



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 2023

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 2023.

“CPIPG’s rental income continues to rise, even as the Group makes excellent progress on our disposal and deleveraging plans,” said Martin Němeček, CEO. “I have every confidence that the second half of 2023 will show similar trends.”

Highlights for the first half of 2023 include:

- **Total assets were €23.1 billion**, and EPRA NRV (NAV) grew to €8.1 billion.
- **CPIPG’s property portfolio was €20.3 billion** (versus €20.9 billion at year-end 2022).
- The Group completed **€657 million of disposals** during H1 2023. In total, more than €900 million of disposals have been executed since CPIPG’s €2 billion disposal plan was announced in August 2022.
- **Contracted gross rent was €907 million.**
- **Net rental income increased to €399 million** and net business income rose to €437 million.
- **Hotels reported net income of €29 million**, reflecting the recovery of travel across Europe.
- **Consolidated adjusted EBITDA was €394 million**, while **FFO1 was €209 million.**
- Rental income grew **8.3% on a like-for-like basis**. A high proportion of the Group’s rents are indexed, and CPIPG has faced no difficulty to date passing inflation on to our tenants.
- **Net Loan-to-Value (LTV) decreased to 49.9%**, down 1 p.p. from year-end 2022. CPIPG remains confident in our target LTV range of 45-49% by year-end 2023.
- **Net Debt was reduced** by more than €500 million.
- The Group signed multiple secured bank loans and continued to raise senior unsecured debt, contributing to a total of more than **€850 million in fresh external financing** year to date.
- **Total available liquidity was €2 billion as of 30 June.**
- **In April, the Group repurchased €335 million of bonds due in 2026, 2027, and 2028.** CPIPG expects to continue utilising our liquidity resources to repurchase bonds and optimise financing costs over time.
- **Unencumbered assets decreased to 51%**, reflecting the completion of new secured loans during H1 2023.
- **Net ICR was 2.6x**, reflecting the relatively higher cost of the Group’s temporary bridge financing arrangements.



Update on Bridge Financing

In connection with the acquisitions of IMMOFINANZ and S IMMO in 2022, CIPG borrowed €2.7 billion through bridge loans from our relationship banks. As of 31 August 2023, about €1.7 billion of the bridge loans have been repaid through disposals, fresh external financing, and existing liquidity resources, for a current balance of about €1 billion.

CIPG expects to make additional bridge repayments during September and October, further reducing the balance.

On 30 August 2023, CIPG signed a new €635 million 3-year bridge loan provided by Santander, Société Générale, Komerční banka, Raiffeisen, SMBC, Barclays, and Erste Bank. The new bridge loan, which includes an accordion feature of up to €1 billion to accommodate potential additional lending interest from our relationship bank group, is expected to be drawn by the end of October and will replace the existing bridge arrangements.

Half-year results webcast

CIPG will host a webcast in relation to its financial results for the six-month period ended 30 June 2023. The webcast will be held on **Thursday, 7 September 2023, at 11:00 am CET / 10:00 am UK.**

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

<https://edge.media-server.com/mmc/p/wjzps3y3>

FINANCIAL HIGHLIGHTS

Performance		H1 2023	H1 2022	Change
Total revenues	€ million	831	511	62.7%
Gross rental income (GRI)	€ million	457	306	49.7%
Net rental income (NRI)	€ million	399	263	51.4%
Net hotel income	€ million	29	8	289.5%
Net business income (NBI)	€ million	437	276	58.2%
Consolidated adjusted EBITDA	€ million	394	261	50.8%
Funds from operations (FFO)	€ million	209	171	22.5%
Net profit for the period	€ million	(50)	751	(106.7%)

Assets		30-Jun-2023	31-Dec-2022	Change
Total assets	€ million	23,066	23,521	(1.9%)
Property portfolio	€ million	20,256	20,855	(2.9%)
Gross leasable area	sqm	6,530,000	6,784,000	(3.7%)
Share of green certified buildings*	%	33.2	32.1	1.1 p.p.
Occupancy	%	92.3	92.8	(0.5 p.p.)
Like-for-like gross rental growth**	%	8.3	7.6	0.7 p.p.
Total number of properties***	No.	748	855	(12.5%)
Total number of residential units	No.	14,101	16,767	(15.9%)
Total number of hotel rooms****	No.	8,061	7,810	3.2%

* According to GLA

** Based on gross rent, 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-2023	31-Dec-2022	Change
Total equity	€ million	9,308	9,263	0.5%
EPRA NRV (NAV)	€ million	8,051	8,005	0.6%
Net debt	€ million	10,117	10,625	(4.8%)
Net Loan-to-value ratio (Net LTV)	%	49.9	50.9	(1.0 p.p.)
Net debt/EBITDA	x	12.9x	17.5x	(4.6x)
Secured consolidated leverage ratio	%	21.2	19.5	1.7 p.p.
Secured debt to total debt	%	43.0	38.9	4.1 p.p.
Unencumbered assets to total assets	%	50.9	54.4	(3.5 p.p.)
Unencumbered assets to unsecured debt	%	183%	179%	4.0 p.p.
Net ICR	x	2.6x	3.2x	(0.6x)

