2019: impairment reversal totalling EUR 1,170 thousand) and are the result of lower expected future earnings due to the coronavirus pandemic.

The recoverable amount of the hotels for which an impairment was recognised in the reporting period comes to EUR 17,337 thousand (2019: EUR 24,619 thousand).

Gains/losses on remeasurement of investment property:
The measurement gains pertain primarily to the Avior Tower in St. Petersburg due to the construction progress and, to a lesser extent, to the development properties in Darmstadt due to an increase in land prices (Development and Services segment in both cases).

There were measurement losses to varying degrees on all developed properties in the Investment Properties segment as well as on several Polish development projects in the Development and Services segment largely due to higher interest rates for the calculation and more cautious assumptions about the future.

In the prior year, the measurement gains in the Investment Properties segment primarily pertained to the completion of the Mogilska 43 Office building in Krakow, the Elsbet office towers in Budapest, and the Zeppelin office tower and Bykovskaya multi-use building in St. Petersburg due to higher planned values. The measurement gains in the Development and Services segment resulted from the remeasurement of the property reserves in Darmstadt. Measurement losses in the prior year were related to renovations and tenant adaptations at two developed properties in Poland (Mogilska 41 Office and Ogrodowa Office); a Russian reserve property also had to be written down.

6.6. Interest received

	2020	2019
Composition:		
Interest received from loans to joint ventures	536	521
Other interest received	117	132
	653	**653**

The interest received from joint ventures pertains to AO Micos (see explanation regarding Micos in section 7.3.3.).

6.7. Other finance income

	2020	2019
Composition:		
Income from the derecognition of liabilities	–	20,308
Modification gain from credit agreements	125	456
Joint venture guarantee fees	–	157
	125	**20,921**

The income from the derecognition of liabilities recognised in the prior year is connected with the purchase of loans of (former) minority shareholders of AO Avielen A.G. by Warimpex Finanz- und Beteiligungs AG.

The modification gain from credit agreements pertains to reductions of fixed interest rates by the financing bank and the suspension or reduction of interest payments. According to IFRS 9, the resulting effect must be recognised on a one-time basis in the income statement, while the effective interest rate remains unchanged and thus the resulting interest expense is recognised in the same amount as prior to the interest rate reduction.

6.8. Finance expenses

	2020	2019
Composition:		
Loan interest	(5,633)	(5,375)
Interest on loans from minority shareholders	(379)	(1,023)
Interest on bonds	(300)	(454)
Derecognition of capitalised loan deferrals	(1,196)	–
Other finance expenses	(1,135)	(688)
Interest on lease liabilities	(63)	(87)
Interest expenses for non-current receivables	–	(57)
Unrealised losses on derivative financial instruments	(331)	–
Expenses from credit agreement modifications	(56)	–
Interest expenses for provisions for pensions and other long-term employee benefits	(39)	(50)
	(9,133)	**(7,733)**

Please see section 7.10.4. for information about the terms for interest-bearing financial liabilities. The derecognition of capitalised loan deferrals is a non-cash item and pertains to transaction costs to be distributed over the term as well as modification gains to be distributed over the term, which must be derecognised upon disposal of the given financial instrument (loan). The other finance expenses include lending commitment fees and transaction costs, costs from the assumption of financial liabilities, and other loan-related costs distributed over the respective terms using the effective interest rate method.

6.9. Foreign exchange rate changes in the financial result

	2020	2019
Composition:		
Changes in foreign exchange rates from EUR financing (deviating functional currency)	(8,213)	8,330
	(8,213)	**8,330**

The changes in foreign exchange rates from EUR financing stem from the currency translation of bank loans and loans from non-controlling interests in a Russian subsidiary, for which the functional currency is the local currency and the financing is denominated in euros.

The translation differences of foreign currencies pursuant to IAS 21 totalled minus EUR 8,704 thousand (2019: EUR 8,256 thousand) in the reporting period. This amount consists of operating translation differences in the amount of minus EUR 491 thousand (2019: minus EUR 75 thousand), which are contained in other expenses, and translation differences in the financial result.

6.10. Income taxes

A reconciliation between income tax expense and the product of the profit for the period multiplied by the Group's domestic tax rate of 25 per cent (valid corporate income tax rate in Austria) for the reporting period and previous year is as follows:

Reconciliation of tax expenses:	2020	2019
Consolidated income statement		
Group earnings before taxes	(29,113)	70,483
Group earnings before income tax x 25% tax rate	7,278	(17,621)
± Changes in tax rates	–	139
± Other foreign tax rates	(841)	1,866
± Effects of tax-exempt results	(448)	13,473
± Permanent differences	(524)	(2,235)
± Expired loss carryforwards	(70)	(2)
± Effects of changes in the previous year	(96)	(234)
± Impairment of deferred tax assets	(3,422)	–
± Use of previously unrecognised tax assets	–	5,664
± Unused temporary differences	(3,856)	(1,874)
± Foreign withholding taxes and minimum corporate income taxes	(149)	(1,040)
± Effects of exchange rate fluctuations	122	(2,113)
Taxes according to the income statement	**(2,006)**	**(3,977)**
Effective tax rate	-6.89%	5.64%
Consolidated statement of comprehensive income		
± Remeasurement of financial assets measured at fair value through other comprehensive income	24	3
± Allocation of other comprehensive income from joint ventures	167	(2)
± Effects of exchange rate fluctuations	(88)	(19)
Taxes in other comprehensive income	**104**	**(18)**

Of the income taxes incurred during the reporting period, an amount of EUR 95 thousand (2019: minus EUR 30 thousand) pertains to the prior year (excluding deferred taxes).

In both the reporting period and the prior periods, no deferred tax liabilities were recognised for unremitted earnings of subsidiaries, since intragroup dividend distributions within the European Union are not taxed.

Deferred tax assets and liabilities are recognised for temporary differences associated with joint ventures and applied to the extent that these differences result in tax liability. Deferred tax assets and liabilities are recognised for all temporary differences associated with interests in subsidiaries within the scope of the outside basis differences.

The Group has loss carryforwards of EUR 153,321 thousand (2019: EUR 141,250 thousand) at its disposal. Of these tax loss carryforwards, EUR 53,133 thousand (2019: EUR 41,499 thousand) are offset against deferred tax liabilities; deferred taxes were recognised for tax loss carryforwards in the amount of EUR 4,892 thousand (2019: EUR 22,377 thousand) because these will be offset against taxable profits in the foreseeable future.

The tax loss carryforwards originated:

in Poland (can be carried forward for 5 years, tax rate 9–19%, 15% for SMEs)	10,303
in Hungary (can be carried forward indefinitely, tax rate 9%)	1,961
in Luxembourg (can be carried forward indefinitely, tax rate 30%)	3,898
in Russia (can be carried forward indefinitely starting in 2017, tax rate 20%)	78,997
in Austria (can be carried forward indefinitely, tax rate 25%)	51,361
in Germany (can be carried forward indefinitely, tax rate 15.83% or 31.72%)	6,800
	153,321

Recognised loss carryforwards in the amount of EUR 170 thousand will expire in the coming financial year. If these cannot be offset against taxable income in the coming financial year, the associated tax expenses will amount to EUR 31 thousand in the coming financial year.

No deferred tax claims were recognised for tax loss carryforwards in the amount of EUR 95,296 thousand (2019: EUR 77,374 thousand) because they may not be used against the taxable profits of other companies in the Group and arose in subsidiaries that have been generating losses for some time already.

No deferred taxes were recognised for deferred tax assets according to IAS 12.44 (outside basis differences) in the amount of EUR 93,285 thousand (2019: EUR 70,518 thousand) because the temporary differences are not expected to reverse in the foreseeable future.

No deferred taxes were recognised for deferred tax liabilities according to IAS 12.39 (outside basis differences) in the amount of EUR 35,587 thousand (2019: EUR 45,019 thousand) because the temporary differences are not expected to reverse in the foreseeable future, as this reversal is within the parent company's sphere of influence.

[07] Notes to the consolidated statement of financial position

7.1. Investment properties

The Group measures investment properties at their fair value.

7.1.1. Changes in and composition of investment properties

	Developed properties	Development properties	Reserve properties	Total
Changes in 2019:				
Carrying amounts at 31 December 2018	173,392	32,000	6,356	211,747
Initial recognition of right-of-use assets	–	506	–	506
Carrying amounts at 1 January 2019	173,392	32,506	6,356	212,253
Reclassification due to completion	27,213	(27,213)	–	–
Additions/investments	17,363	2,271	10,689	30,323
Capitalised borrowing costs	–	108	–	108
Transfer of property, plant, and equipment	–	3,741	–	3,741
Net measurement result	5,376	7,313	2,597	15,287
Exchange adjustments	9,395	678	670	10,743
Carrying amounts at 31 December	**232,738**	**19,405**	**20,312**	**272,455**
Changes in 2020:				
Carrying amounts at 1 January	232,738	19,405	20,312	272,455
Reclassification due to start of development	–	2,769	(2,769)	–
Reclassification of property	(4,388)	4,388	–	–
Additions/investments	2,500	5,071	931	8,503
Net measurement result	(6,346)	(616)	(808)	(7,770)
Exchange adjustments	(17,758)	(2,737)	(1,355)	(21,850)
Carrying amounts at 31 December	**206,746**	**28,280**	**16,311**	**251,337**

The reclassifications pertain to a reserve property in Darmstadt that is already in the development phase as well as a plot of land that was parcelled out from the Mogilska 41 Office property and is being used for another project (Mogilska Phase III). The additions are primarily the result of tenant adaptations in the developed property segment and construction costs for the Avior office tower in St. Petersburg in the development property segment. Please refer to section 6.5. for information about the net valuation result.

The additions include no subsequent purchase costs. The developed properties contain right-of-use assets in the amount of EUR 504 thousand (2019: EUR 505 thousand); the development properties contain right-of-use assets in the amount of EUR 22 thousand (2019: EUR 24 thousand). During the reporting period, there were no additions to the right-of-use assets pertaining to investment properties (2019: EUR 24 thousand).

In the prior year, the additions to the reserve properties mainly pertained to the purchase of property reserves next to the hotel in Darmstadt as well as purchases in Krakow. The additions to the developed properties in 2019 resulted from construction activities/renovations in Krakow as well as tenant adaptations in Łódź and Krakow. The capitalised borrowing costs were based on a borrowing cost rate of 2.4 per cent. The reclassification due to completion was related to Mogilska 43 Office, which was opened in Krakow in May 2019. A reserve property in Białystok was reclassified from property, plant, and equipment.

7.1.2. Result from investment properties

	2020	2019
Rental revenue	16,500	16,046
Income from charged operating expenses and other services	4,108	3,846
less income from properties let out on a short-term basis	–	(32)
less direct operating expenses	(5,110)	(5,288)
Net rental income	**15,498**	**14,573**

During the reporting period, material operating expenses that can be directly attributed to the investment properties and for which no rental revenue was generated amounted to EUR 386 thousand (2019: EUR 1,924 thousand).

