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Press Release - Corporate News

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CPI PROPERTY GROUP publishes financial results for the third quarter of 2024

CPI PROPERTY GROUP (**"CPIPG"** or the **"Group"**), a leading European landlord, hereby publishes unaudited financial results for the nine-month period ending 30 September 2024.

"CPIPG's Q3 **operational results were solid**, and we made good progress on **capital structure and liquidity**," said David Greenbaum, CEO. "While the Group is not immune to macroeconomic trends facing Germany and other countries, we believe the combination of **low interest rates** and a **lack of new construction** will support both tenant and investor demand for high-quality CEE real estate."

Highlights for the third quarter of 2024 include:

- **Total assets were €21.7 billion**, and EPRA NRV was €6.8 billion.
- **CPIPG's property portfolio was €18.6 billion** (versus €19.5 billion at year-end 2023), reflecting completed disposals and negative FX and valuation movements, partially offset by CapEx investments.
- **The Group closed over €1.2 billion of gross disposals year-to-date.**
- **€440 million of signed disposals** are expected to close in the coming months, while €400 million of disposals have received at least one letter of intent and/or are in the due diligence stage. **The ongoing total disposal pipeline exceeds €3 billion.**
- **Net rental income increased by almost 3% to €627 million**, driven by **like-for-like rental growth of 3.6%**. Net business income was €671 million.
- **Consolidated adjusted EBITDA was €594 million; FFO1 was €311 million.**
- **Occupancy remained firm at 91%** with a stable WAULT of 3.4 years.
- **Net LTV was 50%**, and **Net Debt was reduced by €848 million** compared to year-end 2023.
- **Net debt/EBITDA declined by 1.3x to 11.8x** on an annualised basis versus year-end 2023.
- **Unencumbered assets increased to 51%**, and **Net ICR slightly improved to 2.6x**.
- **Total available liquidity was €2.1 billion** at the end of Q3 2024.
- **The average weighted debt maturity (4.4 years)** and average cost of debt (3.23%) increased as a result of the new bond issuance in September and the subsequent bond buyback in October.

Key Topics for Investors and Post-Closing Events

Market Commentary

Operational performance is solid with positive like-for-like rental growth of 3.6%, though the pace of growth has slowed as inflation normalises. Group occupancy slightly declined by 0.4%. Across our segments, retail continues to perform very well, with a high occupancy of 97%, as consumer spending remains robust. Offices in our region are resilient, due in part to limited construction activity; some recent declines in occupancy (e.g., Warsaw) are expected to be offset by leases signed in Q4. Hotels performed well with rising average daily room rates and improvements in average occupancy.

Timing Effect of Bond Issuance and Tender on Results

CPIPG issued €700 million of long 7-year bonds on 27 September 2024. On 1 October, the Group repurchased more than €671 million of bonds maturing in 2026 and 2027. As a result, both cash and gross debt are temporarily inflated as of 30 September.

Disposals

The Group has completed €3 billion of disposals since our pipeline began in August 2022: about €900 million were completed in 2022, €900 million in 2023 and €1.2 billion in 2024. While activity in Q3 was slower, €440 million of disposals are expected to close in the coming months, while another €400 million have at least one letter of intent signed and/or are in the due diligence stage.

CPIPG's total disposal pipeline under consideration exceeds €3 billion. The Group targets disposals of more than €1 billion in 2025 and at least €500 million annually in subsequent years. If successful, the Group expects disposals to gradually return Net LTV towards our target level of 40%, which should support an eventual return to investment grade credit ratings.

Czech Residential SICAV Structure

CPIPG is the second-largest residential landlord in the Czech Republic through our subsidiary CPI Byty, with a fully integrated platform across 11,600 units in 14 cities and an occupancy rate of 91.5%. The Czech Republic remains one of the most expensive European housing markets relative to income, which leads to a lack of affordable housing and strong momentum for higher prices. Individual investors in the Czech Republic are keen to participate in the medium to long-term upside of residential real estate.

