

Warimpex AG

PT: EUR 2.23/PLN 9.62

Update

Rating: n.a.

While they were better than our estimates on the revenue and EBITDA level, Warimpex' EBIT and net income disappointed due to an unexpected remeasurement loss of EUR 38.3m (thereof: EUR 36.7m in Russia), which resulted from higher interest rates and lower expected rent income. Both factors currently affect the whole real estate sector. Positive was the significant improvement of operating cash flow, which more than doubled to EUR 24.8m, and the further reduction of net debt to EUR 212.6m (only 20% of interest-bearing debt is on variable rates and only 12.4% is short-term). Although the market environment for all real estate companies should slowly improve as central banks start lowering their interest rates, the main risk at WXF remains the high exposure to Russia (35% of Gross Asset Value, 62.1% of total turnover). Given a lower peer-group-based FV (EUR 2.66 vs, EUR 3.23 before), we derive a new 12-months PT (50% NNAV that we have additionally discounted by 50% due to the exposure to Russia, 50% peer group) for Warimpex of EUR 2.23 (previously: EUR 2.69). Due to the currently difficult market environment we now only expect the opening of new office buildings (Mogilska IV, Chopin, West Yard and MC55) in 2027E-2028E.

In 2023, Warimpex' results were affected on the one hand by higher occupancy and average prices at its hotels, first-time full consolidation of the fully occupied Avior (from January 2023) and c. 64% occupied Mogilska 35 (from November) buildings, and on the other an unexpected, significant remeasurement loss and weaker rouble. Total turnover equalled EUR 49.7m (+10.1% y-o-y, our estimate: EUR 48.5m), of which 62.1% (2022: 62.9%) stemmed from Russia. While EBITDA (EUR 21.6m, +31% y-o-y, our estimate: EUR 21.6m) was in-line with our estimate, EBIT (EUR -16.8m, 2022: EUR 59.2m, our estimate; EUR 18.8m) and net profit (EUR -23.8m, 2022: EUR 42.8m, our estimate: EUR 4.5m) were much weaker. In terms of asset sales, in 2023 WXF sold 9.88% in the Palais Hansen Kempinski Hotel for EUR 5.3m. In the previous year, it generated proceeds of EUR 12.9m with the sale of the B52 office building.

While WXF's equity ratio went down due to the loss in 2023, the company continued to reduce its net debt, the majority of which is long term and with a fixed rate. Warimpex mainly finances its new projects with its high operating cash flow from the rental of office buildings and operation of hotels.

in EURm	2021	2022	2023	2024E	2025E	2026E
Total turnover	26.72	45.14	49.69	49.83	49.99	50.17
EBITDA	14.51	16.50	21.62	25.41	25.61	25.70
EBIT	15.54	59.15	-16.83	23.41	24.61	30.70
Net income	12.27	42.84	-23.79	9.42	11.08	16.45
EPS	0.24	0.82	-0.46	0.17	0.21	0.30
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	10.44%	29.07%	-16.29%	7.44%	8.10%	10.92%
Net gearing	174.70%	135.98%	174.44%	155.74%	141.67%	121.27%
Net debt/EBITDA	15.00x	14.03x	9.84x	8.05x	7.88x	7.50x
P/NAV	0.34x	0.25x	0.35x	0.32x	0.30x	0.27x
LTV	62.5%	57.6%	60.9%	58.3%	55.8%	53.4%
P/E	3.28x	0.96x	neg	4.51x	3.83x	2.58x

Company profile

Warimpex Finanz- und Beteiligungs-AG is a Vienna-based developer and investor in commercial real estate, especially office buildings and hotels. The company is listed in Austria and Poland.

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Website	www.warimpex.com
Sector	Real Estate
Country	Austria
ISIN	AT0000827209
Reuters	WXFB.VI
Bloomberg	WXF AV

Share information

Last price	0.79
Number of shares (m)	54.00
Market cap. (EURm)	42.44
52-weeks range	EUR 0.98 / EUR 0.60
Average volume (shares)	2,400

Performance

4-weeks	0.77%
13-weeks	-10.17%
26-weeks	9.17%
52-weeks	26.77%
YTD	5.50%

Shareholder structure

Georg Folian (incl. Bocca Privatst.)	25.00%
Franz Jurkowsitch (incl. Amber Privatst.)	25.00%
NN Pension Fund	>5.00%
Treasury shares	3.59%
Free float	c. 40.00%

Financial calendar

Q1/24 report	May 29, 2024
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Analyst