7.1.3. Information on fair value, material inputs, and sensitivity

The carrying amounts of the investment properties correspond to their fair values. The properties are generally assessed every six months by external property valuers applying level 3 of the fair value hierarchy, i.e. using non-observable inputs (see also the information on discretionary decisions in section 3.4.2.1.).

The valuation method and the measurement parameters (inputs) depend on the respective development stage of the property. In this, the Group differentiates between developed properties, development properties, and reserve properties.

The inputs presented below can influence each other. In particular, rising rents and falling yields (interest rates) increase the market value while falling rents and rising yields have a detrimental effect on the market value.

Developed properties:

Developed properties are valued based on the income they generate using the investment or DCF method.

Material inputs	2020 Range	2020 Weighted average	2019 Range	2019 Weighted average
Exit yield	6.1 – 10.5%	8.1%	6.1 – 10.5%	7.8%
Discount yield	5.8 – 12.4%	8.4%	5.6 – 15.3%	9.3%
Estimated rent value (ERV)/m^2/month in EUR	8.8 – 30.6	15.8	9.5 – 37.4	17.6

A change in the indicated inputs would result in the following changes in the fair values:

Sensitivity analysis 2019

Change in the exit yield by basis points	Change in the estimated rent value -10%	-5%	0%	+5%	+10%
-100 bp	1%	6%	11%	15%	20%
-50 bp	-6%	-2%	3%	7%	11%
0 bp	-12%	-8%	0%	0%	4%
50 bp	-17%	-13%	-10%	-6%	-2%
100 bp	-21%	-18%	-15%	-11%	-8%

Sensitivity analysis 2020

Change in the exit yield by basis points	Change in the estimated rent value -10%	-5%	0%	+5%	+10%
-100 bp	4%	10%	15%	21%	26%
-50 bp	-3%	-2%	7%	12%	17%
0 bp	-9%	-5%	0%	5%	9%
50 bp	-15%	-11%	-7%	-2%	2%
100 bp	-20%	-16%	-12%	-8%	-4%

Development properties:

Development properties are valued based on the income they generate using the residual value method.

	2020		2019	
Material inputs	Range	Weighted average	Range	Weighted average
Exit yield	6.5 – 10%	8.3%	6.3 – 10%	8.1%
Estimated rent value (ERV)/m^2/month in EUR	12.7 – 18.6	15.9	12.7 – 21.8	17.2
Outstanding construction and development costs/m^2 in EUR	1,170 – 1,889	1,451	1,088 – 1,917	1,444
Developer's profit	15 – 20%	16%	15 – 20%	16%

A change in the indicated inputs would result in the following changes in the fair values:

Sensitivity analysis 2019					
Change in the exit yield by basis points	Change in the estimated rent value				
	-10%	-5%	0%	+5%	+10%
-100 bp	4%	39%	74%	109%	145%
-50 bp	-23%	11%	45%	79%	113%
0 bp	-65%	-33%	0%	33%	65%
50 bp	-102%	-71%	-39%	-8%	24%
100 bp	-121%	-90%	-60%	-29%	1%

Sensitivity analysis 2020					
Change in the exit yield by basis points	Change in the estimated rent value				
	-10%	-5%	0%	+5%	+10%
-100 bp	-3%	20%	44%	67%	90%
-50 bp	-48%	-27%	-5%	16%	38%
0 bp	-87%	-67%	0%	-27%	-7%
50 bp	-120%	-101%	-82%	-64%	-45%
100 bp	-148%	-131%	-114%	-96%	-79%

Sensitivity analysis 2019					
Change in the developer's profit in percentage points	Change in the outstanding construction and development costs				
	-10%	-5%	0%	+5%	+10%
-10%	120%	97%	73%	49%	26%
-5%	86%	61%	37%	12%	-13%
0%	51%	26%	0%	-26%	-51%
5%	17%	-10%	-37%	-63%	-90%
10%	-18%	-45%	-73%	-101%	-129%

Sensitivity analysis 2020					
Change in the developer's profit in percentage points	Change in the outstanding construction and development costs				
	-10%	-5%	0%	+5%	+10%
-10%	121%	95%	69%	44%	18%
-5%	89%	62%	35%	8%	-19%
0%	57%	28%	0%	-28%	-56%
5%	24%	-5%	-35%	-64%	-93%
10%	-8%	-39%	-69%	-100%	-131%

Reserve properties:

The reserve properties are valued based on their market prices using the comparative method.

	2020		2019	
Material inputs	Range	Weighted average	Range	Weighted average
Market price/m² area in EUR	159 – 1,118	514	220 – 1,006	516

Sensitivity analysis		Change in the result before taxes	
	Change of assumption	2020	2019
Market price/m² area	+10%	1,721	1,728
Market price/m² area	+5%	861	864
Market price/m² area	-5%	-861	-864
Market price/m² area	-10%	-1,721	-1,728

7.3. Property, plant, and equipment

7.2.1. Changes in and composition of property, plant, and equipment

	Hotels	Reserve properties	Right-of-use assets	Other property, plant, and equipment	**Total**
Changes in 2019:					
Carrying amounts at 1 January	20,982	3,741	–	1,580	26,303
Initial recognition of right-of-use assets	–	–	1,173	(114)	1,058
Carrying amounts at 1 January	20,982	3,741	1,173	1,465	27,361
Additions	11,234	–	364	944	12,542
Disposals	(12)	–	(14)	(32)	(58)
Reclassification to investment properties	–	(3,741)	–	–	(3,741)
Scheduled depreciation and amortisation	(906)	–	(433)	(178)	(1,517)
Impairment reversals	1,170	–	–	–	1,170
Exchange adjustments	3,097	–	23	(3)	3,118
Carrying amounts as at 31 December	**35,567**	**–**	**1,113**	**2,196**	**38,876**
Composition zum 31/12/2019:					
Acquisition or production cost	57,512	–	1,541	3,002	62,055
Cumulated write-downs	(21,945)	–	(428)	(806)	(23,179)
	35,567	**–**	**1,113**	**2,196**	**38,876**
thereof pledged as senior collateral for interest-bearing loans (see section 7.10.3.)					*36,680*

	Hotels	Right-of-use assets	Other property, plant, and equipment	**Total**
Changes in 2020:				
Carrying amounts at 1 January	35,567	1,113	2,196	38,876
Additions	2,665	716	658	4,039
Disposals	–	(44)	(37)	(81)
Scheduled depreciation and amortisation	(1,292)	(345)	(267)	(1,904)
Impairment charges	(928)	–	(20)	(948)
Exchange adjustments	(5,795)	(57)	(254)	(6,105)
Carrying amounts at 31 December	**30,218**	**1,384**	**2,275**	**33,877**
Composition as at 31/12/2020:				
Acquisition or production cost	49,172	1,733	3,247	54,152
Cumulated write-downs	(18,955)	(349)	(972)	(20,276)
	30,218	**1,384**	**2,275**	**33,877**
thereof pledged as senior collateral for interest-bearing loans (see section 7.10.3.)				*31,601*

The hotels are recognised at the amortised cost of acquisition or production in accordance with the IFRS provisions.

The Group's uniform estimates for the assets' useful lives are applied as follows:

	2020	2019
Buildings (including finance leasing)	60 years	60 years
Hotel technical facilities	15 years	15 years
Hotel fixtures	7 years	7 years
Furniture and office equipment	7 years	7 years
Plant	20 years	20 years

The useful life of the right-of-use assets is oriented toward the contractual minimum lease term as well as any extension options, provided the likelihood that they will be exercised is deemed to be sufficiently high.

The costs of acquisition and production of the hotels is broken down into building fabric, building technical systems, and fixtures and written down over the respective useful lives pursuant to IAS 16.43 (component approach).

The additions to the hotels primarily pertain to renovations at the hotel in Darmstadt that was acquired in 2019. The reclassification to the investment properties in 2019 (see section 7.1.1.) pertains to reserve properties in Białystok, for which the permit application planning for the construction of office buildings was started.

Further information on the impairments and impairment reversals on property, plant, and equipment is provided in section 6.5.

7.2.2. Material inputs and sensitivity information

The amortised costs of the hotels and reserve properties are assessed on the basis of external appraisals to determine any impairment or the need for impairment reversal. The inputs used for this and the possible effects of changes in the most important inputs on earnings before taxes are shown below.

Hotels:

	2020		2019	
Material inputs	Range	Weighted average	Range	Weighted average
Exit yield	7 – 11%	8.90%	7 – 11%	8.90%
Discount rate	9.25 – 13.5%	11.26%	9 – 13%	10.90%
Expected cash flows (year one) in EUR ‘000/room	-1.44 – 3.93	1.1	3.2 – 7.9	5.4

Sensitivity analysis	Change of assumption	Change in the result before taxes **2020**	2019
Exit yield	+ 50 basis points	-660	-397
Exit yield	- 50 basis points	550	434
Discount rate	+ 50 basis points	-1,022	-724
Discount rate	- 50 basis points	1,110	754
Expected cash flows (year one)	+ 5%	1,215	1,237
Expected cash flows (year one)	- 5%	-1,099	-1,249

7.3. Joint ventures (equity method)

7.3.1. Overview of joint ventures

The consolidated financial statements include the following companies that are recognised using the equity method in the reporting period and in the previous year:

Company	Domicile/ country	Voting rights and capital share	Capital stock	Currency of capital	Functional currency	Segment
			in thousands			
UBX 1 Objekt Berlin Ges.m.b.H. iL	D-Munich	50%	25	EUR	EUR	DS
ACC Berlin Konferenz Betriebs GmbH[3]	D-Berlin	50%	25	EUR	EUR	DS
Hotelinvestments (Luxembourg) SARL[2]	LU-Luxembourg	50%	20	EUR	EUR	H
UBX Development (France) SARL[2]	F-Paris	50%	50	EUR	EUR	H
→ UBX II (France) SARL[2]	F-Paris	50%	50	EUR	EUR	H
Hotel Paris II SARL[2]	F-Paris	50%	650	EUR	EUR	H
Warimpex Management Services Sp. z o.o.[2]	PL-Warsaw	50%	9,095	PLN	PLN	DS
→ WX MS Investment Sp. z o.o. [2]	PL-Warsaw	25%	60	PLN	PLN	DS
Sienna Hotel Sp. z o.o.	PL-Warsaw	50%	81,930	PLN	EUR	H
Lanzarota Investments Sp. z o.o.	PL-Warsaw	50%	5	PLN	EUR	H
AO Micos [1]	RU-Moscow	44%	43	RUB	RUB	IP

Explanations:
1 This company is a joint venture in which the Group's parent company is indirectly invested. The shareholding refers to the interest of the direct parent company.
2 These companies were sold in September 2019.
3 The company was liquidated in 2019.

7.3.2. Financial information about material joint ventures

The following information corresponds to the amounts in the IFRS annual financial statements of the joint ventures.

