

PRESS RELEASE

EPH European Property Holdings Ltd – First quarter 2021 Financial Update

1st June 2021, Road Town, Tortola, BVI

- The Company's rental properties continue generating sufficient cash to cover the Company's operating expenses, service the debt and partially finance its investment program. The investment properties in Austria (newly constructed office buildings and parking QBC 127) and Germany (two hotels), acquired in 2020, are in operation and generate rental income. Rental stream of QBC 127 in Q1 2021 is not at full potential yet since the properties have just been put into operation and many tenants are in process of fit-out works and/or enjoy rent-free period. Rental income of the hotels suffered slightly from temporary rental concessions provided to tenants due to COVID-19 impact on the hotel industry.
- All in all, net rental income of the Company increased from US\$ 14.06 million in Q1 2020 to US\$ 15.44 million in Q1 2021. European properties, acquired in 2020, contributed US\$ 1.92 million in Q1 2021 (in Q1 2020: nil).
- The Company successfully continued sales of Arbat premises in Moscow. During 1st quarter 2021 a few more apartments and parking lots have been sold. Accordingly, the Company recognized gain from the sale of these properties in the amount of US\$ 1.63 million (in Q1 2020: 0.55 million)
- The Company continues refurbishment of LASS 1 property (office building) in Austria, acquired in 2020. Additional investments into construction during Q1 2021 amounted to EUR 3.7 million. Completion of works is expected in June 2022. The most part of the leasable area is already leased out and will be occupied after completion of construction.
- On March 2021, the Group refinanced Raiffeisen Bank loan at QBC 1 and 2 by two new secured loan facilities for the total amount of EUR 100 million from UniCredit bank Austria repayable at the end of 2030.
- RUB and EUR, major currencies of the Group's operations, continue to be volatile and have an effect on the Company's operating results and net asset value. For Q1 2021, foreign exchange loss recognised in the Company's income statement is primarily explained by the structure of the Group's EUR-denominated internal and external debt instruments. Loss was slightly compensated by positive change in currency translation adjustment recognized directly in equity; so the overall loss from exchange rate fluctuations in the reporting period is US\$ 10.07 million.
- Overall, there are no significant changes in the total amounts of Group's assets and liabilities as compared to the last publicly available financial statements at YE 2020, given that fair value of investment properties was not revaluated as at 31 March 2021.
- COVID-19 has only slight direct impact on Q1 2021 financial performance.

EPH is managed by Valartis International Ltd. a wholly owned subsidiary of Valartis Group AG. Additional information on EPH European Property Holdings is available by contacting Anna Bernhart Tel: +41 44 503 5400 or at contact@europeanpropertyholdings.com.