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2023 results

Revenues and Profitability

In 2023, Warimpex generated total revenues of EUR 49.7m (+10.1% y-o-y) compared to our estimate of EUR 48.5m. While revenues increased by 51.9% and 15% y-o-y in Q1-Q2/2023, in Q3-Q4 they declined by 8.5% and 4.4% due to, in our view, a weaker rouble y-o-y. Between January and December 2023, both Hotels (+21.9% y-o-y) and Investment properties (+11.4%) performed very well due to higher occupancy rates/average room rates in EUR. In the Investment properties segment, the EBITDA margin strongly recovered as the Avior tower in St. Petersburg – was completed in Q3/22 - was fully occupied the whole year and the Mogilka 35 office building already reached an occupancy of 64% after its opening in November 2023.

in EURm	2023	2022
Hotels	11.31	9.27
<i>Share in total sales</i>	<i>22.8%</i>	<i>20.5%</i>
EBITDA margin	21.8%	22.0%
Investment properties	36.93	33.15
<i>Share in total sales</i>	<i>74.3%</i>	<i>73.5%</i>
EBITDA margin	68.8%	64.1%
Development and services	1.45	2.71
<i>Share in total sales</i>	<i>2.9%</i>	<i>6.0%</i>
EBITDA margin	-430.8%	-250.8%
Total revenues	49.69	45.14

Source: Company information, East Value Research GmbH

in EURm	2023	2023E	2022	2023 vs. 2023E	2023 vs. 2022
Total revenues	49.69	48.49	45.14	2.5%	10.1%
EBITDA	21.62	21.61	16.50	0.0%	31.0%
<i>EBITDA margin</i>	<i>43.5%</i>	<i>44.6%</i>	<i>36.6%</i>		
EBIT	-16.83	18.81	59.15	-189.5%	-128.4%
<i>EBIT margin</i>	<i>-33.9%</i>	<i>38.8%</i>	<i>131.0%</i>		
Net income	-23.79	4.53	42.84	-625.3%	-155.5%
<i>Net margin</i>	<i>-47.9%</i>	<i>9.3%</i>	<i>94.9%</i>		

Source: Company information, East Value Research GmbH

Regional sales split in 2023



Source: Company information, East Value Research GmbH

Between January and December 2023, Warimpex' EBITDA increased by 31% y-o-y to EUR 21.6m and thus was in-line with our estimate. The reason was a much better cost structure y-o-y. However, EBIT (EUR -16.8m vs. EUR 59.2m in 2022 and our estimate of EUR 18.8m) and net income (EUR -23.8m vs. EUR 42.8m in 2022 and our estimate of EUR 4.5m) were much weaker than we had expected following a remeasurement loss of EUR 38.3m (2022: a remeasurement gain of EUR 45.9m) that mainly resulted from higher interest rates and a weaker rouble y-o-y. We would like to emphasize that Warimpex values its property portfolio twice a year by independent advisors that follow the rules of the Royal Institute of Chartered Surveyors.

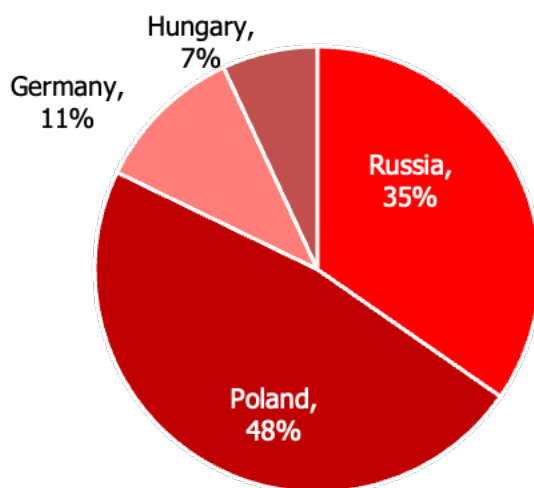
At the end of 2023, Warimpex had 181 employees (95 – Hotels segment, 67 – Development & Services, 19 – Investment Properties) compared to 160 in the previous year.

Balance sheet and Cash flow

At the end of December 2023, Warimpex had consolidated equity excl. minorities of EUR 121.9m, which corresponds to an equity ratio of 32.8% (2022: 37.4%). The reason, why the equity ratio weakened y-o-y, was the significant net loss in 2023.

At the end of 2023, the largest position on the company's balance sheet were investment properties with EUR 323.2m (2022: EUR 388.5m). Property, plant and equipment (property that is currently under development) was valued at EUR 33.1m (EUR 36.4m). Net investments in joint-ventures (relates to WXF's 50% stake in the Intercontinental Hotel in Warsaw) equalled EUR 435k (EUR 410k).