	Sienna Hotel Sp. z o.o. and Lanzarota Sp. z o.o.		AO Micos	
	31/12/20	31/12/19	**31/12/20**	31/12/19
Summary balance sheet:				
Non-current assets	78,667	83,743	44,007	51,888
Current assets	1,702	3,076	24,496	3,669
Total assets	**80,369**	**86,819**	**68,503**	**55,556**
thereof cash and cash equivalents	*1,080*	*1,884*	*420*	*105*
Equity	3,344	13,073	6,954	8,617
thereof capital transactions	*16*	*(2,017)*	*–*	*–*
Non-current liabilities	71,567	69,527	39,797	46,487
Current liabilities	5,458	4,219	21,751	453
Total equity and liabilities	**80,369**	**86,819**	**68,503**	**55,556**
thereof non-current financial liabilities pursuant to IFRS 12	–	–	*29,972*	*31,816*
thereof current financial liabilities pursuant to IFRS 12	–	–	–	–
	2020	2019	**2020**	2019
Summary income statement:				
Income	7,754	24,168	9,325	9,573
Expenses including remeasurement result	(17,499)	(25,333)	(9,298)	(2,299)
Profit or loss for the period	(9,745)	(1,164)	27	7,273
Other income/expenses	–	–	(1,690)	531
Net profit or loss for the period	**(9,745)**	**(1,164)**	**(1,663)**	**7,805**
Included in the profit or loss for the period:				
Scheduled depreciation and amortisation	(5,354)	(6,140)	–	–
Interest income	3	29	102	134
Interest expenses	(3,207)	(3,218)	(2,651)	(3,140)
Income tax expenses (or income)	(877)	219	638	(2,762)
	31/12/20	31/12/19	**31/12/20**	31/12/19
Reconciliation to carrying amount of the interest:				
Net assets	3,344	13,073	6,954	8,617
Group interest	50%	50%	44,02%	44,02%
Proportionate net assets	1,672	6,536	3,061	3,793
Net investment (carrying amount)	**1,672**	**6,536**	**3,061**	**3,793**

*) The shares in these companies were sold at the end of September 2019.

UBX II (France) SARL and UBX Development (France) SARL *)		Hotel Paris II SARL *)	
	31/12/19		31/12/19
	–		–
	–		–
	–		–
	–		–
	–		–
	–		–
	–		–
	–		–
	–		–
	–		–
	–		–
	2019		2019
	17,669		13,323
	(16,676)		(12,569)
	993		754
	–		–
	993		**754**
	(763)		(929)
	–		–
	(724)		(275)
	–		–
	31/12/19		31/12/19
	–		–
	0%		0%
	–		–
	–		–

7.3.3. Information on joint ventures

The following information pertains to the material joint ventures presented above:

Sienna Hotel Sp. z o.o. and Lanzarota Investments Sp. z o.o.:
Sienna Hotel Sp. z o.o. (formerly Lanzarota Investments Sp. z o.o. Sienna Hotel S.K.A.) leases the InterContinental hotel in Warsaw under an operating lease and runs the establishment. Lanzarota Investments Sp. z o.o. held a small stake in Lanzarota Investments Sp. z o.o. Sienna Hotel S.K.A. and engages in no material business operations. As these companies are viewed together in the Group, they are depicted together here.

AO Micos:
The Group holds a 44.02 per cent stake in AO Micos through its 90 per cent subsidiary AO Avielen A.G. Due to the articles of association, which stipulate that all material decisions must be made unanimously, the company must be recognised as a joint venture, which is also recognised according to the equity method. Micos is the owner of the Jupiter 1 and 2 office towers in St. Petersburg and lets these properties out.

UBX II (France) SARL and UBX Development (France) SARL:
The shares in these companies were disposed of in September 2019.

Hotel Paris II SARL:
The shares in this company were disposed of in September 2019.

7.3.4. Composition and development of joint ventures

	Capital shares	Loans	**Total**
Composition as at 31/12/2019:			
Net investments	10,146	–	10,146
Cumulated earnings allocations (profit or loss for the period)	525	(2)	523
Cumulated allocated results from other comprehensive income	2	–	2
	10,673	**(2)**	**10,671**
Composition as at 31/12/2020:			
Net investments	8,208	–	8,208
Cumulated earnings allocations (profit or loss for the period)	(3,131)	–	(3,131)
	5,077	–	**5,077**

The net investments include shares in the joint ventures and loans extended to joint ventures that are not planned or likely to be repaid in the foreseeable future. Proportionate gains and losses are recognised as allocated results when they are covered by the net investment. Any impairment according to IAS 28.40 is also taken into account.

	2020	2019
Development:		
Carrying amounts at 1 January	10,671	9,337
Additions	8	5
IFRS 5 reclassification	–	(567)
Disposals	–	(1,013)
Earnings allocation from profit/loss for the period	(4,858)	2,669
Earnings allocation from other comprehensive income	(744)	240
Carrying amounts at 31 December	**5,077**	**10,671**

7.3.5. Other information about joint ventures

The following table contains summarised financial information about the net investments in joint ventures. The amounts are adjusted for the Group's share.

	31/12/20	31/12/19
Share of the assets and liabilities:		
Non-current assets	58,706	64,713
Current assets	11,656	3,262
Assets	**70,362**	**67,974**
Proportionate equity	5,077	10,671
Proportionate Group shareholder's loans	1,944	2,873
Proportionate joint venture partner shareholder's loans	2,381	3,585
Non-current liabilities	48,578	48,383
Current liabilities	12,382	2,463
Equity and liabilities	**70,362**	**67,974**

	31/12/20	31/12/19
Reconciliation to carrying amount:		
Share of net assets	5,077	10,671
Group shareholder loan	4,417	6,526
Loans to joint ventures/ associated companies	(4,417)	(6,526)
Net investment in joint ventures (carrying amount)	**5,077**	**10,671**

	31/12/20	31/12/19
Aggregated disclosures about joint ventures that are individually immaterial:		
Net investment in joint ventures (carrying amount)	343	341
Group share of the profit or loss for the period (going operations)	2	73
Group share of other comprehensive income	–	2
Group share of net result for the period	**2**	**75**

Nature and extent of material restrictions in connection with joint ventures:
AO Micos is subject to contractual restrictions on the use of assets and the payment of interest and dividends to shareholders and on the repayment of shareholder loans based on existing credit agreements for real estate financing.

Risks associated with shares in joint ventures:
The guarantees and bonds entered into in connection with joint ventures are explained in section 9.1.3.

7.4. Other assets

	31/12/20	31/12/19
Composition non-current:		
Loans to joint ventures	4,417	6,501
Deposits with banks pledged as collateral	3,253	3,157
Pension reimbursement insurance rights	997	820
Receivables related to coronavirus aid measures	248	–
Non-current receivables from tax authorities	148	189
Long-term purchase price claims (see section 5.3.)	575	594
Loans and other non-current receivables	327	344
Advance payments made	801	76
Other non-current financial assets	393	543
	11,158	**12,224**

The loans to joint ventures consist of loans to AO Micos.

The non-current receivables related to coronavirus aid measures pertain to government assistance in connection with property taxes (see section 3.4.1.).

The remaining financial assets listed above are neither overdue nor impaired.

The restricted accounts pledged as collateral for guarantees amount to EUR 3,253 thousand. The terms correspond to the standard terms for each contract partner. The restricted account primarily pertains to security accounts in connection with the project loan for Ogrodowa Office in Łódź.

Pension reimbursement insurance claims relate to pension reimbursement insurance taken out to cover pension obligations.

7.5. Deferred taxes (tax assets and liabilities)

The deferred taxes break down and changed as follows:

	Available deferred tax assets		Thereof applied deferred tax assets	
	31/12/20	31/12/19	**31/12/20**	31/12/19
Composition:				
Differences in property, plant, and equipment and investment properties	247	50	–	1
Temporary differences in connection with shares	2,944	4,815	–	–
Measurement differences in the current assets	1,266	865	–	865
Differences in the tax treatment of pensions and other long-term employee benefits	890	904	104	103
Measurement differences in the liabilities and provisions	2,254	739	1,680	361
Capitalisation of tax loss carryforwards	33,510	30,591	8,458	12,983
	41,111	**37,965**	**10,242**	**14,313**
Offsetting with the same tax authority			(9,263)	(9,838)
			978	**4,475**

	Deferred tax liabilities	
	31/12/20	31/12/19
Composition:		
Differences in property, plant, and equipment and investment properties	(17,686)	(19,994)
Measurement differences in the current assets	(158)	(185)
Measurement differences in the liabilities and provisions	(98)	(597)
	(17,942)	**(20,776)**
Offsetting with the same tax authority	9,263	9,838
	(8,679)	**(10,939)**

	Deferred tax assets		Deferred tax liabilities	
	2020	2019	**2020**	2019
Development:				
As at 1 January	4,475	1,952	(10,939)	(7,900)
Change recognised in other comprehensive income, thereof:	(686)	514	789	(392)
Foreign currency translation	*(710)*	*511*	*789*	*(392)*
Measurement of financial assets measured at fair value through other comprehensive income	*24*	*3*	*–*	*–*
Change recognised in profit or loss for the period	(2,817)	2,009	1,470	(2,646)
As at 31 December	**972**	**4,475**	**(8,679)**	**(10,939)**

Unrecognised deferred tax assets in connection with shares stem entirely from Austria and do not expire.

7.6. Trade and other receivables (current)

	31/12/20	31/12/19
Composition:		
Claims related to property and share sales	125	562
Trade receivables	467	476
Receivables due from joint ventures	12	25
Receivables due from related parties	–	34
Subtotal of contract balances according to IFRS 15	**604**	**1,097**
Receivables related to leases	127	217
Rent receivables due from related parties	4	–
Other current receivables and assets	208	354
Receivables related to coronavirus aid measures	380	–
Deferred expenses	176	220
Receivables from tax authorities	1,728	1,641
Advance payments made	221	327
	3,448	**3,856**

The non-current receivables related to coronavirus aid measures pertain to government assistance that has not yet been paid out such as short-time work aid and compensation for lost revenue (see item 3.4.1.).

The maturity structure of trade receivables and rent receivables is as follows:

	31/12/20	31/12/19
Composition:		
Neither overdue nor bad debt provision made	589	593
30 days overdue, no bad debt provision made	2	21
60 days overdue, no bad debt provision made	1	35
90 days overdue, no bad debt provision made	4	38
120 days overdue, no bad debt provision made	1	4
>120 days overdue, no bad debt provision made	1	1
Impaired receivables	277	215
	875	**908**

The remaining current financial assets in this item are neither overdue nor impaired.

Trade receivables are non-interest-bearing and generally have terms of 10 to 90 days.

7.7. Financial assets measured at fair value through other comprehensive income

	31/12/20	31/12/19
Development:		
Carrying amount on 1 January	6,242	6,255
Remeasurement	(617)	(13)
Carrying amount on 31 December	**5,625**	**6,242**

This item includes a 9.88 per cent interest in Palais Hansen Immobilienentwicklung GmbH. The company owns the Kempinski hotel Palais Hansen. As there is no active market for this shareholding, its measurement is based primarily on a fair value calculated for the property using the discounted cash flow method, and was determined on the basis of an appraisal.