CPIPG has initiated preparatory works towards creating a Czech SICAV (open-end investment fund) structure which will acquire stakes in our CPI Byty platform. The SICAV will issue share certificates in attractive sizes that will be tradeable for retail investors. The first phase includes plans to sell approximately 10% of the CPI Byty portfolio, with additional sales depending on the fund's ability to attract investors. Over time, CPIPG expects to gradually reduce our ownership in CPI Byty through the regular sale of fund shares. The process is subject to regulatory approvals.

People Matters

In keeping with CPIPG's desire to further strengthen management and accelerate the disposal pipeline, we are pleased to announce that Květa Vojtová and Michal Felcman will join the Group at the beginning of 2025.

As a dynamic duo, Květa and Michal will focus primarily on working with country management to execute disposals and will share the title of Group Head of M&A. Both Květa and Michal are joining from CTP. In addition to her M&A role, Květa will serve as Head of Transaction Legal, while Michal will also serve as Deputy COO.

Tomáš Salajka, a valued colleague for more than 10 years, informed the Board today of his decision to resign from his position as Director of Acquisitions, Asset Management, and Sales at the end of the year. Tomáš also resigned from the Board of CPIPG and the position of Managing Director effective immediately. The entire Group wishes Tomáš the very best for his future endeavours.

Given that Tomáš also resigned from the Group's Managing Director function, the Board of Directors decided to appoint Zdeněk Havelka and Pavel Měchura as Managing Directors, with immediate effect. Deliberations about potential replacements for Tomáš on the Board of CPIPG are underway.

Financing and Debt Maturities

The Group continues to access multiple forms of liquidity. Today, CPIPG signed binding commitments for a new 3-year unsecured revolving credit facility (RCF). The facility totals €400 million, with an accordion feature for up to €500 million. Lenders in the facility, which will be drawn in Q1 2025 and which will replace the existing RCF maturing in January 2026, are Barclays, Erste Group, Goldman Sachs, Komerční banka, Raiffeisen Bank International and Santander.

CPIPG has issued two benchmark senior unsecured bonds totalling €1.2 billion in 2024, which received more than €7 billion in investor demand. In September, the Group issued €700 million of bonds due in January 2032 and subsequently used the proceeds to repay €671 million of bonds due in May 2026 and April 2027.

In November, the Group issued €150 million of bonds through private placements and used the proceeds to repay ¥2.6 billion of bonds maturing in 2025 and HKD 188 million of bonds maturing in 2026. Proceeds were also used to repay the Group's RCF, which currently stands at €190 million.

Also in November, the Group signed a €180 million 5-year loan secured by our landmark property Warsaw Spire, replacing a loan that was scheduled to mature in January 2025.

CPIPG's Near Term Debt Maturities

As a result of the Group's efforts to repay debt well in advance, CPIPG does not face any meaningful debt maturities until May 2026. The Group's base case is to repay debt maturities with proceeds from disposals, either at maturity or through further proactive buybacks.

Amounts in € mn	Bonds/SSD	Bank loans/Other		Bonds/SSD	Bank loans/Other
Jan-25	--	12	Jan-26	--	50
Feb-25	19	--	Feb-26	--	--
Mar-25	--	58	Mar-26	--	--
Apr-25	16	--	Apr-26	109	--
May-25	--	--	May-26	409	--
Jun-25	--	82	Jun-26	11	144
Jul-25	--	0.2	Jul-26	--	--
Aug-25	--	--	Aug-26	--	--
Sep-25	--	--	Sep-26	--	68
Oct-25	--	--	Oct-26	--	--
Nov-25	--	--	Nov-26	--	--
Dec-25	--	3	Dec-26	--	207
Total	**35**	**155**	**Total**	**529**	**468**

CPI Property Group

CPIPG has not made any decisions yet regarding hybrid bonds (SGD and EUR) which are callable in 2025. The Group continues to favour an approach which is mutually beneficial to the Group and our valued bondholders, and we are greatly encouraged by recent developments in the hybrid market.

Liquidity Analysis

The Group's liquidity at Q3 2024 was particularly high because of the timing of our bond issue relative to bonds repaid in Q3. Factoring in debt repayment, disposals signed and pending, and active (secured) financing discussions, the Group is confident that we have ample liquidity to cover all debt maturities through 2026.