Regional split of Gross Asset Value (GAV) in 2023



Source: Company information, East Value Research GmbH

At the end of December, interest-bearing debt (incl. pension provisions) amounted to EUR 219.5m (30/09/2023: EUR 221.5m, 31/12/2022: EUR 247.3m), thereof 12.4% was short term and c. 20% with a variable rate. Net debt equalled EUR 212.6m (30/09/2023: EUR 212.2m, 31/12/2022: EUR 231.4m), however due to lower equity net gearing reached 174.4% (147.6%, 136%).

Between January and December 2023, Warimpex generated an operating cash flow of EUR 24.8m (2022: EUR 11.4m). The reason were especially 20.1% lower cash payments for operating activities y-o-y. Excl. the c. EUR 5m from prepayments for rents, the "normalized" operating cash flow equalled c. EUR 20m.

Cash flow from investing, which in 2022 was positively impacted by an inflow of EUR 12.9m related to the sale of the B52 building in Budapest, amounted to EUR -10.3m (2022: EUR -3.1m), The "normalized" free cash flow equalled EUR 9.7m (EUR 3.3m). In 2023, the cash flow from financing reached EUR -21.5m (EUR -4.5m) as in the previous year the company raised much more new debt. Between January and December 2023, Warimpex' cash position declined by EUR 9.1m to EUR 6.9m, whereby EUR -2.1m stemmed from FX effects.

At the end of 2023, the cash level at Warimpex' Russian subsidiaries equalled EUR 3.8m, EUR 2.1m below 30/09/2023 that however mainly stemmed from a weaker rouble, in our view. The subsidiaries are self-sufficient and financed by local banks.

Financial forecasts

Revenues and Profitability

Despite the high remeasurement loss, which however was due to factors that currently affect the whole real estate sector, our overall opinion about the 2023 results is positive. Last year, Warimpex managed to further lower its net debt and generated a significant operating and free cash flow. Also, we like the fact that the company further increased the share of buildings, which fulfil the latest environmental standards to 77% from 60% in 2022.

When it comes to new projects, due to the difficult market environment (high interest rates & construction costs, weak economy) we now expect the opening of new office buildings only in a few years: Mogilska IV & Chopin (Cracow) in 2027E, West Yard (Darmstadt) & MC55 (Bialystok) in 2028E.

List of Warimpex' current office buildings and hotels

Country	City	Property	Ownership	Year of construction	Co-working space	Certificates	Hotel rooms	Total lettable space (sqm)	Office	Retail	Other	Effective occupancy rate
Poland	Cracow	Mogilska 43	100%	2019	Yes	BREEAM, EU Taxonomy-aligned		13,173	11,344	1,565	264	100.0%
Poland	Cracow	Mogilska 41	100%	1967				5,371	5,088		283	100.0%
Poland	Cracow	Mogilska 35	100%	2023	Yes	BREEAM, EU Taxonomy-aligned		11,784	10,500	1,284		64.0%
Poland	Lodz	Ogrodowa 8	100%	2018	Yes	BREEAM, EU Taxonomy-aligned		29,902	24,931	3,491	1,480	81.0%
Poland	Lodz	Piotrkowska Str. 148/150	100%	1978/2008	Yes			12,413	12,359		54	30.0%
Total								72,643	64,222	6,340	2,081	
Russia	St. Petersburg	Zeppelin	100%	2015		LEED Gold		15,481	12,537	2,944		100.0%
Russia	St. Petersburg	Jupiter 1 & 2	100%	2012		Clever Silver		16,807	16,807			100.0%
Russia	St. Petersburg	Airportcity Car Park	100%	2017		Clever Bronze		4,700	2,200		2,500	100.0%
Russia	St. Petersburg	Avior Tower	100%	2022		Clever Gold		18,635	18,635			100.0%
Total								55,623	50,179	2,944	2,500	
Hungary	Budapest	Erzsebet	100%	1963/65				14,355	14,355			95.0%
Total								14,355	14,355			
Investment properties (total)								142,621	128,756	9,284	4,581	
Russia	St. Petersburg	Airportcity Plaza	100%	2011			294					54.0%
Germany	Darmstadt	greet	100%	1988/2021	Yes		330					49.0%
Hotels (total)							624					
Property under construction (total)								0	0	0		
Poland	Cracow	Chopin	100%	2027				20,606	18,015	2,591		
Poland	Cracow	Mogilska Phase IV	100%	2027				9,050	8,074	976		
Poland	Bialystok	Offices MC55	100%	2028				38,455	33,431	5,024		
Germany	Darmstadt	West Yard	100%	2028				11,449	11,449			
Projects being implemented (total)								79,560	70,969	8,591		
Germany	Darmstadt	Construction field 2 & 3	100%									
Poland	Cracow	Mogilska Reserve	100%									
Russia	St. Petersburg	Startovaya land plot	100%									
Russia	St. Petersburg	Avior land plot	100%									
Poland	Warsaw	various	100%									
Hungary	Budapest	Hungaria körut	100%									
Property reserves (total)												