Further information about measurement, material inputs, and sensitivity can be found in sections 8.1.2. to 8.1.4.

7.8. Cash and cash equivalents

	31/12/20	31/12/19
Composition:		
Cash on hand	2	9
Bank balances	8,929	7,509
	8,931	**7,519**

This item consists of cash and cash equivalents.

The fair value of cash and cash equivalents corresponds to the carrying amount.

7.9. Equity

7.9.1. Share capital, earnings per share

The Company's share capital is divided into 54,000,000 non-par-value shares and is fully paid up.

At the reporting date, the Company had purchased 1,939,280 treasury shares (2019: 1,534,257) at an average price of EUR 1.54 per share (2019: EUR 1.52 per share).

The weighted average number of shares in free float between 1 January and 31 December 2020 was 52,098,454 (2019: 53,200,100).

	2020	2019
	Shares	Shares
Breakdown of shares and potential shares:		
Shares 1 January to 31 December	54,000,000	54,000,000
Less weighted treasury shares	-1,901,546	-799,900
Weighted average number of shares	**52,098,454**	**53,200,100**

	2020	2019
	in EUR '000	in EUR '000
Earnings per share (based on the weighted average number of shares):		
Profit or loss for the period allocable to the shareholders of the Group:		
Undiluted	(29,691)	61,473
Adjustment related to potential conversion of convertible bonds	–	–
Diluted	(29,691)	61,473
Earnings per share undiluted = diluted (in EUR)	**(0.57)**	**1.16**

As in the prior year, there were no potential approved shares from convertible bonds outstanding on the reporting date.

When calculating the undiluted earnings per share, the result attributable to the holders of shares in the parent company is divided by the weighted average number of shares in circulation during the reporting period. This also corresponds to the diluted earnings per share.

According to the Austrian Stock Corporation Act, the annual financial statements as at 31 December 2020 of the parent company Warimpex Finanz- und Beteiligungs AG, which have been prepared under the Austrian Commercial Code, provide the basis for the distribution of a dividend.

These annual financial statements report a loss of EUR 37,623 thousand for the 2020 financial year. Taking into account the profit carryforward and after the release of retained earnings, the net result for the period as at 31 December is a loss of EUR 7,518 thousand. This will be carried forward to the next accounting period.

On 5 October 2020, the Annual General Meeting approved the disbursement of a dividend in the amount of EUR 0.03 per dividend-bearing share. This dividend for 2019 totalled EUR 1,564 thousand and was paid out to the shareholders in October 2020.

7.9.2. Capital management

The equity reported in the consolidated financial statements is used for the purposes of capital management at the Group level. The primary objective of the Group's capital management policy is to ensure that the Group preserves a favourable equity ratio to support its business activities and maximise shareholder value.

The Group is not subject to capital requirements, either under its articles of association or under external regulations. Legal requirements only apply to the share capital and legal reserves, and are complied with in full. The Group monitors its capital on the basis of its equity ratio, which should be between 20 per cent and 40 per cent.

The consolidated equity ratio was 33.9 per cent on the reporting date (2019: 44.1 per cent), and was within the target range.

	31/12/20	31/12/19
Determining the consolidated equity ratio:		
Equity	108,792	157,068
Borrowings	211,873	199,491
Equity and liabilities	320,665	356,559
Equity ratio in %	**33.9%**	**44.1%**

7.9.3 Reserves

The equity includes the following Group reserves:

Revaluation reserve:

The revaluation reserve includes remeasurement results from property, plant, and equipment before they were reclassified to investment properties.

Reserve for currency translation:

Cumulated exchange rate differences resulting from the translation of annual financial statements of subsidiaries operating with functional currencies other than the euro are reported in the reserve for currency translation.

IAS 19 reserve:

The IAS 19 reserve contains cumulated changes in the remeasurement of obligations to provide benefits after or related to the termination of the employment relationship according to IAS 19 that are reported in other comprehensive income. This reserve will not be reclassified into profit or loss in future periods.

The changes in the respective reserves and the analysis of the other comprehensive income per component of equity are as follows:

	Revaluation reserve	Reserve for currency translation	IAS 19 reserve	Total
Changes in 2019:				
As at 1 January	1,239	(4,839)	(1,210)	(4,810)
Other comprehensive income	–	3,728	(1,290)	2,438
Other comprehensive income from joint ventures	–	6	–	6
(Deferred) taxes	–	(21)	–	(21)
Total other comprehensive income	–	3,714	(1,290)	2,423
As at 31 December	**1,239**	**(1,125)**	**(2,501)**	**(2,386)**
Changes in 2020:				
As at 1 January	1,239	(1,125)	(2,501)	(2,386)
Other comprehensive income		(15,104)	384	(14,720)
Other comprehensive income from joint ventures	–	(670)	–	(670)
(Deferred) taxes	–	80	–	80
Total other comprehensive income	–	(15,694)	384	(15,310)
As at 31 December	**1,239**	**(16,819)**	**(2,117)**	**(17,697)**

The other comprehensive income allocable to non-controlling interests in the amount of minus EUR 1,035 thousand (2019: EUR 918 thousand) pertains to currency translation to which no deferred taxes apply, as in the prior year.

7.10. Financial liabilities

Financial liabilities contain interest-bearing liabilities – primarily bonds and loans from financial institutions or companies – that serve to cover the Group's financing needs. These do not correspond to the financial liabilities for the purposes of IAS 32, which are shown separately in section 8.1.1.

7.10.1. Bonds

	31/12/20	31/12/19
Composition:		
Bond 05/2017–05/2020	–	5,726
Bond 09/2018–09/2025	9,026	9,019
	9,026	**14,745**
thereof non-current	*7,137*	*8,943*
thereof current	*1,890*	*5,802*

In September 2018, a bond with a nominal value of EUR 9,000 thousand (bond 09/2018–09/2025) was issued. The bond will be redeemed annually starting in September 2021 with an amount of EUR 1,800 per year; the coupon is 2.79 per cent and is payable in arrears on an annual basis.

Proportionate transaction costs are taken into account using the effective interest rate method when recognising the bonds.

7.10.2. Other financial liabilities (loans)

	31/12/20	31/12/19
Breakdown of non-current loans:		
Project loans	133,000	123,246
Loans from non-controlling interests	10,001	12,212
Other loans	493	359
Overdraft and borrowing facilities	9,130	–
	152,624	**135,817**
Breakdown of current loans:		
Project loans	5,639	6,680
Overdraft and borrowing facilities	8,499	2,725
Other loans	408	507
	14,546	**9,912**
Total loans	**167,170**	**145,729**

Please see section 8.2.4. for information on the maturity of the project loans.

7.10.3. Summary of liabilities arising from financing activities

The change in and composition of liabilities arising from financing activities (interest-bearing financial liabilities), consisting of bonds (section 7.10.1.) and other financial liabilities (section 7.10.2.), can be broken down as follows:

	Project loans	Working capital loans	Bonds	Loans from minorities and others	Lease liabilities	IFRS 5	**Total**
Changes in 2019:							
As at 31 December 2018	99,161	3,194	14,569	42,425	–	–	159,349
Initial recognition of lease liabilities	–	–	–	–	1,654	4,295	5,949
As at 1 January 2019	99,161	3,194	14,569	42,425	1,654	4,295	165,299
Borrowing (cash flow)	33,508	2,133	7,000	–	–	–	42,642
Repayment (cash flow)	(4,971)	(2,603)	(7,000)	(6,000)	(465)	(101)	(21,140)
Change in accumulated interest	990	–	138	(493)	–	–	635
Changes in foreign exchange rates	1,409	–	–	45	–	–	1,454
Other changes	(171)	–	38	(22,899)	436	(4,194)	(26,789)
As at 31 December	**129,926**	**2,725**	**14,745**	**13,078**	**1,626**	–	**162,100**
thereof current (due < 1 year)	*6,680*	*2,725*	*5,802*	*507*	*367*	–	*16,082*
thereof non-current (due > 1 year)	*123,246*	–	*8,943*	*12,571*	*1,259*	–	*146,018*

	Project loans	Working capital loans	Bonds	Loans from minorities and others	Lease liabilities	**Total**
Changes in 2020:						
As at 1 January	129,926	2,725	14,745	13,078	1,626	162,100
Borrowing (cash flow)	63,853	14,904	–	204	–	78,961
Repayment (cash flow)	(51,190)	–	(5,500)	–	(318)	(57,008)
Change in accumulated interest	50	–	(226)	(207)	63	(320)
Changes in foreign exchange rates	(4,725)	–	–	(173)	(59)	(4,958)
Other changes	725	–	8	(2,000)	614	(654)
As at 31 December	**138,639**	**17,629**	**9,026**	**10,902**	**1,926**	**178,122**
thereof current (due < 1 year)	*5,639*	*8,499*	*1,890*	*408*	*217*	*16,652*
thereof non-current (due > 1 year)	*133,000*	*9,130*	*7,137*	*10,493*	*1,709*	*161,470*

Financial liabilities in a total amount of EUR 147,132 thousand (2019: EUR 132,231 thousand) are secured by mortgages on land and buildings. Of this, EUR 30,668 thousand (2019: EUR 26,330 thousand) pertain to property, plant, and equipment and EUR 116,463 thousand (2019: EUR 105,900 thousand) to investment properties.

The borrowing and repayments related to project loans are primarily the result of the refinancing of two properties in St. Petersburg and one property in Krakow. In one refinancing transaction in Russia, the EUR loan was repaid and a new RUB-denominated loan was taken out to minimise the foreign currency risk. In addition, funds were borrowed for the hotel renovation in Darmstadt. In the prior year, additional borrowing under project loans served in the financing of construction and renovation activities as well as tenant adaptations for office properties in Łódź and Krakow and the purchase of the hotel including property reserves in Darmstadt.

An amount of EUR 2,000 thousand of the loans from a minority shareholder of a subsidiary (non-controlling interests) was reclassified to equity in the financial year and the remaining amount was converted from a EUR loan to a RUB-denominated loan.

The other changes in lease liabilities pertain to other non-cash changes relating to new contracts or contract amendments.

In the prior year, the Group increased its stake in the subsidiary AO Avielen A.G. from 55 per cent to 90 per cent and simultaneously purchased existing loans of a former minority shareholder at a price below the outstanding nominal value. The purchase price payment for the acquisition of the loans represents a repayment from the Group's perspective and is presented in other changes to loans of minority shareholders.

7.10.4. Interest rate terms on financial liabilities

	31/12/20	31/12/19
Interest on financial liabilities:		
thereof fixed rate	91,718	65,710
thereof variable rate	86,403	96,390
	178,122	162,100
Per cent share:		
thereof fixed rate	51%	41%
thereof variable rate	49%	59%

		2020	2019
Range of the variable interest for:	Base rate	Premium	Premium
• Overdraft/borrowing facilities	3M EURIBOR	2.25%	2.25%
	3M LIBOR	2.5 %	n/a
• Project loans	3M EURIBOR	1.3 – 2.75%	1.3 – 2.95%
	3M WIBOR	n/a	3.50%

The ranges for the financial liabilities with fixed interest rates held at the reporting date are between 2 per cent and 9.3 per cent (2019: 2.5 per cent and 9.3 per cent).