Amounts in € mn	Liquidity at Q3 '24	New financing post Q3'24	Debt repayments and refinancings post Q3'24	Disposals post Q3'24 (net)	Disposals signed(net)	Total	Active financing discussions	Potential
CPIPG (Group)	2,138	210	(1,181)	108	294	**1,569**	660	**2,229**
Debt maturities (until YE 2026)						**1,187**		**1,187**
Liquidity coverage (until YE 2026)						**1.3x**		**1.9x**

Group Simplification

To advance and accelerate the process of examining feasible strategies to optimise the capital and corporate structure of CPIPG and IMMOFINANZ, the Group has retained financial, tax, accounting, debt, and legal advisors. The initial group of advisors is comprised of KPMG Advisory (Tax & Accounting), as well as KPMG Law, Wolf Theiss, Clifford Chance, and Dentons (legal).

While we recognise that some external stakeholders may wish for faster progress, the matters involved are complex and CPIPG wants to proceed deliberately and carefully. After our initial assessment, and based on current information, the group is currently no longer considering either a fast squeeze-out of IMMOFINANZ or a merger of IMMOFINANZ into CPIPG. All other possibilities are being examined.

Notably, the Group has already made significant progress on simplification. Recently, S IMMO announced that, subject to the decision of the Commercial Court of Vienna, the squeeze-out of S IMMO is expected to be registered with the commercial register on 3 December 2024. Following the squeeze-out, S IMMO will become a 100% owned subsidiary of IMMOFINANZ.

Implementation of White & Case Recommendations

Following the recent governance review conducted by White & Case, CPIPG has committed to implementing all recommended changes.

The Group has completed the update of our Code of Conduct and all our key policies including a new framework for related party transactions. In addition, whistleblowing procedures have been revised and improved to fully align with the EU Whistleblower Directive into local laws whilst creating a robust mechanism for reporting and addressing any relevant concerns.

To strengthen our compliance function, Lucie Salzmanová was appointed as CPIPG's Group Compliance Officer. Before joining CPIPG, Lucie was an attorney for 11 years, specialising primarily in M&A, real estate transactions, banking, and regulatory matters. In her role as Group Compliance Officer, Lucie will supervise and coordinate compliance officers across the Group and will report directly to the CEO, with additional reporting responsibilities to the General Counsel and the Board of Directors. Lucie will also be responsible for ensuring that technology and software products have been integrated into our SAP systems to automate and enhance KYC and compliance processes.

Establishment of a separate family office is underway to further distinguish the Group from our founder. Milan Trněný has been named general manager of the Vitek Family Office. Arrangements for the appointment of additional employees are ongoing, along with the establishment of separate agreements with external providers for services like IT and accounting. The process is expected to be finalised in the coming months.

Finally, the Group continues to divest selected non-essential assets while taking steps to avoid conflicts of interest. As one example, V Team Prague, s.r.o. has been dissolved and the sponsorship arrangement by CPIPG has been terminated. Other assets are currently in preparation for sale in the coming months. We will continue to keep our stakeholders informed with further updates on these initiatives.

The table below summarises the governance changes suggested by White & Case and the status.

W&C recommendation	Status/work already undertaken Outstanding topics	Outstanding topics	Timeframe for completion
Sale of selected assets	• V Team Prague, s.r.o. has been dissolved and the sponsorship arrangement by CPIPG has been terminated. • Eurocraft Cantieri Navali (ECN) is in the process of disposal to Mr. Vítek.	Preparing properties for sale and identification of potential buyers.	Expect a few quarters to work through and complete all disposals but we certainly expect this to be done within 2025.
Separating the family office from CPIPG	• Vítek Family Office has been established, and Milan Trněný named as general manager.	In the process of formalising separation of services and further personnel for the family office.	Expect to be completed within a few months.
Avoiding conflicts of interest when engaging third parties & advisors; updates to key policies	• Adopted framework of engaging separate and independent advisors for each party in related party transactions. • Review and update of all of the existing policies already accepted by the board and are currently in effect.		Completed
Further strengthening our compliance function	• Lucie Salzmanová appointed as group compliance officer. Local compliance officers will report to and be supervised by Lucie. • Technology and IT tools to augment procedures & systems to automated processes have been implemented and will go-live in Q1 2025.		Completed

