



CPI Property Group

(société anonyme)

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Press Release - Corporate News

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CPI PROPERTY GROUP publishes half-year financial results for 2022

CPI PROPERTY GROUP (hereinafter “CPIPG”, the “Company” or together with its subsidiaries the “Group”), a leading European landlord, hereby publishes unaudited financial results for the six-month period ended 30 June 2022.

“CPIPG has been positively transformed through the acquisitions of IMMOFINANZ and S IMMO,” said Martin Němeček, CEO of CPIPG. “The Group is now one of Europe’s largest landlords and owns the best real estate platforms in Central and Eastern Europe.”

Highlights for the first half of 2022 include:

- CPIPG’s **property portfolio increased to €20.9 billion** (versus **€13.1 billion** at year-end 2021) as the Group consolidated the property portfolios of IMMOFINANZ (€5.4 billion) and S IMMO (€3.1 billion). **Total assets reached €23.7 billion**. EPRA NRV (NAV) grew by 21% to €8.5 billion.
- **Net rental income increased to €263 million** (versus €175 million for H1 2021) and **net business income rose to €276 million** because of acquisitions, CPIPG’s **7.7% like-for-like growth in gross rental income** and steady occupancy at 93.4%.
- **Hotels reported net income of €8 million** (versus a loss of €4 million in H1 2021) reflecting the gradual post-COVID travel recovery and CPIPG’s effective cost management as an owner-operator.
- **Consolidated adjusted EBITDA was €261 million** (+52% from H1 2021), while **FFO was €171 million** (+32% from H1 2021).
- Due to the timing of CPIPG’s acquisitions, **Net Loan-to-Value (LTV) increased to 44.8%**, at the upper end of the Group’s financial policy target range. LTV is expected to peak temporarily in Q3, followed by a sharp reduction in coming quarters as the Group executes our €2 billion+ disposal pipeline.
- **Total liquidity was €2.5 billion**, including €915 million of undrawn revolving credit facilities, the majority of which mature in early 2026.
- **Unencumbered assets** decreased to 55% (vs. 70% at the end of 2021) reflecting the high proportion of secured debt at IMMOFINANZ and S IMMO. CPIPG will continue to closely monitor the level of unencumbered assets and expects to repay secured debt when unsecured pricing becomes attractive.
- **Net ICR stood at 3.5x**. The Group has a **low-cost, long-dated debt maturity profile** and a **high degree of indexation in our rental contracts** (90%+) which should support ICR going forward, particularly as deleveraging targets are achieved.

“CPIPG’s commitment to our capital structure and credit ratings is unchanged,” said David Greenbaum, CFO. “Deleveraging will take slightly longer than initially expected, but we are fully confident to deliver.”



Notable Events Occurring after 30 June

Mandatory takeover offer for S IMMO

On 15 July 2022, CPIPG published a mandatory offer for S IMMO. Upon the conclusion of the initial acceptance period on 12 August 2022, CPIPG purchased an additional 36.66% stake, bringing the **total shareholding stake to 79.20%** (direct and indirectly through IMMOFINANZ). The additional acceptance period will close on 18 November 2022. The offer price represents a discount of 19% to book value.

Financing and Bridge Extension

In 2021 and 2022, CPIPG signed €3.75 billion of 2-year bridge loans for the acquisitions of IMMOFINANZ and S IMMO. In total, €3.4 billion has been spent on the acquisitions, funded by equity, cash and €2.5 billion of bridge drawings. About €900 million of the bridge loans have already been repaid, with €1.6 billion currently outstanding. **On 31 August 2022, the Group signed a facility which extended the maturity of all bridge loans until H1 2025.**

Also in August 2022, S IMMO repaid €104 million of senior unsecured bonds maturing in 2027 and 2028 due to the embedded change of control provision. The repayment was funded from S IMMO's ample cash balances.

In July 2022, CPIPG repaid a secured bank loan of €123 million maturing in December 2022 and raised a new 7-year secured bank loan of €275 million. The underlying assets were located in the Czech Republic and pricing was highly attractive.

Expansion of CPIPG's Disposal Pipeline

In June 2022, CPIPG completed (on time) a disposal program initiated in August 2021, with gross proceeds of €1 billion. Disposals were executed across the Group's portfolio, targeting non-core or highly mature assets.

Currently, CPIPG has a disposal pipeline exceeding €2 billion. The pipeline includes about 30 assets/transactions across offices, retail, hotels, residential and landbank in multiple geographies. Disposal plans were also confirmed by IMMOFINANZ (€1 billion) and S IMMO (€200 million). Overall, the consolidated Group is wellpositioned to dispose of substantially more than €2 billion of assets over the next 12 to 24 months.

A high degree of diversification, along with significant granularity (pipeline disposals range in size from €10 million to €200 million+) is a significant advantage for the Group. CPIPG does not depend on any asset, market, sector, investor, or trend in order to achieve our disposals. As a result, our execution confidence is high.