Please see section 8.1.1. for information about the market values of interest-bearing financial liabilities.

7.11. Derivative financial instruments

In connection with the project financing for Ogrodowa Office in Łódź, the Group concluded an interest rate swap for a portion of the loan (roughly 60 per cent) in which a variable reference interest rate based on the three-month EURIBOR is swapped for a fixed base interest rate of 0 per cent. The term of the interest rate swap lasts until 29 February 2024.

7.12. Other non-current liabilities

	31/12/20	31/12/19
Composition:		
Payables due to joint ventures	4,027	4,069
Security deposits received	2,230	2,672
Security deposits	474	1,044
	6,731	**7,785**

7.13. Provisions

The provisions pertain to pensions and other long-term employee benefits and other provisions. The provisions for pensions and other long-term employee benefits are non-current provisions.

7.13.1. Provisions for pensions and other long-term employee benefits (section 3.13.)

	Voluntary pension benefit commitment	Entitlement to Severance benefits	Entitlement to Anniversary bonuses	Total
Changes in 2019:				
As at 1 January	1,183	1,836	138	3,156
Service costs	179	45	3	226
Change recognised in personnel expenses	**179**	**45**	**3**	**226**
Actuarial gains or losses from changed financial assumptions	440	232	–	672
Other (restatements based on experience)	–	618	–	618
Remeasurement recognised in other comprehensive income	**440**	**850**	–	**1,290**
Interest costs	21	26	2	50
As at 31 December	**1,822**	**2,757**	**143**	**4,722**
Changes in 2020:				
As at 1 January	1,822	2,757	143	4,722
Service costs	237	81	3	322
Change recognised in personnel expenses	**237**	**81**	**3**	**322**
Actuarial gains or losses from changed financial assumptions	287	90	–	377
Other (restatements based on experience)	–	(760)	–	(760)
Remeasurement recognised in other comprehensive income	**287**	**(670)**	–	**(384)**
Interest costs	16	22	1	39
As at 31 December	**2,363**	**2,190**	**148**	**4,700**

The provisions are determined using the projected unit credit method. The salary increase is estimated at 2.75 per cent (2019: 2.75 per cent) for severance payments and for anniversary bonuses. As in the prior year, the annual increase for pension entitlements is 2 per cent – 2.125 per cent. The calculations are based on a discount rate of 0.5 per cent (2019: 0.9 per cent). Fluctuation discounts were not applied. As in the prior year, the calculation is based on the current version of AVÖ 2018-P für Angestellte. The average term of the obligations for pension benefits is 32.8 years (2019: 33.4 years) and for severance payments 10.7 years (2019: 10.8 years).

Three members of the Management Board had been awarded binding pension plans on the reporting date. These are reported in the transactions with Management Board members in section 9.3.2.7.

The following table shows the sensitivity of the net cash values of the obligations in response to certain changes in the inputs that, based upon reasonable judgement, may in principle occur. All other variables remain constant.

		Change in the net present value for:	
Actuarial assumption	Possible change	Pensions	Severance payments
Sensitivity analysis 2019:			
Discount rate	+1 percentage point	(505)	(270)
Discount rate	-1 percentage point	731	325
Salary increase	+0.5 percentage points	164	152
Salary increase	-0.5 percentage points	(149)	(138)
Sensitivity analysis 2020			
Discount rate	+1 percentage point	(647)	(212)
Discount rate	-1 percentage point	933	256
Salary increase	+0.5 percentage points	201	118
Salary increase	-0.5 percentage points	(184)	(109)

7.13.2. Other provisions

	Short-term	Long-term	**Total**
Changes in 2019:			
As at 1 January	950	–	950
Utilised	(250)	–	(250)
Additions	15	–	15
Exchange adjustments	43	–	43
As at 31 December	**758**	–	**758**
Changes in 2020:			
As at 1 January	758	–	758
Utilised	(120)	–	(120)
Additions	1,848	–	1,848
Releases	(242)	–	(242)
Exchange adjustments	(3)	–	(3)
As at 31 December	**2,241**	–	**2,241**

The allocation of the provision is primarily connected to potential claims related to guarantees provided by the Group (see section 6.4.).

7.14. Trade and other payables and other current liabilities

	31/12/20	31/12/19
Composition:		
Trade liabilities	2,576	3,782
Other liabilities	2,748	2,143
Advance payments received – hotels	18	84
Advance payments received – other	483	–
Security deposits received	434	448
Security deposits	341	476
Liabilities to related parties	1,574	2,765
Payables due to joint ventures	708	480
	8,881	**10,178**

Other liabilities contain tax liabilities of EUR 1,892 thousand (2019: EUR 688 thousand), liabilities for social security contributions of EUR 96 thousand (2019: EUR 132 thousand), and accruals for unconsumed compensated absences of EUR 358 thousand (2019: EUR 234 thousand).

The advance payments received in the Hotels segment are classified as contract liabilities according to IFRS 15 and represent future performance obligations. At the beginning of the financial year, the Company had performance obligations pursuant to IFRS 15 in the amount of EUR 84 thousand, which were satisfied during the reporting period. The resulting revenues are included in the hotel revenues (see section 6.1.). At the end of the financial year, the Company still had performance obligations in the amount of EUR 18 thousand that must be satisfied within one year.

For information on transactions with related parties, please refer to section 9.3.2.

Trade receivables are non-interest-bearing and generally have terms of 10 to 60 days. Current tax liabilities and liabilities for social security contributions are non-interest-bearing, except for late payment. These liabilities are generally due within 30 days. Other liabilities are non-interest-bearing.

7.15. Deferred liabilities

	31/12/20	31/12/19
Composition non-current:		
Advanced rent received St. Petersburg	1,870	2,635
Other	87	110
	1,957	**2,746**

	31/12/20	31/12/19
Composition current:		
Advanced rent received St. Petersburg	145	190
Other	84	23
	229	**213**

The advance rental payments for St. Petersburg pertain to a 20-year lease for the use of vehicle parking spaces for the tenants of the Jupiter office towers. The rent was paid in full in advance in accordance with the provisions of the lease and will be recognised as income on a proportionate basis over the term of the lease.

[08] Disclosures on financial instruments, fair value, and financial risk management

8.1. Financial instruments and fair value (IFRS 7 and IFRS 13)

8.1.1. Carrying amounts and fair values according to class and measurement category

The following shows the carrying amounts for financial instruments and for assets and liabilities that are measured at fair value, broken down by classes.

Measurement category as per IFRS 9 or other IFRS		IFRS 13 level	Carrying amount **31/12/20**	Fair value **31/12/20**	Carrying amount 31/12/19	Fair value 31/12/19
Assets – categories						
IAS 40	Investment properties (developed)	3	206,746	206,746	232,738	232,738
IAS 40	Investment properties (in development)	3	44,591	44,591	39,717	39,717
IAS 19	Refund claims (other assets)		997	997	820	820
FAAC	Financial assets – fixed rate	3	4,417	4,772	6,501	6,763
FAAC	Other financial assets		4,155	4,155	4,095	4,095
FVOCI	Financial assets measured at fair value through other comprehensive income	3	5,625	5,625	6,242	6,242
	Other non-current assets		41,601		54,940	
	Total non-current assets		**308,132**		**345,053**	
FAAC	Receivables		944	944	1,643	1,643
FAAC	Cash and cash equivalents		8,931	8,931	7,519	7,519
FAAC	Financial assets – fixed rate		–	–	25	25
	Other current assets		2,658		2,319	
	Total current assets (including IFRS 5)		**12,533**		**11,506**	
	Total assets		**320,665**		**356,559**	
Liabilities – classes						
FLAC	Fixed-rate bonds	3	7,137	7,348	8,943	9,902
FLAC	Fixed-rate loans	3	74,295	78,695	45,216	49,778
FLAC	Variable-rate loans	3	78,329	80,394	90,601	98,731
FLAC	Lease liabilities		1,709	n/a	1,259	n/a
FLAC	Other non-current liabilities		5,059	5,059	5,597	5,597
FVTPL	Derivative financial instruments – interest rate swaps	3	320	320	–	–
	Other non-current liabilities		17,009		20,594	
	Total non-current liabilities		**183,857**		**172,210**	
FLAC	Fixed-rate bonds	3	1,890	1,907	5,802	5,943
FLAC	Fixed-rate loans	3	6,471	6,553	4,123	4,539
FLAC	Variable-rate loans	3	8,075	8,073	5,789	5,848
FLAC	Lease liabilities		217	n/a	367	n/a
FLAC	Other liabilities		6,033	6,033	9,010	9,010
	Other current liabilities		5,330		2,190	
	Total current liabilities (including IFRS 5)		**28,016**		**27,282**	
	Total liabilities		**211,873**		**199,491**	

		31/12/20	31/12/19
Summary of carrying amounts by category for financial assets and liabilities:			
FAAC	Financial assets at amortised cost	18,446	19,783
FVOCI	At fair value through other comprehensive income	5,625	6,242
FLAC	Financial liabilities at amortised cost	(189,213)	(176,707)

The fair values were determined as follows:
The investment properties are recognised at fair value pursuant to IAS 40. The fair value is determined using the investment or DCF method, the residual value method, or the comparative method depending on the stage of development of the respective property (see also the information about material discretionary decisions and estimates in section 3.4.2.1.).

The fair value of the fixed-rate financial assets (fair value level 3) was determined in the same manner as the fair value of the financial liabilities. The carrying amounts of the cash and cash equivalents and of the current receivables and liabilities are almost identical with the fair values because of the short terms. The same applies to the other financial assets because of their interest rate structure.

Please see sections 7.7. and 8.1.3. for information about the measurement of the fair value of the financial assets measured at fair value through other comprehensive income.

The fair value for bonds and loans in level 3 of the fair value hierarchy was determined by discounting the future cash flows with the Group-specific interest rates for new financing as estimated on the reporting date, taking own credit risk into account. The fair value of the fixed-rate financial assets was determined in the same manner as the fair value of the financial liabilities.

The other derivatives pertain to interest rate swaps and are measured by the credit institutions with which the derivative transactions were concluded using recognised valuation models. The performance risk of the contract partners and the Group's own credit risk were deemed to be immaterial, and were therefore not taken into account separately.

8.1.2. Reconciliation of level 3 measurement (recurring fair value measurement)

The assets and liabilities that are subject to recurring fair value measurement changed as follows:

	2020	2019
Changes in assets:		
Carrying amounts at 31 December	278,697	218,902
Addition of right of use according to IFRS 16	–	506
Carrying amounts at 1 January	278,697	219,408
Additions (including transfer of property, plant, and equipment)	3,302	37,731
Disposals	–	(900)
Gains/losses on remeasurement in profit or loss	(2,461)	11,926
Other income/expenses	(22,576)	10,532
Carrying amounts at 31 December	**256,962**	**278,697**

The remeasurement result in the income statement pertains to investment properties, as in the prior year, and is included in the position Depreciation, amortisation, and remeasurement. As in the prior year, the remeasurement result in the other comprehensive income primarily pertains to the gains/losses on currency translation and, to a limited extent, changes in the value of financial assets measured at fair value through other comprehensive income. These are unrealised value changes in each case.