Cyprus litigation

CPIPG is aware of a recent article in the Financial Times regarding the ongoing litigation in Cyprus, including references to an injunction and possible ring-fencing of assets.
The Group's last update on this topic was published on 31 July 2024. Since that time, nothing has changed. CPIPG continues to interpret the case as an obvious effort by the plaintiffs to coerce the Group into an undue settlement through negative press coverage. CPIPG is confident that the plaintiffs have no valid claim.

As of today, the interim injunction is not effective, and the Group continues to appeal the order. If ever deemed effective, the effect of the interim injunction would be that Mr. Vitek and CPIPG (jointly) must not reduce their total assets below €535 million compared with group total assets today of €21.7 billion. Press coverage about pledging cash, or a so-called "asset freezing order" are misleading. So long as total assets of the Group do not drop below the threshold, the injunction allows (and is specifically intended to allow) the Group to continue operating in the normal course of business. No bank accounts or assets belonging to CPIPG or Mr. Vitek would be restricted as a result of the injunction so long as the threshold amount is safeguarded.

Distributions

The Board of Directors is expected to resolve on the Group's distribution for 2024 before year-end. Management expects to propose a distribution that is meaningfully less than the stated policy of distributing 65% of FFO.

FINANCIAL HIGHLIGHTS

Performance		Q1-Q3 2024	Q1-Q3 2023	Change
Total revenues	€ million	1,210	1,295	(6.6%)
Gross rental income (GRI)	€ million	699	693	0.9%
Net rental income (NRI)	€ million	627	609	2.9%
Net hotel income	€ million	37	58	(35.9%)
Net business income (NBI)	€ million	671	674	(0.5%)
Consolidated adjusted EBITDA	€ million	594	604	(1.5%)
Funds from operations (FFO)	€ million	311	312	(0.3%)
Net profit for the period	€ million	17	52	(66.5%)

Assets		30-Sep-2024	31-Dec-2023	Change
Total assets	€ million	21,691	21,930	(1.1%)
Property portfolio	€ million	18,583	19,531	(4.9%)
Gross leasable area	sqm	6,390,000	6,462,000	(1.1%)
Occupancy	%	90.9	92.1	(1.2 p.p.)
Like-for-like gross rental growth*	%	3.6	7.9	(4.3 p.p.)
Total number of properties**	No.	643	711	(9.6%)
Total number of residential units	No.	13,072	13,630	(4.1%)
Total number of hotel rooms***	No.	6,845	8,019	(14.6%)

* Based on gross headline rent
** Excluding residential properties in the Czech Republic
*** Including hotels owned, but not operated by the Group

Financing structure		30-Sep-2024	31-Dec-2023	Change
Total equity	€ million	8,399	8,257	1.7%
EPRA NRV	€ million	6,830	7,033	(2.9%)
Net debt	€ million	9,372	10,220	(8.3%)
Net Loan-to-value ratio (Net LTV)	%	50.4	52.3	(1.9 p.p.)
Net debt/EBITDA	x	11.8x	13.1x	(1.3x)
Secured consolidated leverage	%	22.2	24.0	(1.8 p.p.)
Secured debt to total debt	%	43.7	46.5	(2.8 p.p.)
Unencumbered assets to total assets	%	51.0	47.8	3.2 p.p.
Unencumbered assets to unsecured debt	%	179%	174%	5 p.p.
Net interest coverage (Net ICR)	x	2.6x	2.5x	0.1x