CONSOLIDATED INCOME STATEMENT

(€ million)	Six-month period ended	
	30 June 2023	30 June 2022
Gross rental income	457.5	305.7
Service charge and other income	219.0	122.1
Cost of service and other charges	(200.2)	(107.7)
Property operating expenses	(77.7)	(56.8)
Net rental income	398.6	263.3
Development sales	-	0.4
Development operating expenses	-	(0.4)
Net development income	-	-
Hotel revenue	103.5	49.0
Hotel operating expenses	(74.0)	(41.4)
Net hotel income	29.5	7.6
Other business revenue	50.7	33.4
Other business operating expenses	(42.0)	(28.2)
Net other business income	8.7	5.2
Total revenues	830.7	510.6
Total direct business operating expenses	(393.9)	(234.5)
Net business income	436.8	276.1
Net valuation gain/ (loss)	(217.2)	287.2
Net gain on disposal of investment property and subsidiaries	(1.2)	32.3
Amortization, depreciation and impairment	(34.9)	(45.5)
Administrative expenses	(64.5)	(55.1)
Other operating income	7.9	290.9
Other operating expenses	(15.2)	(5.5)
Operating result	111.7	780.4
Interest income	15.4	6.6
Interest expense	(165.5)	(81.3)
Other net financial result	28.3	76.1
Net finance costs	(121.8)	1.4
Share of gain of equity-accounted investees (net of tax)	(5.4)	33.7
Profit before income tax	(15.5)	815.5
Income tax expense	(34.6)	(64.7)
Net profit from continuing operations	(50.1)	750.8



Net rental income

Net rental income increased by €135.3 million (51%) to €398.6 million in H1 2023 primarily due to the acquisitions of IMMOFINANZ and S IMMO and strong like-for-like rental growth.

Net hotel income

Net hotel income increased from €7.6 million in H1 2022 to €29.5 million in H1 2023 as travel demand improved significantly across Europe and due to the acquisition of S IMMO.

Net valuation loss

Net valuation loss of €217.2 million in H1 2023 primarily relates to IMMOFINANZ (€119 million) and S IMMO (€80 million), mainly lower-yielding office and residential portfolios in Germany and offices in Austria.

Other operating income

Other operating income decreased in H1 2023 as there was a one-off bargain purchase from the acquisition of IMMOFINANZ and S IMMO of €285.9 million recognised in H1 2022.

Interest expense

Interest expense increased by €84.2 million in H1 2023 compared to H1 2022 primarily due to the acquisition of IMMOFINANZ (€9.2 million) and S IMMO (€18.2 million), the overall increase of cost of new financing and the relatively higher cost of the Group's temporary bridge financing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	30 June 2023	31 December 2022
NON-CURRENT ASSETS		
Intangible assets and goodwill	129.1	126.7
Investment property	18,201.0	18,486.2
Property, plant and equipment	1,105.4	1,100.0
Deferred tax assets	160.4	176.8
Equity accounted investees	729.5	732.3
Other non-current assets	714.2	668.5
Total non-current assets	21,039.6	21,290.5
CURRENT ASSETS		
Inventories	40.5	23.5
Trade receivables	197.1	197.8
Cash and cash equivalents	1,167.4	1,033.2
Assets linked to assets held for sale	192.7	596.5
Other current assets	429.1	379.7
Total current assets	2,026.8	2,230.7
TOTAL ASSETS	23,066.4	23,521.2
EQUITY		
Equity attributable to owners of the Company	6,611.2	6,579.8
Perpetual notes	1,619.2	1,584.4
Non-controlling interests	1,077.1	1,098.8
Total equity	9,307.5	9,263.0
NON-CURRENT LIABILITIES		
Bonds issued	4,262.4	4,680.4
Financial debts	6,573.5	6,165.6
Deferred tax liabilities	1,700.0	1,727.9
Other non-current liabilities	222.6	208.2
Total non-current liabilities	12,758.5	12,782.1
CURRENT LIABILITIES		
Bonds issued	277.9	405.8
Financial debts	170.6	360.4
Trade payables	167.5	232.2
Other current liabilities	384.4	477.7
Total current liabilities	1,000.4	1,476.1
TOTAL EQUITY AND LIABILITIES	23,066.4	23,521.2

Total assets

Total assets decreased by €454.8 million (1.9%) to €23,066.4 million as of 30 June. The decrease was driven primarily by revaluation of investment property of negative €217.2 million and property disposals of €657 million, offset by value-enhancing CapEx investments of €155 million.

Total liabilities

Total liabilities decreased by €548.3 million (3.8%) to €13,709.9 million as at 30 June 2023 compared to 31 December 2022, largely due to the repurchase of bonds issued by CPIPG of €345.2 million and the repayment of IMMOFINANZ bonds of €197.5 million. Further, there was a decrease of liabilities due to disposals of €121.4 million. On the other hand, financial debts increased by €218.1 million due to new loans.

EQUITY AND EPRA NRV

Total equity increased by €44.6 million to €9,307.5 million as at 30 June 2023. The movements of equity components were primarily as follows:

- Decrease due to the loss for the period of €50.1 million (loss to the owners of €69.2 million);
- Decrease in revaluation and hedging reserve in total of €8.5 million;
- Increase in translation reserve of €109.2 million;

EPRA NRV was €8,051 million as at 30 June 2023, representing increase of 0.6% compared to 31 December 2022. The increase of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners (translation reserve).

	30 June 2023	31 December 2022
Equity attributable to the owners (NAV)	6,611	6,580
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	6,611	6,580
Fair value of financial instruments	(211)	(243)
Deferred tax on revaluations	1,694	1,711
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	8,051	8,005



For disclosures regarding Alternative Performance Measures used in this press release please refer to our Half-year Management Report 2023, chapters Glossary of terms, 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 2023 unaudited financial statements
Half-year 2023 unaudited management report

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