Half-year results webcast

CPIPG will host a webcast in relation to its financial results for the six-month period ended 30 June 2022. The webcast will be held on **Wednesday 7 September 2022 at 10:00am CET / 9:00am UK.**

Please register for the webcast in advance via the link below:

<https://stream.brrmedia.co.uk/broadcast/6304b269da906b287e99c5f6>

FINANCIAL HIGHLIGHTS

Performance		H1 2022	H1 2021	Change
Gross rental income	€ million	306	188	62.5%
Net rental income	€ million	263	175	50.2%
Net hotel income	€ million	8	(4)	292%
Total revenues	€ million	511	300	70.0%
Net business income	€ million	276	178	55.3%
Consolidated adjusted EBITDA	€ million	261	172	51.8%
Funds from operations (FFO)	€ million	171	129	32.1%
Net profit for the period	€ million	751	253	196%

Assets		30-Jun-2022	31-Dec-2021	Change
Total assets	€ million	23,711	14,369	65.0%
Property portfolio	€ million	20,905	13,119	59.3%
Gross leasable area	sqm	6,723,000	3,667,000	83.3%
Share of green certified buildings*	%	33.9%	24.2%	9.7 p.p.
Occupancy	%	93.4%	93.8%	(0.4 p.p.)
Like-for-like gross rental growth**	%	7.7%	3.3%	4.4 p.p.
Total number of properties***	No.	889	367	142.2%
Total number of residential units	No.	16,370	11,755	39.3%
Total number of hotel rooms****	No.	7,992	7,025	13.8%

* According to GLA

** Based on gross rent, excluding one-time discounts, CPIPG standalone

*** Excluding residential properties in the Czech Republic, Germany and Austria

**** Including hotels operated, but not owned by the Group

Financing structure		30-Jun-2022	31-Dec-2021	Change
Total equity	€ million	10,409	7,695	35.3%
EPRA NRV (NAV)	€ million	8,493	7,039	20.6%
Net debt	€ million	9,364	4,682	100%
Net Loan-to-value ratio (Net LTV)	%	44.8%	35.7%	9.1 p.p.
Net debt/EBITDA	x	17.9x	12.7x	5.2x
Secured consolidated leverage ratio	%	17.4%	9.8%	7.6 p.p.
Secured debt to total debt	%	37.6%	27.0%	10.6 p.p.
Unencumbered assets to total assets	%	55.4%	70.4%	(15.0 p.p.)
Unencumbered assets to unsecured debt	%	193%	267%	(74 p.p.)
Net ICR	x	3.5x	4.6x	(1.1x)

CONSOLIDATED INCOME STATEMENT

(€ million)	Six-month period ended	
	30 June 2022	30 June 2021
Gross rental income	305.7	188.1
Service charge and other income	122.1	62.4
Cost of service and other charges	(107.7)	(48.8)
Property operating expenses	(56.8)	(26.5)
Net rental income	263.3	175.2
Development sales	0.4	12.0
Development operating expenses	(0.4)	(9.8)
Net development income	-	2.2
Hotel revenue	49.0	15.7
Hotel operating expenses	(41.4)	(19.6)
Net hotel income	7.6	(3.9)
Other business revenue	33.4	22.2
Other business operating expenses	(28.2)	(17.9)
Net other business income	5.2	4.3
Total revenues	510.6	300.4
Total direct business operating expenses	(234.5)	(122.6)
Net business income	276.1	177.8
Net valuation gain	287.2	222.0
Net gain on disposal of investment property and subsidiaries	32.3	0.5
Amortization, depreciation and impairment	(45.5)	(10.6)
Administrative expenses	(55.1)	(24.5)
Other operating income	290.9	2.9
Other operating expenses	(5.5)	(3.1)
Operating result	780.4	365.0
Interest income	6.6	11.3
Interest expense	(81.3)	(47.3)
Other net financial result	76.1	(22.1)
Net finance costs	1.4	(58.1)
Share of gain (loss) of equity-accounted investees (net of tax)	33.7	3.3
Profit before income tax	815.5	310.2
Income tax expense	(64.7)	(56.8)
Net profit from continuing operations	750.8	253.4

*The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34



Gross rental income

Gross rental income increased by €117.6 million (62.5%) to €305.7 million in H1 2022 primarily due to income generated by IMMOFINANZ, contributions from other acquisitions and CPIPG's 7.7% like-for-like growth.

Net hotel income

In H1 2022, net hotel income turned positive to €7.6 million, an increase from negative €3.9 million as both leisure and business travel recovered from the COVID-19 pandemic.

Net valuation gain

In H1 2022, the net valuation gain of €287.2 million reflected primarily revaluations of the Czech portfolio (€168.3 million) and IMMOFINANZ's portfolio (€71.3 million).