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT*

(€ million)	Nine-month period ended 30 September 2024	Nine-month period ended 30 September 2023
Gross rental income	699.2	692.8
Service charge and other income	320.6	356.4
Cost of service and other charges	(284.8)	(328.8)
Property operating expenses	(108.0)	(110.9)
Net rental income	**626.8**	**609.4**
Development sales	15.8	-
Development operating expenses	(13.9)	-
Net development income	**1.9**	**-**
Hotel revenue	121.2	181.1
Hotel operating expenses	(83.7)	(122.6)
Net hotel income	**37.5**	**58.4**
Other business revenue	53.0	65.0
Other business operating expenses	(48.4)	(58.6)
Net other business income	**4.6**	**6.4**
Total revenues	**1.209.7**	**1,295.2**
Total direct business operating expenses	**(538.9)**	**(620.9)**
Net business income	**670.8**	**674.2**
Net valuation loss	(167.8)	(202.6)
Net loss on disposal of investment property and subsidiaries	(21.0)	(4.5)
Amortization, depreciation and impairment	(21.3)	(43.4)
Administrative expenses	(106.3)	(102.6)
Other operating income	14.3	10.4
Other operating expenses	(11.5)	(15.2)
Operating result	**357.2**	**316.4**
Interest income	33.8	25.5
Interest expense	(259.0)	(257.6)
Other net financial result	(53.5)	33.7
Net finance costs	**(278.7)**	**(198.4)**
Share of gain of equity-accounted investees (net of tax)	(15.1)	(1.7)
Profit before income tax	**63.4**	**116.3**
Income tax expense	(46.1)	(64.6)
Net profit from continuing operations	**17.3**	**51.7**

** 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 €6.4 million (1%) to €699.2 million in Q1-Q3 2024 compared to Q1-Q3 2023. The increase was driven by acquisitions with effect of €8 million. Overall like-for-like rental growth was 3.6%, partly offset by effect of disposals in the period.

Net service charge income

Net service charge income increased by €8.2 million in Q1-Q3 2024 compared to Q1-Q3 2023, primarily due to profit from sales of energy (of €11 million).

Net hotel income

Net hotel income decreased by €20.9 million (36%) compared to Q1-Q3 2023 due to deconsolidation of certain hotels portfolio in Q1 2024.

Net income from other business operations

Net income from other business operations decreased by €1.8 million (29%) compared to Q1-Q3 2023 due to disposal of ski resort in Crans Montana in Q1 2024.

Net valuation loss

Net valuation loss of €167.8 million in Q1-Q3 2024 represented primarily revaluation loss generated by S IMMO (€83 million), IMMOFINANZ (€28 million), selected office portfolio in Prague (€33 million) and one project in Italy (€12 million).

Net loss on the disposals

Net gain on disposals primarily relates to loss from sale of the mountain resort in Crans Montana (€10 million) and sale of one project in Italy (€8 million).

CPI Property Group

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION*

(€ million)	30 September 2024	31 December 2023
NON-CURRENT ASSETS		
Intangible assets and goodwill	82.3	129.8
Investment property	16,705.6	17,262.7
Property, plant and equipment	326.1	866.5
Deferred tax assets	89.7	118.2
Equity accounted investees	789.2	717.2
Other non-current assets	560.6	452.0
Total non-current assets	**18,553.5**	**19,546.5**
CURRENT ASSETS		
Inventories	87.6	73.5
Trade receivables	229.1	227.7
Cash and cash equivalents	1,587.8	1,022.6
Assets linked to assets held for sale	678.9	722.7
Other current assets	554.1	337.3
Total current assets	**3,137.5**	**2,383.8**
TOTAL ASSETS	**21,691.0**	**21,930.3**
EQUITY		
Equity attributable to owners of the Company	5,338.6	5,567.6
Perpetual notes	1,627.2	1,585.2
Non-controlling interests	1,433.0	1,104.5
Total equity	**8,398.8**	**8,257.3**
NON-CURRENT LIABILITIES		
Bonds issued	5,381.3	4,274.1
Financial debts	4,899.6	6,325.7
Deferred tax liabilities	1,455.2	1,547.7
Other non-current liabilities	232.7	223.7
Total non-current liabilities	**11,968.8**	**12,371.2**
CURRENT LIABILITIES		
Bonds issued	100.9	209.2
Financial debts	570.2	412.2
Trade payables	129.1	218.3
Other current liabilities	523.2	462.1
Total current liabilities	**1,323.4**	**1,301.8**
TOTAL EQUITY AND LIABILITIES	**21,691.0**	**21,930.3**

** 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 decreased by €239.3 million (1%) to €21,691.0 million as at 30 September 2024 compared to 31 December 2023. The decrease relates primarily to decrease of investment property (by €557.1 million), related mainly to IMMOFINANZ and S IMMO disposals, and decrease of property, plant and equipment (by €540.4 million), related to the sale of hotels portfolio to the newly established joint venture and transfers to investment property and assets held for sale.