Source: Company information, East Value Research GmbH

Below are our detailed estimates for Warimpex' business segments:

Hotels: After the sale of the 9.88% stake in the Palais Hansen Kempinski Hotel in Vienna in 2023, this segment covers the results of 3 hotels (fully-owned and with minority stakes), which together have 831 beds. This list includes a 50% stake in the Intercontinental Hotel in Warsaw, 100% in the greet hotel in Darmstadt and 100% in the Airportcity Plaza in St. Petersburg. We conservatively forecast that the average occupancy rate and average room rate will remain at 78% and EUR 48 respectively (after 76% and EUR 40 in 2022) in the coming years. Also, we maintain our view that in the future Warimpex will not invest in additional hotels.

Following the information from the Annual Report 2023, for 2024E we now assume revenues of EUR 11.3m (previously: EUR 10.9m) and an EBITDA margin of 22.2% (20.4%). In the following years, the revenue assumption remains unchanged and the EBITDA margin reaches a target value of 23%.

Investment properties: This segment covers Warimpex' 10 office and commercial buildings in Lodz, Cracow, St. Petersburg, and Budapest, which after the opening of the Mogilska 35 building in November now have a total lettable space (office + retail) of c. 138,200 sqm.

Having anticipated two new openings in 2024E previously, we now believe that due to the current market environment, the Mogilska IV & Chopin projects in Cracow will only be ready in 2027E. In 2028E, we now expect the completion of West Yard and MC55 projects. Thus, the total lettable space in 2024E-2026E will remain unchanged y-o-y and only increase in 2027E-2028E to >217,000 sqm. Regarding the average occupancy rate and rental fee, we believe that in 2024E-2026E it will remain at 96% and EUR 33 respectively, before experiencing a slight decline due to the introduction of new office buildings. For 2024E, we now assume revenues of EUR 36.9m (previously: EUR 42.7m) and an EBITDA margin of 68.5% (70%). In the long run, the EBITDA margin will in our view decline towards 66% due to increasing cost pressure.

Development and services: The results of this segment stem from the sale of developed properties, development activities and services for third parties. Thus, they are subject to significant fluctuations.

We now believe that the segment will generate revenues of EUR 1.6m (+10% y-o-y, previously: EUR 1.4m) and an EBITDA margin of -150% (-90%).

in EURm	2024E	2025E	2026E
Hotels	11.31	11.31	11.31
<i>(% of net sales)</i>	22.7%	22.6%	22.5%
EBITDA margin	22.2%	22.4%	22.6%
Number of hotels	3	3	3
Number of hotel rooms (adj. for proport. share of ownership)	831	831	831
Avg. occupancy rate	78.0%	78.0%	78.0%
Avg. hotel rate per day & room (EUR)	48	48	48
Investment properties	36.93	36.93	36.93
<i>(% of net sales)</i>	74.1%	73.9%	73.6%
EBITDA margin	68.5%	68.2%	67.9%
Number of office and commercial properties	12	13	14
Avg. lettable office space (adj. for proport. share of ownership)	138,200	138,200	138,200
Avg. occupancy rate	96.0%	96.0%	96.0%
Avg. rental fee per month & sqm (EUR)	23	23	23
Development and services	1.60	1.76	1.93
<i>(% of net sales)</i>	3.2%	3.5%	3.9%
EBITDA margin	-150.0%	-120.0%	-100.0%
Total revenues	49.83	49.99	50.17
<i>(change y-o-y)</i>	0.3%	0.3%	0.4%

Source: East Value Research GmbH

in EURm	2024E		2025E		2026E	
	new	old	new	old	new	old
Total revenues	49.83	55.03	49.99	65.80	50.17	71.00
EBITDA	25.41	30.80	25.61	39.16	25.70	41.87
<i>EBITDA margin</i>	51.0%	56.0%	51.2%	59.5%	51.2%	59.0%
EBIT	23.41	28.80	24.61	38.16	30.70	46.87
<i>EBIT margin</i>	47.0%	52.3%	49.2%	58.0%	61.2%	66.0%
Net income	9.42	13.52	11.08	21.38	16.45	28.74
<i>Net margin</i>	18.9%	24.6%	22.2%	32.5%	32.8%	40.5%