Amortization, depreciation and impairment

Amortization, depreciation and impairment increased by €34.9 million to €45.5 million in H1 2022 primarily due to impairment of receivables of €18.4 million and impairment of property, plant and equipment (€6.7 million) which was negative in H1 2021 (release of impairment of €8.5 million).

Administrative expenses

Administrative expenses increased by €30.6 million to €55.1 million in H1 2022 primarily due to the acquisition of IMMOFINANZ (€24.3 million).

Other operating income

In H1 2022, other operating income represented primarily bargain purchase resulting from the acquisition of IMMOFINANZ and S IMMO in total of €285.9 million.

Interest expense

Interest expense increased by €34.0 million to €81.3 million in H1 2022 due to higher levels of debt and the consolidation of IMMOFINANZ.

Other net financial result

The other net financial result reflects primarily change in the fair value of financial derivatives (gain of €63.7 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	30 June 2022	31 December 2021
NON-CURRENT ASSETS		
Intangible assets and goodwill	114.6	114.0
Investment property	18,953.7	10,275.8
Property, plant and equipment	1,164.9	854.6
Deferred tax assets	174.2	164.1
Equity accounted investees	719.0	1,216.1
Other non-current assets	412.7	338.0
Total non-current assets	21,539.1	12,962.6
CURRENT ASSETS		
Inventories	16.9	11.8
Trade receivables	170.4	105.7
Cash and cash equivalents	1,557.1	501.8
Assets linked to assets held for sale	80.4	588.5
Other current assets	347.3	198.6
Total current assets	2,172.1	1,406.4
TOTAL ASSETS	23,711.2	14,369.0
EQUITY		
Equity attributable to owners of the Company	6,799.0	5,991.8
Perpetual notes	1,646.7	1,611.6
Non-controlling interests	1,963.5	91.2
Total equity	10,409.2	7,694.6
NON-CURRENT LIABILITIES		
Bonds issued	4,801.3	3,693.7
Financial debts	5,213.1	1,164.4
Deferred tax liabilities	1,755.9	1,082.4
Other non-current liabilities	155.3	96.2
Total non-current liabilities	11,925.6	6,036.7
CURRENT LIABILITIES		
Bonds issued	424.6	41.1
Financial debts	481.8	233.5
Trade payables	155.8	116.2
Other current liabilities	314.2	246.9
Total current liabilities	1,376.4	637.7
TOTAL EQUITY AND LIABILITIES	23,711.2	14,369.0

*The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34

Total assets

Total assets increased by €9.3 billion (65%) to €23.7 billion at 30 June 2022 compared to 31 December 2021. The increase was driven primarily by the acquisition of IMMOFINANZ and S IMMO (investment property increased by €8.3 billion and cash / cash equivalents by €962 million), partly offset by a decrease in assets held for sale due to disposals in the period.

Total liabilities

Total liabilities increased by €6.7 billion to €13.3 billion at 30 June 2022 compared to 31 December 2021, largely due to the acquisition of IMMOFINANZ and S IMMO. The Group issued new bonds and Schuldschein of €1.2 billion and repaid €1.2 billion of bonds. During H1 2022, the Group drew new bridge facility with €1.2 billion outstanding at 30 June 2022.

Deferred tax liability increased by €674 million to €1.8 billion at 30 June 2022 compared to 31 December 2021, primarily due to the acquisition of IMMOFINANZ and S IMMO.

EQUITY AND EPRA NRV

Total equity increased from €7.7 billion at 31 December 2021 to €10.4 billion at 30 June 2022 (increase of €2.7 billion). The movements of equity components were as follows:

- Increase due to the profit for the period of €750.8 million (profit to the owners of €682.8 million);
- Increase in translation, revaluation and hedging reserve in total of €49.1 million;
- Increase of non-controlling interests (NCI) by €1.8 billion through the acquisition of IMMOFINANZ and S IMMO;
- Increase of retained earnings by €75.3 million due to acquisition of additional NCI;

EPRA NRV was €8.5 billion at 30 June 2022, representing an increase of 20.7% compared to 31 December 2021. The increase of EPRA NRV was driven by changes in the Group's equity attributable to the owners (increase of retained earnings and other reserves) and changes in deferred tax in revaluations (primarily due to the acquisition of IMMOFINANZ and S IMMO and H1 2022 revaluations).

	30 June 2022	31 December 2021
Equity attributable to the owners (NAV)	6,799	5,992
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	6,799	5,992
Revaluation of trading property and PPE	-	-
Deferred tax on revaluations	1,737	1,090
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	8,493	7,039



For disclosures regarding Alternative Performance Measures used in this press release please refer to our Half-year Management Report 2022, chapters Glossary, Key Ratio Reconciliations and EPRA Performance; accessible at <http://cpipg.com/reports-presentations-en>.

Unaudited documents will be available tonight at the following link:
<http://www.cpipg.com/reports-presentations-en>

Half-year 2022 unaudited financial report
Half-year 2022 unaudited management report

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