Total liabilities

Total liabilities decreased by €380.8 million (3%) to €13,292.2 million as at 30 September 2024 compared to 31 December 2023, primarily due to a repayment of financial debts (by €1,268.1 million) and decrease of deferred tax liabilities (by €92.5 million). On the other hand, bonds increased by €999.0 million due to issuance of new bonds.

Equity and EPRA NRV

Total equity increased by €141.6 million from €8,257.2 million as at 31 December 2023 to €8,398.8 million as at 30 September 2024. The movements of equity components were as follows:

- Decrease due to the loss for the period of €46.9 million;
- Decrease due to the loss from sale of NCI (Pierogi) of €83.3 million;
- Decrease in translation reserve of €71.6 million, revaluation and hedging reserve of €17.0 million and €34.0 million, respectively;
- Increase in retained earnings due to the sale of hotel portfolio to a newly established joint venture of €23.8 million;
- Net interest to perpetual notes holders of €42.1 million;
- Increase of NCI in the period of €328.5 million.

EPRA NRV was €6,830 million as at 30 September 2024, representing a decrease of 3% compared to 31 December 2023. The decrease of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners and decrease in fair value of financial derivatives (€52.7 million).

	30 September 2024	31 December 2023
Equity attributable to the owners (NAV)	**5,339**	**5,568**
Diluted NAV	**5,339**	**5,568**
Fair value of financial instruments	(40)	(93)
Deferred tax on revaluations	1,574	1,601
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	**6,830**	**7,033**

GLOSSARY

Alternative Performance Measures (APM)	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducting administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortisation policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducting intangible assets and goodwill as reported.	
EPRA Net Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (like deferred tax, net valuation gain/loss, impairment, amortisation/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items. Calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
Net debt/EBITDA	It is calculated as Net debt divided by Consolidated adjusted EBITDA.	A measure of a company's ability to pay its debt. This ratio measures the amount of income generated and available to pay down debt before covering interest, taxes, depreciation and amortisation expenses.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm´s ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Net Loan-to-Value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Loan-to-value provides a general assessment of financing risk undertaken.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm´s financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm´s financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm´s liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realized in the event of default.
Unencumbered assets to unsecured debt	It is calculated as unencumbered assets as reported divided by a sum of unsecured bonds and unsecured financial debts as reported.	This measure is an additional indicator of a commercial real estate firm's liquidity and financial flexibility.

Non-financial definitions	Definition
Company	CPI Property Group S.A.
Property Portfolio value or PP value	The sum of value of Property Portfolio owned by the Group
Gross Leasable Area or GLA	Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
Group	CPI Property Group S.A. together with its subsidiaries
Net debt	Net debt is borrowings plus bank overdraft less cash and cash equivalents.
Occupancy	Occupancy is a ratio of estimated rental revenue regarding occupied GLA and total estimated rental revenue, unless stated otherwise.
Property Portfolio	Property Portfolio covers all properties and investees held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

APM RECONCILIATION*

EPRA NRV reconciliation (€ million)	30-Sep-24	31-Dec-23
Equity attributable to owners of the company	**5,339**	**5,568**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**5,339**	**5,568**
Revaluation of trading property and property, plant and equipment	0	0
Fair value of financial instruments	(40)	(93)
Deferred tax on revaluation	1,574	1,601
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV	**6,830**	**7,033**

Net LTV reconciliation (€ million)	30-Sep-24	31-Dec-23
Financial debts	5,470	6,738
Bonds issued	5,482	4,483
Net debt linked to assets held for sale	8	22
Cash and cash equivalents	(1,588)	(1,023)
Net debt	**9,372**	**10,220**
Total property portfolio	**18,583**	**19,531**
Net LTV	**50.4%**	**52.3%**