	2020	2019
Changes in liabilities:		
Carrying amounts at 1 January	–	–
Additions	–	–
Gains/losses on remeasurement in profit or loss	320	–
Carrying amounts at 31 December	**320**	–

The recurring fair value measurement pertains to an interest rate swap related to the project financing for Ogrodowa Office (see the information on derivative financial instruments in section 7.11.). The amount recognised in the income statement is an unrealised non-cash remeasurement result.

8.1.3. Measurement methods and inputs (recurring fair value measurement)

The following table shows the measurement method and input parameters relating to the recurring fair value measurement of financial instruments:

Level	Classes	Measurement method	Material inputs
3	Financial assets measured at fair value through other comprehensive income	Income-based	Cash flows, exit yield
3	Non-current derivative financial instruments – interest rate swaps	Income-based	Yield curve

No changes were made to the measurement methods in the reporting period.

The following is quantitative information about material, unobservable inputs that were used in the measurement of fair value.

Level	Classes	Material inputs	Range	Weighted average
2019				
3	Financial assets measured at fair value through other comprehensive income	Exit yield	3.30%	3.30%
3	Financial assets measured at fair value through other comprehensive income	Cash flow (year one) in EUR '000	3,563	3,563
2020				
3	Financial assets measured at fair value through other comprehensive income	Exit yield	3.30%	3.30%
3	Financial assets measured at fair value through other comprehensive income	Cash flow (year one) in EUR '000	2,690	2,690

8.1.4. Sensitivity analysis for changes in unobservable material inputs (recurring measurement)

The following is quantitative information about material unobservable inputs that were used in the measurement of the fair value of financial instruments.

Level	Input	Change of assumption	Change in total comprehensive income before taxes **2020**	2019
3	Financial assets measured at fair value through other comprehensive income:			
	Exit yield	+ 50 bp	-1,221	-1,257
	Exit yield	- 50 bp	1,633	1,688
	Cash flow (year one)	+ 5%	770	636
	Cash flow (year one)	- 5%	-413	-565

8.1.5. Net results from financial instruments

The following information pertains to the income and expense items and the gains and losses per measurement category as related to the financial instruments:

	Measurement categories according to IFRS 9				
	FVTPL	FAAC	FVOCI	FLAC	Total
Financial year 2019:					
Allocation/release of impairments		(42)			(42)
Interest and other financial revenue		653			653
Gain on derecognition of liabilities				20,308	20,308
Modification gain				456	456
Interest expenses				(7,733)	(7,733)
Result from exchange rate changes				8,330	8,330
Profit or loss for the period	–	**611**	–	**21,361**	**21,973**
Unrealised remeasurement result – equity			(13)		(13)
Net result from consolidated statement of comprehensive income	–	**611**	**(13)**	**21,361**	**21,960**

	FVTPL	FAAC	FVOCI	FLAC	Total
Financial year 2020:					
Allocation/release of impairments		(126)			(126)
Interest and other financial revenue		653			653
Modification gain				125	125
Interest expenses				(8,746)	(8,746)
Expenses from early redemption				(56)	(56)
Unrealised remeasurement result	(331)				(331)
Result from exchange rate changes				(8,213)	(8,213)
Profit or loss for the period	**(331)**	**527**	–	**(16,890)**	**(16,694)**
Unrealised remeasurement result – equity			(617)		(617)
Net result from consolidated statement of comprehensive income	**(331)**	**527**	**(617)**	**(16,890)**	**(17,311)**

All financial instruments that are measured at fair value through profit or loss are classified upon initial recognition.

Changes in the value of financial instruments measured at fair value through other comprehensive income (FVOCI) are reported in other comprehensive income without future reclassification to the income statement. The changes that occurred in the value of financial instruments measured at fair value through other comprehensive income (FVOCI) in the prior year also pertained to the other comprehensive income.

8.2. Financial risk management

In terms of financial risk management, the goal of the Group is to minimise risks to the greatest extent possible, taking the associated costs into account. A detailed description of the material financial risks to which the Group is exposed and the associated financial risk management (qualitative information on financial risks) can be found in the risk reporting section of the consolidated management report (Material Risks and Uncertainties to Which the Group is Exposed).

The following information is about the quantitative risks that relate to financial instruments.

8.2.1. Interest rate risk

The Group strives to maintain a risk-oriented relationship between fixed- and variable-rate financial liabilities.

On the reporting date, about 51 per cent (2019: 41 per cent) of the Group's debt obligations were fixed-rate obligations and are not subject to interest rate risk. Details about the interest rate terms for the variable-rate financial liabilities can be found in section 7.10.4.

Sensitivity of interest rate changes:

The following table shows the sensitivity of Group earnings before taxes to certain changes in material market interest rates that, based upon reasonable judgement, may in principle occur (owing to the impact of such changes on variable-rate loans). All other variables remain constant.

	Increase in basis points	Effect on the earnings before taxes	Reduction in basis points	Effect on the earnings before taxes
2019				
3M EURIBOR	+50	(782)	-50	782
2020				
3M EURIBOR	+50	(508)	-50	508

Interest rate risk for financial liabilities:

The following table shows the variable-rate financial liabilities of the Group that are subject to interest rate risk broken down by contractual maturity:

	2020	2021	2022	2023	2024	More than five years	**Total**
31/12/2019:							
Project loans	2,524	3,388	3,544	3,702	31,370	48,456	92,984
Borrowing/overdraft facilities	2,725	–	–	–	–	–	2,725
Other	648	–	–	–	–	–	648
	5,897	**3,388**	**3,544**	**3,702**	**31,370**	**48,456**	**96,357**

	2021	2022	2023	2024	2025	More than five years	**Total**
31/12/2020:							
Project loans	2,865	3,628	4,049	34,511	2,589	24,286	71,929
Borrowing/overdraft facilities	4,991	9,130	–	–	–	–	14,121
Other	544	–	–	–	–	–	544
	8,400	**12,758**	**4,049**	**34,511**	**2,589**	**24,286**	**86,594**

8.2.2. Currency risk

The currency structure of financial liabilities in the Group breaks down as follows:

	RUB	PLN	EUR	Total
31/12/2019:				
In foreign currencies	717,879	742		
In EUR	10,353	174	151,573	**162,100**
31/12/2020:				
In foreign currencies	2,986,300	2,940		
In EUR	32,931	637	144,553	**178,122**

Sensitivity of consolidated earnings:

The following table shows the sensitivity of the Group's earnings before taxes to certain changes in exchange rates that, based upon reasonable judgement, may occur for the respective currency versus the euro. All other variables remain constant.

	PLN	RUB	Total
Sensitivity 2019:			
Increase by 10%	(809)	(4,013)	(4,822)
Decrease by 10%	809	4,013	4,822
Increase by 20%		(8,026)	(8,026)
Decrease by 20%		8,026	8,026
Increase by 30%		(12,039)	(12,039)
Decrease by 30%		12,039	12,039
Sensitivity 2020:			
Increase by 10%	(841)	(1,364)	(2,204)
Decrease by 10%	841	1,364	2,204
Increase by 20%		(2,727)	(2,727)
Decrease by 20%		2,727	2,727
Increase by 30%		(4,091)	(4,091)
Decrease by 30%		4,091	4,091

Sensitivity of equity:

The following table shows the sensitivity of the Group's equity to certain changes in exchange rates that, based upon reasonable judgement, may occur for the respective currency versus the euro. All other variables remain constant.

	PLN	Total
Sensitivity 2019:		
Increase by 10%	(152)	(152)
Decrease by 10%	152	152
Sensitivity 2020:		
Increase by 10%	(22)	(22)
Decrease by 10%	22	22

8.2.3. Default risk

Please refer to section 7.6. for quantitative information about default risk. This shows the impairments that were recognised and the maturity structure of the current receivables. Information about a loan extended to AO Micos can be found in section 7.4. The maximum default risk is limited to the carrying amount of the financial receivables. There is no evidence of impairment for the financial assets that are neither past due nor impaired.

In 2018, the Group began letting out smaller office spaces. This can lead to higher default risk for Warimpex if the creditworthiness of individual tenants fluctuates. So far, no noteworthy defaults have occurred in relation to the letting business. The Group continuously monitors this risk.

Overall, default risk is not seen as a core risk because of the business activities of the Group; impairment charges are recognised to the extent necessary.

8.2.4. Liquidity risk

The Group had current financial liabilities in the amount of EUR 22,685 thousand (2019: EUR 25,091 thousand) as at the reporting date. Of this, EUR 16,652 thousand (2019: EUR 16,082 thousand) pertain to current financial liabilities serving Group financing purposes.

The share of debt falling due within 12 months should not exceed 35 per cent of liabilities. On the reporting date, 13.2 per cent (2019: 13.7 per cent) of the liabilities were current.

The maturity structure of the Group's non-derivative financial liabilities was as shown below on the reporting date. The figures are stated on the basis of contractual, non-discounted payment obligations including interest payments.

Non-derivative financial liabilities:	Due within 1 year	1 to 5 years	More than 5 years	**Total**
Fixed-rate bonds	2,051	7,703	–	9,754
Fixed-rate project loans	6,075	37,900	43,830	87,805
Variable-rate project loans	4,167	49,241	28,458	81,866
Fixed-rate borrowing/overdraft facilities	3,578	–	–	3,578
Variable-rate borrowing/overdraft facilities	5,424	9,337	–	14,761
Lease liabilities	268	1,255	1,707	3,230
Other loans and borrowings	408	546	12,574	13,528
Trade and other payables	6,033	5,059	–	11,092
Total	**28,005**	**111,040**	**86,569**	**225,614**

[09] Other disclosures

9.1. Other commitments, litigation, and contingencies

9.1.1. Litigation

There were no legal disputes as at the reporting date that have a significant effect on the assets or financial or earnings position of the Company.

9.1.2. Contractual performance obligations (Investment Properties)

Before the reporting date, the Group committed to handing over rental spaces to tenants in Poland. In this context, Warimpex agreed to provide fit-out contributions for the future tenants in a total amount of EUR 659 thousand (2019: EUR 595 thousand).

9.1.3. Contractual bonds and guarantees

The Group was subject to the following contractual bonds and guarantees on the reporting date:

	Note	Maximum outstanding amount 2020	2019
Guarantees and bonds in the Group:			
Guarantees related to of the Jupiter office towers, St. Petersburg – loan	9.1.3.1.	6,836	7,618
Guarantees related to the sale of the angelo Prague	9.1.3.2.	n/a	3,600

	Note	Maximum outstanding amount 2020	2019
Guarantees and bonds related to joint ventures:			
Corporate guarantee and bank guarantee related to the leasing of the InterContinental hotel, Warsaw	9.1.3.3.	5,744	6,491

9.1.3.1. Guarantees related to the Jupiter office towers, St. Petersburg

The owner of the Jupiter 1 and 2 office towers is AO Micos, in which AO Avielen AG owns a stake of 44.02 per cent (see also section 7.3.3.). Micos took out a bank loan to finance the office towers for which Avielen issued a guarantee in accordance with its original stake of 19 per cent. The guaranteed amount was EUR 6,836 thousand as at the reporting date.