Source: East Value Research GmbH

in EURm	Q1/21	Q2/21	Q3/21	Q4/21	2021
Total turnover	6.05	6.70	6.44	7.53	26.72
<i>y-o-y change</i>	-23.5%	16.9%	9.4%	22.9%	4.1%
EBITDA	1.62	3.38	2.86	6.65	14.51
<i>EBITDA margin</i>	26.8%	50.5%	44.4%	88.3%	54.3%
EBIT	2.14	3.80	2.41	7.19	15.54
<i>EBIT margin</i>	35.3%	56.7%	37.3%	95.5%	58.1%
Net income	-0.58	2.30	0.74	9.82	12.27
<i>Net margin</i>	-9.6%	34.3%	11.4%	130.4%	45.9%

in EURm	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23	Q4/23	2023
Total turnover	8.52	11.58	12.33	12.70	45.14	12.95	13.31	11.28	12.15	49.69
<i>y-o-y change</i>	40.9%	72.8%	91.4%	68.7%	68.9%	51.9%	15.0%	-8.5%	-4.4%	10.1%
EBITDA	2.91	7.83	5.21	0.55	16.50	5.60	5.67	5.48	4.87	21.62
<i>EBITDA margin</i>	34.2%	67.6%	42.2%	4.3%	36.6%	43.2%	42.6%	48.6%	40.1%	43.5%
EBIT	-1.26	18.00	4.75	37.67	59.15	5.28	1.16	8.28	-31.54	-16.83
<i>EBIT margin</i>	-14.8%	155.4%	38.5%	296.5%	131.0%	40.8%	8.7%	73.4%	-259.6%	-33.9%
Net income	-4.39	17.61	0.16	29.47	42.84	1.33	-1.14	3.03	-27.02	-23.79
<i>Net margin</i>	-51.5%	152.1%	1.3%	232.0%	94.9%	10.2%	-8.5%	26.9%	-222.3%	-47.9%

Source: Company information, East Value Research GmbH

CAPEX and Working capital

We continue to forecast that both property, plant and equipment and investment properties will grow at 1% per year in the coming years. Regarding working capital, we have maintained our assumption that the cash conversion cycle will increase from -182 days in 2023 to 30 days in the long run.

Valuation

We have valued Warimpex by using a weighted average of a NNNAV (50% weight) and peer-group-based fair value (50%). Thereby, we have discounted the NNNAV by 50% due to the company's exposure to Russia and have accounted for 1.94m treasury shares. Compared to our last update, the 12-months PT decreases from EUR 2.69 to EUR 2.23 per share (upside of 184% at present).

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Austrian long-term government bonds with maturity in 2047E is 2.32% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: 4y average unlevered beta of companies from the Real Estate (Diversified) sector of 0.45x (Source: www.damodaran.com)
- (3) *Levered beta*: 1.25x
- (4) *Equity risk premium (Austria)*: 5.18% (Source: www.damodaran.com)
- (5) *Effective tax rate*: 24%
- (6) *Target equity ratio*: 30%
- (7) *Target debt ratio*: 70%
- (8) *After-tax debt costs*: 4.4%
- (9) *Equity costs*: 8.8%
- (10) *WACC*: 5.7%

Triple NNAV calculation

in EURm	
Equity (as of 31/12/2023)	121.90
+ Deferred taxes (net)	-10.22
+ Market value of derivative instruments	0.00
= EPRA NAV	111.69
- Market value of derivative instruments	0.00
- Market value of off-balance-sheet debt	0.00
- Deferred taxes (net)	10.22
= EPRA NNAV	121.90
: Number of shares outstanding (excl. 1,939,280 own shares)	52.06
= EPRA NNAV per share	2.34
= Discounted by 50% due to high exposure to Russia	1.56

Source: East Value Research GmbH

Peer Group Analysis

Below are listed companies, which we have identified as Warimpex' main peers:

- (1) *CA Immobilien Anlagen AG*: CA Immobilien Anlagen, which is headquartered in Vienna, is a real estate group with operations in Austria, Germany, Poland and the Czech Republic. Its core business involves leasing, managing and developing high-quality office buildings. The company has assets of EUR 5.2bn and an occupancy rate of 88.8%. In 2023, CA Immobilien Anlagen generated revenues of EUR 419.3m, a net profit of EUR -224.5m and funds from operation (FFO) of EUR 113.8m. Its current market capitalization equals EUR 3bn.
- (2) *Immofinanz AG*: Immofinanz, which is based in Vienna, manages and develops retail and office properties in Austria, Germany, Poland, the Czech Republic, Slovakia, Hungary, Romania and the Adriatic region. The company has assets worth EUR 8.17bn and an occupancy rate of 92.2%. In 2023, Immofinanz generated revenues of EUR 727.3m, a net profit of EUR -180.3m and funds from operation (FFO) of EUR 275.3m. Its current market capitalization equals EUR 3.3bn.
- (3) *S Immo AG*: S IMMO AG, which is based in Vienna and is 50%-owned by Immofinanz, is a real estate investment company with a focus on capital cities in Austria, Germany and CEE. Approx. 92% of its property portfolio are commercial properties (offices, shopping centres and hotels). Residential properties account for 5.9% and land plots for 2.5%. The company has assets worth EUR 3.48bn with an average occupancy rate of 90.6%. In 2023, it generated revenues of EUR 338.2m, a net profit of EUR -32.2m and FFO of EUR 99.6m. Currently, its market capitalisation equals EUR 1.2bn.
- (4) *Globe Trade Centre S.A.*: Globe Trade Centre, which is based in Warsaw, is a real estate investor and developer with a focus on Poland, Hungary, and capital cities in Central, Eastern and Southern Europe. The company owns 46 buildings with 753,000 sqm of office and retail space, has assets of EUR 2.4bn and an occupancy rate of 87%. In 2023, it generated revenues of PLN 794.7m, a net profit of PLN 45.5m and FFO of PLN 307.6m. Currently, its market capitalisation equals PLN 3bn.
- (5) *Globalworth Real Estate Investments Ltd.*: Globalworth Real Estate Investment, which is based in Guernsey, is a real estate investment firm focused on office properties in CEE's largest property markets, Poland and Romania. The company owns 71 standing buildings, has assets worth EUR 3bn and an average occupancy rate of 88.3%. In 2023, it generated revenues of EUR 241.4m and a net income of EUR -54.2m. Currently, its market capitalisation equals EUR 607.8m.

(6) *UBM Development AG*: UBM Development, which is headquartered in Vienna, focuses on green buildings and smart offices in Austria, Germany, Poland and the Czech Republic (in the past also in France and Amsterdam) and is active as hotel lessee. The company offers a comprehensive service portfolio comprising market analysis, project development, planning and project management, financing, rental and asset management. The company has investment properties with a value of EUR 480m. In 2023, it generated revenues of EUR 85.3m and a net profit of EUR -46.6m. Of the total output of EUR 284.2m (= revenues of fully consolidated and "at-equity" subsidiaries plus sale proceeds from share deals), 22% stemmed from the residential segment. Currently, UBM has a market capitalisation of EUR 145.5m.

Company	P/BVPS	P/E		Net debt/EBITDA	Net interest cover	Net gearing
	Latest	2024E	2025E	Latest	Last FY	Latest
CA Immobilien Anlagen AG (EUR)	1.1x	308.2x	23.9x	8.1x	3.2x	73.8%
Immofinanz AG (EUR)	0.9x	n.a	n.a	10.2x	3.0x	97.7%
S Immo AG (EUR)	0.7x	17.3x	10.1x	10.5x	3.7x	91.5%
Globe Trade Center S.A. (PLN)	0.6x	10.2x	8.7x	12.2x	3.3x	114.1%
Globalworth Real Estate Inv. Ltd. (EUR)	0.4x	n.a	n.a	9.3x	2.6x	76.9%
UBM Development AG (EUR)	0.4x	30.3x	6.1x	neg	n.a	158.3%
Median	0.7x	23.8x	9.4x	10.2x	3.2x	94.6%
Warimpex AG (EUR)	0.3x	4.5x	3.8x	9.8x	n.a	147.56%
Premium/Discount	-58.7%	-81.1%	-59.3%			
Fair value Warimpex (EUR)	2.66					

Source: CapitalIQ, marketscreener.com, East Value Research GmbH

Price target calculation

Valuation method	Fair value	Weight
NNNAV calculation (EUR)	1.56	50%
Peer Group Analysis (EUR)	2.66	50%
Weighted average (present value)	2.11	
In 12-months (PV * (1+WACC))	2.23	
In PLN (PLN-EUR = 4.31)	9.62	