Net Interest coverage ratio reconciliation (€ million)	Q1-Q3 2024	FY 2023
Interest income	34	39
Interest expense	(259)	(348)
Consolidated adjusted EBITDA	594	778
Net Interest coverage ratio	**2.6x**	**2.5x**

Secured debt to total debt reconciliation (€ million)	30-Sep-24	31-Dec-23
Secured bonds	0	0
Secured financial debts	4,792	5,232
Total debts	10,967	11,257
Secured debt to total debt	**43.7%**	**46.5%**

* Totals might not sum exactly due to rounding differences.

Unencumbered assets to total assets reconciliation (€ million)	30-Sep-24	31-Dec-23
Bonds collateral	0	0
Bank loans collateral	10,629	11,440
Total assets	21,691	21,930
Unencumbered assets ratio	**51.0%**	**47.8%**

Consolidated adjusted EBITDA reconciliation (€ million)*	Q1-Q3 2024	Q1-Q3 2023
Net business income	671	674
Administrative expenses	(106)	(103)
Other effects	30	32
Consolidated adjusted EBITDA	**594**	**604**

Funds from operations (FFO) reconciliation (€ million)*	Q1-Q3 2024	Q1-Q3 2023
Net profit/(loss) for the period	17	52
Deferred income tax	8	(14)
Net valuation gain or loss on investment property	(168)	(203)
Net valuation gain or loss on revaluation of derivatives	(41)	(14)
Net gain or loss on disposal of investment property and subsidiaries	(21)	(4)
Net gain or loss on disposal of PPE/other assets	(1)	2
Amortization, depreciation and impairments	(21)	(43)
Other non-cash items	1	1
GW/Bargain purchase	--	--
Other non-recurring items	(20)	34
Share on profit of equity accounted investees/JV adjustments	(15)	(2)
Other effects	15	17
Funds from operations	**311**	**312**

Secured consolidated leverage ratio reconciliation (€ million)	30-Sep-24	31-Dec-23
Secured bonds	0	0
Secured financial debts	4,792	5,232
Consolidated adjusted total assets	21,609	21,800
Secured consolidated leverage ratio	**22.2%**	**24.0%**

Unencumbered assets to unsecured debt reconciliation (€ million)	30-Sep-24	31-Dec-23
Total assets	21,691	21,930
Bonds collateral	0	0
Bank loans collateral	10,629	11,440
Total debt	10,967	11,257
Secured bonds	0	0
Secured financial debts	4,792	5,232
Unencumbered assets to unsecured debt	**179%**	**174%**

* Includes pro-rata EBITDA/FFO for Q1-Q3 2024 and Q1-Q3 2023 of Equity accounted investees.

Property portfolio reconciliation (€ million)	30-Sep-24	31-Dec-23
Investment property - Office	7,647	8,035
Investment property - Retail	4,745	4,801
Investment property - Land bank	1,848	1,930
Investment property - Residential	1,238	1,424
Investment property - Development	634	726
Investment property - Hotels rented	353	102
Investment property - Agriculture	136	139
Investment property - Industry & Logistics	60	60
Investment property - Other	45	44
Property, plant and equipment - Hospitality	228	775
Property, plant and equipment - Other	37	18
Property, plant and equipment - Office	18	3
Property, plant and equipment - Agriculture	16	16
Property, plant and equipment - Retail	7	1
Property, plant and equipment - Residential	7	6
Property, plant and equipment - Development	4	11
Property, plant and equipment - Hotels rented	4	--
Property, plant and equipment - Land bank	3	1
Inventories	89	67
Equity accounted investees	789	717
Assets held for sale	621	653
Other non financial assets	55	--
Total	**18,583**	**19,531**

Net debt/EBITDA reconciliation (€ million)	30-Sep-24*	31-Dec-23
Net debt	9,372	10,220
Net business income*	894	874
Administrative expenses*	(142)	(138)
Other effects*	40	42
Net debt/EBITDA	**11.8x**	**13.1x**

*Annualised.

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