9.1.3.2. Guarantees related to the sale of the angelo hotel Prague

In the course of the sale of the angelo hotel in Prague in 2016, a contractual guarantee was agreed with the buyer with a term until 2021 assuring that the hotel manager would generate a usual annual GOP I (gross operating profit less management fees of the hotel manager) of at least EUR 1,800 thousand. During the settlement period from 11/2019 to 10/2020, hotel operations were significantly impacted by the COVID pandemic, so the guarantee could not be exercised or only exercised to a limited degree in the opinion of the Group. In addition, the hotel management agreement was terminated, which in and of itself nullifies the guarantee. In light of the negative hotel results, the buyer nevertheless lodged a claim for the payment of the guarantee amount. The Group is disputing the legal claim to this payment and has formed provisions for any costs that may nevertheless be incurred in connection with this matter.

9.1.3.3. Guarantee related to the InterContinental hotel, Warsaw

Warimpex issued a corporate guarantee to the lessor of the InterContinental hotel in Warsaw, which is operated by a 50/50 joint venture. Due to the financial losses of the hotel caused by the pandemic, the lease and the terms of the business guarantee were changed during the reporting period. As a result, the guarantee was extended until 31 March 2038 (previously until 31 March 2035) and will be reduced by 25 per cent to EUR 2,462 thousand. There is also a bank guarantee in the amount of EUR 3,282 thousand with a term until October 2021, which has to be extended on an annual basis. Depending on the development of the pandemic, it is possible that it will not be possible to generate even the reduced lease payments in 2021 and additional payments by the shareholders will be necessary. Discussions regarding further lease reductions are under way.

9.1.3.4. Contingencies

At one subsidiary, there is a risk that – in the event of a tax audit – the tax authority will assess certain circumstances differently than the Company. This could potentially lead to an additional tax payment of up to EUR 47.7 thousand.

9.2. Information about leases

9.2.1. Leases as the lessee

The disclosures required for leases according to IFRS 16 are either contained in the associated financial statement items or included in the notes and organised by topic. Below is an overview of the associated cross references in accordance with IFRS 16.52:

Disclosure in the notes	Cross reference:
Description of the accounting methods	3.7.
Depreciation on right-of-use assets	7.2.1.
Interest expenses for lease liabilities	6.8.
Expenses for short-term leases	6.4.
Expenses for low-value leases	6.4.
Cash outflow for leases	7.10.3.
Additions and carrying amounts of right-of-use assets	7.1.1., 7.2.1
Maturity analysis for lease liabilities	8.2.4.
Variable lease payments, subleases, and sale and lease-back agreements	n/a

9.2.2. Operating leases as lessor

The Group is party to operating leases as lessor in relation to its let investment properties (particularly office buildings).

As at the reporting date, this pertained to the following properties:

- Erzsébet office towers, Budapest
- B52 office building, Budapest
- Zeppelin office tower, St. Petersburg
- Bykovskaya multi-use building, St. Petersburg
- Mogilska 41 Office, Krakow
- Ogrodowa Office, Łódź
- Mogilska 43 Office, Krakow
- Office space at Hotel Darmstadt

The existing leases result in the following maturity analysis for the minimum lease payments:

	Total	Thereof up to 1 year	Thereof 1 to 5 years	More than 5 years
Future minimum lease payments, non-cancellable as at 31 December 2019	107,277	17,517	71,821	17,939
Future minimum lease payments, non-cancellable as at 31 December 2020	85,334	16,230	59,576	9,528

9.3. Related party disclosures

9.3.1. Overview of related parties

The following enterprises/persons are related parties to the Group and have the following business relations:

Amber Privatstiftung
A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178109a, Commercial Court Vienna), as at the reporting date holds 10.7 per cent of the shares in Warimpex Finanz- und Beteiligungs AG. Franz Jurkowitsch is the beneficiary.

Bocca Privatstiftung
A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 178104v, Commercial Court Vienna), as at the reporting date holds 10.6 per cent of the shares in Warimpex Finanz- und Beteiligungs AG. Georg Folian is the beneficiary.

Ambo GmbH
A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 328097x, Commercial Court Vienna). Amber Privatstiftung and Bocca Privatstiftung each hold a 50 per cent stake in this company. Warimpex provides services to Ambo GmbH to a minor extent.

KDAG Data GmbH (KDAG):
A-1210 Vienna, Floridsdorfer Hauptstrasse 1 (FN 167302h, Commercial Court Vienna). Amber Privatstiftung and Bocca Privatstiftung each hold a 33 per cent stake in this company. Warimpex provides services to KDAG to a minor extent.

BOCCA IRODAHÁZ
Ingatlan-fejlesztési és hasznosítási kft. (Bocca kft.):
HU-1146 Budapest, Hungária körút 140–144 (HR 01-09-713920). Franz Jurkowitsch and Georg Folian each indirectly hold a 50 per cent stake in this company. The Group let out storerooms to Bocca kft. during the reporting period.

Georg Folian
Was Deputy Chairman of the Management Board of Warimpex Finanz- und Beteiligungs AG until 31 December 2017 and held 14.6 per cent of the shares in the Company on the reporting date.

Management Board:
The Management Board of Warimpex Finanz- und Beteiligungs AG is composed of the following members:

Name	Function	Stake in Warimpex Finanz- und Beteiligungs AG (direct):	Stake in Warimpex Finanz- und Beteiligungs AG (indirect as beneficiary):
Franz Jurkowitsch	Chairman	14.1%	10.7%
Daniel Folian	Deputy chairman	< 0.1%	n/a
Alexander Jurkowitsch	Member	0.6%	n/a
Florian Petrowsky	Member	< 0.1%	n/a

Supervisory Board:
The Supervisory Board of Warimpex Finanz- und Beteiligungs AG is composed of the following members:

Name	Function	Stake in Warimpex Finanz- und Beteiligungs AG:
Günter Korp	Chairman	< 0.1%
Thomas Aistleitner	Deputy chairman	0.0%
Harald Wengust	Member	0.3%
William de Gelsey (until 26/02/2021)	Member	0.0%
Hubert Staszewski	Member	0.0%

All subsidiaries and joint ventures:
Please refer to the information about subsidiaries in section 4. and to the information about joint ventures in section 7.3.

9.3.2. Related party transactions

9.3.2.1. Transactions with Amber Privatstiftung

	2020	2019
Dividend disbursement	(173)	(346)

9.3.2.2. Transactions with Bocca Privatstiftung

	2020	2019
Dividend disbursement	(172)	(343)

9.3.2.3. Transactions with Ambo GmbH

	2020	2019
Income from performance management	19	19
Receivable from Ambo GmbH as at 31 December	–	34

9.3.2.4. Transactions with KDAG

	2020	2019
Administrative income	31	n/a
Receivable from KDAG as at 31 December	–	n/a

9.3.2.5.Transactions with Bocca kft.

	2020	2019
Rental revenue	3	n/a
Receivable from Bocca kft. as at 31 December	4	n/a

9.3.2.6. Transactions with Georg Folian

	2020	2019
Consulting fee	(3)	(3)
Clerical activities for Mr Folian	18	17
	15	**14**
Receivables from Mr Folian as at 31 December	11	10

As a shareholder of Warimpex, Georg Folian received dividend disbursements in the amount of 3 cents per share (see section 7.9.1. below).

9.3.2.7. Transactions with Management Board members

	2020	2019
Directors' remuneration 1 January to 31 December (without provisions)	1,118	3,772
Liabilities due to Management Board members as at 31 December	1,586	2,775
The directors' remuneration breaks down among the Management Board members as follows:		
Franz Jurkowitsch	347	1,272
Daniel Folian	257	811
Alexander Jurkowitsch	257	873
Florian Petrowsky	257	815
	1,118	**3,772**
The directors' remuneration breaks down as follows:		
Regular remuneration	1,118	997
Variable remuneration (bonus)	–	2,775
Current benefits	**1,118**	**3,772**
In addition, the following provisions were recognised for future entitlements of the Management Board members:		
Change in provision for severance payments	79	43
Change in provision for pension benefits	237	179
	317	**221**

As in the prior year, the variable remuneration (bonus) for the Management Board amounts to 4.5 per cent of the annual profit attributable to the shareholders of the parent. Due to the negative business results, the bonus was not applied in the reporting period.

Pension plans were in force for the Management Board members Daniel Folian, Alexander Jurkowitsch, and Florian Petrowsky (fixed, indexed amount) on the reporting date. Pension reimbursement insurance has been taken out for these commitments. The right to pension benefits starts when the beneficiary reaches the legal retirement age of 65 years.

Eligibility for pension benefits under the Company pension plan lapses if the employment contract is terminated for the grounds stated in § 27 Employees Act, or if a director resigns or terminates his or her work contract for no material reason. With regard to the pension reimbursement insurance, in the event that a director's employment contract is terminated prior to reaching the age of 65, he or she will be entitled to the payment of the surrender value of the policy instead of pension benefits.

Other termination entitlements are governed by the Austrian Salaried Employee Act (AngG). As shareholders of Warimpex, the Management Board members received dividend disbursements in the amount of 3 cents per share (see section 7.9.1. below).

9.3.2.8. Transactions with Supervisory Board members

	2020	2019
Supervisory Board fees	170	135
Fees paid to Supervisory Board members as at 31 December	–	–
The Supervisory Board fees break down among the Supervisory Board members as follows:		
Günter Korp	62.0	43.0
Thomas Aistleitner	46.0	34.0
Harald Wengust	32.0	22.0
William de Gelsey	10.0	18.0
Hubert Staszewski	20.0	18.0
	170.0	**135.0**

Along with the listed Supervisory Board member fees that were paid out in 2020 for the 2019 financial year according to a resolution by the Annual General Meeting, provisions for attendance fees for the 2020 financial year were formed in the amount of EUR 165 thousand in accordance with the remuneration policy (see section 6.3.2.).

All Supervisory board members' fees are current liabilities. Transactions with the members of the Supervisory Board all pertain solely to the parent company.

9.3.2.9. Transactions with joint ventures

	2020	2019
Income from transactions with joint ventures	861	621
Expenses from joint ventures	(146)	(166)
Receivables due from joint ventures as at 31 December	4,429	6,526
Liabilities to joint ventures as at 31 December	(5,190)	(4,878)

The income from transactions with joint ventures primarily pertains to the allocation of costs to joint ventures and interest received from joint ventures. The expenses are interest expenses. The liabilities to joint ventures include the non-current payable related to the allocation of a security account for a rent guarantee.

Please refer to section 9.1.3. for information about contractual bonds and guarantees issued for joint ventures.