Source: East Value Research GmbH

Profit and loss statement

in EURm	2021	2022	2023	2024E	2025E	2026E
Total revenues	26.72	45.14	49.69	49.83	49.99	50.17
Directly-attributable expenses	-10.60	-16.10	-17.11	-14.92	-12.97	-13.51
Gross profit	16.12	29.04	32.58	34.91	37.03	36.65
Other operating income	6.49	1.37	0.85	0.93	1.03	1.13
Gains/losses from the disposal of properties	0.00	2.82	0.00	0.00	0.00	0.00
Administrative expenses	-7.32	-14.12	-10.37	-10.30	-10.24	-10.17
Other operating expenses	-0.78	-2.61	-1.44	-0.13	-2.20	-1.91
EBITDA	14.51	16.50	21.62	25.41	25.61	25.70
Depreciation, amortization & remeasurement	1.02	42.65	-38.44	-2.00	-1.00	5.00
EBIT	15.54	59.15	-16.83	23.41	24.61	30.70
Net financial results	-0.61	-6.52	-10.50	-11.00	-10.00	-9.00
EBT	14.92	52.63	-27.32	12.41	14.61	21.70
Income taxes	-2.94	-9.76	3.51	-2.98	-3.51	-5.21
Minority interests	0.29	-0.03	0.01	-0.02	-0.03	-0.04
Net income / loss	12.27	42.84	-23.79	9.42	11.08	16.45
EPS	0.24	0.82	-0.46	0.17	0.21	0.30
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Share in total sales						
Total revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Directly-attributable expenses	-39.66 %	-35.67 %	-34.44 %	-29.94 %	-25.94 %	-26.94 %
Gross profit	60.34 %	64.33 %	65.56 %	70.06 %	74.06 %	73.06 %
Other operating income	24.29 %	3.04 %	1.71 %	1.87 %	2.05 %	2.25 %
Gains/losses from the disposal of properties	0.00 %	6.25 %	0.00 %	0.00 %	0.00 %	0.00 %
Administrative expenses	-27.40 %	-31.29 %	-20.88 %	-20.68 %	-20.48 %	-20.28 %
Other operating expenses	-2.92 %	-5.78 %	-2.89 %	-0.26 %	-4.41 %	-3.81 %
EBITDA	54.31 %	36.55 %	43.51 %	51.00 %	51.23 %	51.23 %
Depreciation, amortization & remeasurement	3.83 %	94.49 %	-77.37 %	-4.01 %	-2.00 %	9.97 %
EBIT	58.15 %	131.04 %	-33.86 %	46.98 %	49.23 %	61.20 %
Net financial results	-2.29 %	-14.45 %	-21.12 %	-22.07 %	-20.00 %	-17.94 %
EBT	55.85 %	116.59 %	-54.99 %	24.91 %	29.23 %	43.26 %
Income taxes	-11.02 %	-21.63 %	7.07 %	-5.98 %	-7.02 %	-10.38 %
Minority interests	1.10 %	-0.06 %	0.03 %	-0.03 %	-0.05 %	-0.08 %
Net income / loss	45.93 %	94.91 %	-47.89 %	18.90 %	22.16 %	32.79 %

Balance sheet

in EURm	2021	2022	2023	2024E	2025E	2026E
Cash and cash equivalents	11.19	15.92	6.86	8.00	3.80	5.93
Inventories	0.14	0.19	0.16	0.14	0.12	0.13
Trade accounts and notes receivables	5.67	4.87	4.81	5.50	6.21	6.91
Assets-held-for-sales	0.00	0.00	0.00	0.00	0.00	0.00
Current assets	17.00	20.99	11.82	13.65	10.13	12.97
Property, plant and equipment	36.59	36.41	33.11	33.44	33.77	34.11
Other intangible assets	0.08	0.05	0.01	0.01	0.02	0.02
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Investment property	324.60	388.46	323.24	326.47	329.73	333.03
Joint ventures	0.42	0.41	0.44	0.44	0.44	0.45
Financial assets measured at FV	5.50	5.22	0.00	0.00	0.00	0.00
Derivative financial instruments	0.40	0.09	0.00	0.00	0.00	0.00
Other long-term assets	2.35	1.78	1.65	1.67	1.68	1.70
Deferred tax assets	1.19	1.67	1.01	0.00	0.00	0.00
Non-current assets	371.11	434.08	359.45	362.02	365.65	369.30
Total assets	388.12	455.07	371.27	375.67	375.77	382.28
Trade payables	11.89	9.05	10.34	8.26	6.52	6.11
Short-term financial debt	29.36	28.82	27.17	25.17	23.17	21.17
Income tax liabilities	0.29	0.02	0.10	0.10	0.10	0.10
Provisions	2.94	0.10	0.09	0.09	0.09	0.09
Deferred revenues	0.10	0.02	0.02	0.02	0.02	0.02
Liabilities associated with assets-held-for-sale	0.00	0.00	0.00	0.00	0.00	0.00
Current liabilities	44.58	38.01	37.72	33.64	29.90	27.50
Long-term financial debt	196.77	216.15	190.01	185.01	180.01	175.01
Other long-term liabilities	7.27	8.41	7.95	7.45	6.95	6.45
Deferred revenues	0.06	0.04	0.02	0.02	0.02	0.02
Pension provisions	2.75	2.34	2.32	2.34	2.36	2.39
Deferred tax liabilities	11.96	19.83	11.23	15.75	13.96	11.85
Long-term liabilities	218.82	246.77	211.52	210.56	203.29	195.71
Total liabilities	263.40	284.78	249.24	244.20	233.20	223.21
Shareholders equity	124.61	170.16	121.90	131.32	142.40	158.86
Minority interests	0.11	0.13	0.13	0.15	0.17	0.21
Total liabilities and equity	388.12	455.07	371.27	375.67	375.77	382.28

