

MEDIA RELEASE

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Group Financial Statements 2020 of Valartis Group – Business Development and Economic Situation

The course of business was marked by high volatility on the currency markets in 2020 affecting the investment portfolio. However, the operational business performing in line with expectations. According to International Financial Reporting Standards (IFRS), an annual net loss of CHF 10.7 million (previous year: annual net profit of CHF 2.4 million) arose essentially from the weakening of Russian ruble by 25 per cent and of USD by 9 per cent both against the Swiss franc which resulted in a foreign exchange loss of CHF 9.7 million on the investment property and other investments held in those currencies. On the operational side, the business improved, and the earnings before interest and taxes (EBIT) showed a profit of CHF 1.6 million (previous year: loss of CHF 1.1 million) mainly due to an increase in management services that developed in line with expectations for 2020.

Consolidated Financial Statements

Income from Management Services increased to CHF 5.3 million in 2020 from CHF 4.1 million in the previous year. The increase is due to the expansion of the operational business and thus increasing the management services and the successful completion of several transactions and projects. Income from investment property in 2020 amounted to CHF 3.6 million, below previous year level of CHF 4.0 million, however, the business centre generated 7 per cent more income on ruble basis and was more profitable than in 2019 despite the COVID-19 crisis. Share of results of associated companies show a positive result of CHF 0.7 million as of 31 December 2020 compared to a loss of CHF 0.3 million during the previous year. This is largely due to Valartis Group holding a stake of 25 per cent in Norinvest Holding SA.

Operating expenses decreased by 4 per cent to CHF 10.1 million (31.12.2019: CHF 10.5 million) as a combination of two factors. The first one is General expenses reduced by 22 per cent compared to previous year thanks to further cost-cutting measures and the reduction of consulting costs. The personnel expenses increased by 13 per cent year-over-year.

Net financial result amounts to a loss of CHF 9.9 million for 2020 (2019 net financial gain of CHF 5.2 million). This is caused primarily by the decline of the value of the Russian ruble which mainly impacted the value of the investment property and loans granted to an ENR Group associate. Investments held in USD have also been affected by the decrease of this currency against Swiss franc compared to previous year.

Consolidated equity at the end of 2020 was CHF 107.3 million (end of 2019: CHF 123.7 million). Beside the annual loss of CHF 10.7 million, Group equity was negatively impacted by currency translation adjustments (-CHF 4.7 million), change in value of a financial assets through OCI (-CHF 1.6 million) besides other smaller movements. Overall, the equity ratio at year-end was (i.e. total equity in per cent of balance sheet total) 62.2 per cent (previous year 73.4 per cent).

Activities 2020

At the Petrovsky Fort business centre in St. Petersburg, the vacancy rate of the office tenants increased to 10 per cent due to the COVID-19 crisis, but we are happy to report that all tenants are current with their lease payments. The local management team of Petrovsky Fort was able to minimise the consequence of the introduction by the Russian government of certain tenant protection at the time when work from home restrictions applied (only a small number of such tenants at the business centre).

ENR led further investments into Kaluga Flower Holding LLC (RUB 365 million or CHF 4.95 million) in Russia to further refurbish and bring into operation the greenhouses. At year end, 11.2 hectares in greenhouses have been refurbished and are in operations. The remaining 13.8 hectares will be refurbished in 2021 giving a total productive area of 25 hectares.

On the asset management and advisory side, activities are growing with Assets under Management or Advisory Mandates having increased to CHF 1.5 Billion. The main increase is coming from EPH European Property Holdings Ltd. (EPH) that further expanded in Germany and Austria and added a new asset class, hotels, to its portfolio. EPH acquired a 89.9 per cent stake of the extraordinary nhow hotel in Berlin Friedrichshain managed by NH Hotel Group. Shortly after the first hotel purchase, EPH acquired the Ininside Hotel in Dresden's historic city centre next to the Church of Frauenkirche which is operated by Meliá Hotels International. The hotel acquisitions were followed by the purchase of an office property in Vienna's Lassallestrasse which is currently undergoing a full refurbishment to create an intelligent and future-oriented workspace over nine floors with a total area of approximately 29,000 square metres. In addition, EPH closed the forward purchase of QBC 1, 2 and 7 in the newly developed Quartier Belvedere in December 2020.

In December, EPH completed a capital increase of 4,435,000 new shares for a price of USD 36.82 per share amounting to a total of USD 163.3 million. Valartis was an advisor to the transaction. The Company's issued share capital now consists of 14,409,022 ordinary shares, of which Valartis acquired 4.9 per cent.

A pdf version of the 2020 Annual Report is available in English at:
www.valartisgroup.ch/en/#geschaeftsberichte.

Key Figures at a Glance

Please refer to enclosure.

Agenda

| | |
|--|----------------|
| Closing date of the Shareholders' Register | 22 April 2021 |
| Annual General Meeting 2021 | 11 May 2021 |
| Half-year results 2021 | 26 August 2021 |

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Valartis Group

Valartis Group is an international finance group with offices in Geneva, Fribourg, Zurich, Luxembourg, Frankfurt am Main, Stuttgart, Hamburg, Vienna as well as Moscow and St. Petersburg. Valartis Group AG (Fribourg, Switzerland) is listed on the Swiss stock exchange, SIX Swiss Exchange. Business operations encompass the fields of Financial Services, Real Estate Project Management and Participations.

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KEY FIGURES AT GLANCE

Key Figures

| in CHF 1,000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Total operating income | 9,831 | 8,186 |
| Income from management services | 5,331 | 4,140 |
| Income from investment property | 3,608 | 4,043 |
| Share of results of associated companies | 684 | -344 |
| Other income | 208 | 347 |
| Administrative expense | -10,092 | -10,526 |
| Personnel expense | -6,176 | -5,487 |
| General expense | -3,916 | -5,039 |
| Earnings before depreciation, valuation adjustments, provisions, interest and taxes | -261 | -2,340 |
| Depreciation, valuation adjustments and provisions | 1,897 | 1,215 |
| Earnings before interest and taxes (EBIT) | 1,636 | -1,125 |
| Finance result, net (financial income, financial expense, market value adjustment) | -9,857 | 5,170 |
| Net result from continued operations before taxes | -8,221 | 4,045 |
| Income taxes | -523 | -905 |
| Net result from continued operations | -8,744 | 3,140 |
| Net result from discontinued operations | -1,941 | -718 |
| Net result | -10,685 | 2,422 |
| attributable to shareholders of Valartis Group AG | -8,385 | 448 |
| attributable to non-controlling interests | -2,300 | 1,974 |
| in CHF 1,000 | 31.12.2020 | 31.12.2019 |
| Total assets | 172,708 | 168,570 |
| Current assets | 76,084 | 60,319 |
| Non-current assets | 96,624 | 106,310 |
| Non-current assets classified as held for sale | - | 1,941 |
| Total liabilities | 65,335 | 44,879 |
| Current liabilities | 24,632 | 26,637 |
| Non-current liabilities | 40,703 | 18,242 |
| Total shareholders' equity (including non-controlling interests) | 107,373 | 123,691 |
| Equity capital quota, in per cent | 62.2 | 73.4 |
| Staff (full-time equivalents, FTE) | 69.5 | 65.5 |
| Closing price of VLRT share, in CHF | 9.00 | 10.20 |
| Equity of Shareholders per share, in CHF | 23.94 | 27.52 |