9.4. Events after the reporting date

The building permit issued for the Mogilska Phase III development project in the reporting period took legal effect after the reporting date. The Company has also held a valid building permit for the property development in Białystok since April 2021.

Vienna, 26 April 2021

Franz Jurkowitsch
Chairman of the
Management Board

Daniel Folian
Deputy Chairman
of the Management Board

Alexander Jurkowitsch
Member of the
Management Board

Florian Petrowsky
Member of the
Management Board

*Auditor's Report**

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of
Warimpex Finanz- und Beteiligungs Aktiengesellschaft, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2020 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters that we identified:

- Valuation of investment property
- Valuation of property, plant and equipment

Title

Valuation of investment property

Risk

Warimpex Finanz- und Beteiligungs AG reports investment properties in the amount of TEUR 251.337 and a result from revaluation amounting to TEUR 7.770 in the consolidated financial statements as of December 31, 2020.

Investment properties are measured at fair value based on valuation reports from external valuation experts.

The valuation of investment properties is subject to material assumptions and estimates. The material risk for every individual property exists when determining assumptions and estimates such as the discount/capitalization rate and rental income and for investment properties under development the construction and development costs to completion and the developer's profit. A minor change in these assumptions and estimates can have a material impact on the valuation of investment properties.

The respective disclosures relating to significant judgements, assumptions and estimates are shown in Section 3.4.2.1. and 7.1. in the consolidated financial statements.

* This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying property valuation process
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy of selected valuation reports as well as assessment of the plausibility of the underlying assumptions (eg. Rental income, discount/capitalization rate, vacancy rate), if available by means of comparison with market data
- Assessment of appropriate note disclosures

Title

Valuation of property, plant and equipment

Risk

Warimpex Finanz- und Beteiligungs AG reports property, plant and equipment in the amount of TEUR 33.877 and a result from reversal of impairment amounting to TEUR 976 in the consolidated financial statements as of December 31, 2020. Property, plant and equipment mainly consists of two hotel properties.

For property, plant and equipment with a certain useful life it is necessary to assess at the end of each reporting period whether there is any indication that an asset may be impaired or whether impairments of prior periods have to be reversed. If such an indication exists, the entity shall estimate the recoverable amount of the asset.

The recoverable amount is determined using valuation reports by external valuation experts and are subject to material assumptions and estimates. The material risk exists when determining assumptions and estimates such as the discount/capitalization rate and future cash flows from hotel operation. A minor change in these assumptions and estimates can have a material impact on the valuation of property, plant and equipment.

The respective disclosures relating to property, plant and equipment and relating judgements, assumptions and estimates are shown in Section 3.4.1., 3.4.2.1. and 7.2. in the consolidated financial statements.

Consideration in the audit

To address this risk, we have critically assessed the assumptions and estimates made by management and the external valuation experts and performed, among others, the following audit procedures with involvement of our internal property valuation experts:

- Assessment of concept and design of the underlying property valuation process
- Assessment of the competence, capability and objectivity of the external valuation experts engaged by management
- Assessment of the applied methods and the mathematical accuracy as well as assessment of the plausibility of the underlying assumptions if available by means of comparison with market data
- Assessment of appropriate note disclosures

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the annual financial report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon.

We received the "Consolidated Corporate Governance Report" until the date of this audit opinion; the rest of the annual report and the annual financial report is estimated to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion
In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB and is consistent with the consolidated financial statements.

Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at October 5, 2020. We were appointed by the Supervisory Board on November 30, 2020. We are auditors without cease since 2007.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the Audit Committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner is Alexander Wlasto, Certified Public Accountant.

Vienna, April 26, 2021

ERNST & YOUNG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT M.B.H.

Mag. Alexander Wlasto m.p.
Certified Public Accountant

Mag. (FH) Isabelle Vollmer m.p.
Certified Public Accountant

Supervisory Board Report

Fundamental aspects

The Supervisory Board of Warimpex Finanz- und Beteiligungs Aktiengesellschaft was regularly informed by the Management Board of all significant transactions, the development of business, the business and financial situation of the Group and its equity interests, and the outlook with regard to future developments in detailed verbal and written reports as well as at regular meetings during the 2020 financial year and properly fulfilled all of the duties and control functions required of it by law, the articles of association of the Company, and the terms of reference of the Supervisory Board. In particular, the Supervisory Board supervised the Management Board in the direction of the Company and ensured that the operations of the Company were managed properly. The Chairman of the Supervisory Board also maintained regular contact with the Chairman of the Management Board and his deputy, in particular to evaluate, discuss, and exchange ideas and information about the Company's strategic orientation, the future development of business, and the Company's risk management. One of the key topics at the Supervisory Board meetings during the 2020 financial year was the economic impact of the COVID-19 pandemic on the Company and its short- and medium-term development and the resulting strategic necessities. Discussions about the development of sales and earnings, liquidity forecasts, and the Company's financial position were also a regular and integral part of the Supervisory Board meetings.

The Company is committed to compliance with the Austrian Code of Corporate Governance (ACCG) as well as the Polish Best Practice for GPW Listed Companies 2016 (Best Practice). The Supervisory Board faithfully fulfilled the duties and responsibilities laid down in these codes in the interest of continuing and further developing the Company's responsible and sustainable corporate governance. The articles of association of the Company and the terms of reference of the Management Board and Supervisory Board are amended as needed to account for new legal requirements. Deviations from individual corporate governance rules defined in the ACCG or the Polish Best Practice relate to the Company's structure and/or to Polish rules that are not complied with due to the Company's primary orientation towards the relevant Austrian regulations.

A total of six Supervisory Board meetings were held in financial year 2020 (some in the form of face-to-face meetings and some in the form of video conferences due to the legal restrictions related to COVID-19), at which the necessary resolutions were adopted in each case. One member of the Supervisory Board did not fulfil the minimum attendance requirements due to severe health problems.

Committees

The Supervisory Board has set up three permanent committees: the Audit Committee, the Project Committee, and the Personnel Committee. A separate strategy committee has not been formed because all such issues are handled by the Supervisory Board as a whole. The members of the committees are appointed for the duration of their tenure on the Supervisory Board. Each committee elects a chairman and a deputy chairman from among its members. An ad hoc committee can be formed if necessary. The resolutions that were adopted at the committee meetings were again discussed in detail at subsequent Supervisory Board meetings.

Audit Committee

In accordance with the law and the terms of reference of the Supervisory Board, the Supervisory Board has set up a permanent committee for reviewing and accepting the annual financial statements (acknowledgment of the consolidated financial statements), the proposal for the appropriation of profits, and the management report for the Company and the Group (Audit Committee). In addition to performing the other duties it is responsible for pursuant to the applicable stock corporation regulations, the Audit Committee reviewed the consolidated financial statements in cooperation with the auditor responsible for auditing the financial statements, issued a proposal on the selection of the independent auditor, and reported to the Supervisory Board on this. The Chairman of the Supervisory Board, Günter Korp, chairs the Audit Committee and applies his special knowledge and practical experience in finance and accounting and in financial reporting (financial expert). Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Audit Committee.

Two Audit Committee meetings were held in financial year 2020.

Project Committee

In accordance with its terms of reference, the Supervisory Board has set up a permanent committee (Project Committee) to monitor and approve transactions that are subject to approval pursuant to § 95 (5) AktG and the terms of reference of the Management Board, provided that the total transaction costs do not exceed EUR 50,000,000.00 (fifty million euros). When the total costs of the intended transaction exceed this limit, the transaction must be reviewed and approved by the Supervisory Board as a whole. The Project Committee is chaired by Supervisory Board member Harald Wengust. Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Project Committee.

During the 2020 financial year, four motions were passed by way of circular resolution by the Project Committee in relation to the refinancing of the Zeppelin office building and the financing of the Crowne Plaza hotel at AIRPORTCITY St. Petersburg.

Personnel Committee

In accordance with its terms of reference, the Supervisory Board has formed a permanent committee that is responsible for personnel matters between the Company and the Management Board (remuneration, issue of proposals for the filling of vacant posts on the Management Board, and succession planning). The Personnel Committee is chaired by Supervisory Board Chairman Günter Korp. Two other members of the Supervisory Board who are independent according to the terms of reference of the Supervisory Board also sit on the Personnel Committee.

One Personnel Committee meeting was held during the 2020 financial year in relation to the reappointment of the Management Board member Florian Petrowsky.

Annual (consolidated) financial statements for 2020

The annual financial statements, the management report, the consolidated financial statements, and the group management report for the year ended 31 December 2020 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The final result of this audit revealed no grounds for objection and the legal provisions were fully complied with, so that unqualified auditor's reports were issued.

The annual financial statements, the management report, the consolidated financial statements including the group management report, the corporate governance report, and the consolidated non-financial report were reviewed by the Audit Committee after a comprehensive oral report by the auditor, and their acceptance was proposed to the Supervisory Board at its meeting on 26 April 2021. The Supervisory Board reviewed the annual financial statements including the management report, the consolidated financial statements including the group management report, the corporate governance report, and the non-financial report prepared by the Management Board and approved the annual financial statements. The Audit Committee also proposed to the Supervisory Board that Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. be appointed as the financial auditor for the Company and the Group for the financial year ending on 31 December 2021.

Our colleague Baron William Henry Marie de Gelsey, who had been a member of Warimpex's Supervisory Board since 2007, passed away on 26 February 2021 at the age of 100. The Supervisory Board is deeply saddened by the loss of William de Gelsey and is thankful for his valuable and highly professional work for the Company and the extremely positive personal collaboration. His successor on the Supervisory Board of Warimpex will be appointed at the next Annual General Meeting.

The Supervisory Board thanks the Management Board, the Company's managers, and all employees of Warimpex Group for their commitment during the financial year under particularly difficult circumstances due to the pandemic.

Due to its experienced Management Board and proven team, the Supervisory Board believes the Company is well equipped for the continuing global economic turbulence caused by the COVID-19 pandemic, whose impact over the medium term still cannot be definitively predicted at this time, and wishes the Company continued success in the future.

Vienna, April 2021

Günter Korp
Chairman of the Supervisory Board

Declaration by the Management Board

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the Group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 26 April 2021

Franz Jurkowitsch
Chairman of the Management Board
Responsibilities:
Strategy and corporate communication

Daniel Folian
Deputy Chairman of the Management Board
Responsibilities:
Finances and accounting,
financial management, and investor relations

Alexander Jurkowitsch
Member of the Management Board
Responsibilities:
Planning, construction,
information management, and IT

Florian Petrowsky
Member of the Management Board
Responsibilities:
Transaction management, organisation,
human resources, and legal issues

AirportCity
St. Petersburg, RU

Mogilska 43 Office
Krakow, PL

Financial Calendar

2021

27 April 2021
Publication of the Annual Report for 2020

28 May 2021
Publication of the results for the first quarter of 2021

30 August 2021
Publication of the results for the first half of 2021

4 September 2021
Record date for the Annual General Meeting

14 September 2021
Annual General Meeting

29 November 2021
Publication of the results for the first three quarters of 2021

PUBLICATION DETAILS:
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warimpex