Cash Flow Statement

in EURm	2021	2022	2023	2024E	2025E	2026E
Net income / loss	12.27	42.84	-23.79	9.42	11.08	16.45
Depreciation, amortization & remeasurement	-1.02	-42.65	38.44	2.00	1.00	-5.00
Change of working capital	0.00	0.00	0.00	-2.76	-2.42	-1.12
Others	-6.27	11.16	10.14	-5.53	1.79	2.11
Net operating cash flow	4.98	11.35	24.79	3.13	11.45	12.44
Cash flow from investing	-17.58	-3.11	-10.29	-5.59	-4.62	1.34
Free cash flow	-12.61	8.24	14.51	-2.45	6.83	13.78
Cash flow from financing	14.52	-4.52	-21.49	3.60	-11.03	-11.65
Change of cash	2.26	4.73	-9.07	1.15	-4.20	2.13
Cash at the beginning of the period	8.93	11.19	15.92	6.86	8.00	3.80
Cash at the end of the period	11.19	15.92	6.86	8.00	3.80	5.93

Financial ratios

Fiscal year	2021	2022	2023	2024E	2025E	2026E
Profitability and balance sheet quality						
Gross margin	60.34%	64.33%	65.56%	70.06%	74.06%	73.06%
EBITDA margin	54.31%	36.55%	43.51%	51.00%	51.23%	51.23%
EBIT margin	58.15%	131.04%	-33.86%	46.98%	49.23%	61.20%
Net margin	45.93%	94.91%	-47.89%	18.90%	22.16%	32.79%
Return on equity (ROE)	10.44%	29.07%	-16.29%	7.44%	8.10%	10.92%
Return on assets (ROA)	3.32%	10.85%	-3.58%	5.44%	5.61%	6.66%
Return on capital employed (ROCE)	3.63%	11.55%	-4.40%	5.20%	5.41%	6.58%
Economic Value Added (in EURm)	-7.18	24.32	-33.74	-1.77	-1.08	3.04
Net debt (in EURm)	217.70	231.39	212.64	204.52	201.75	192.64
Net gearing	174.70%	135.98%	174.44%	155.74%	141.67%	121.27%
Loan-to-Value (LTV)	62.54%	57.60%	60.87%	58.33%	55.83%	53.37%
Equity ratio	32.11%	37.39%	32.83%	34.96%	37.90%	41.56%
Current ratio	0.38	0.55	0.31	0.41	0.34	0.47
Quick ratio	0.38	0.55	0.31	0.40	0.33	0.47
Net interest cover	25.35	9.07	-1.60	2.13	2.46	3.41
Net debt/EBITDA	15.00	14.03	9.84	8.05	7.88	7.50
Tangible BVPS	2.31	3.15	2.26	2.43	2.64	2.94
Capex/Sales	-231.54%	-44.58%	61.01%	-11.21%	-9.24%	2.68%
Working capital/Sales	-24.45%	-9.01%	-11.09%	-5.53%	-0.67%	1.57%
Cash Conversion Cycle (in days)	-327	-161	-182	-158	-135	-111
Trading multiples						
P/NAV	0.34	0.25	0.35	0.32	0.30	0.27
P/E	3.28	0.96	-1.71	4.51	3.83	2.58
P/FCF	-3.37	5.15	2.93	-17.30	6.22	3.08

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