



Press Release

Luxembourg, 31 August 2020

## CPI PROPERTY GROUP publishes half-year financial results for 2020

CPI PROPERTY GROUP (hereinafter “CPIPG” the “Company” or together with its subsidiaries the “Group”), the largest owner of income-generating real estate in the Czech Republic, Berlin and the CEE region, hereby publishes its unaudited financial results for the first half of the 2020 financial year.

“CPIPG had a successful first half of 2020,” said Martin Němeček, CEO. “Our property portfolio, rental income and occupancy grew as our team responded effectively to the challenges of COVID-19.”

Key highlights for the first half of 2020 include:

- **CPIPG’s property portfolio increased to €9.8 billion** (up 8% from year-end 2019) as the Group made **€928m of acquisitions**, primarily offices in Warsaw and a 29.4% stake in Globalworth.
- **Total assets increased to €11 billion**. The Group’s results also include a fair value adjustment of -€252 million (-2.8%) because of prudent revaluations of hotels and certain retail properties, plus the impact of a weaker CZK versus EUR.
- **Net rental income was €164 million** (up 13% versus H1 2019), because of acquisitions, **higher occupancy at 94.8%**, and 1.7% like-for-like growth in gross rental income. **Net business income was €168 million** (unchanged from H1 2019).
- **Consolidated adjusted EBITDA was €164 million** (up 15% versus H1 2019), and **funds from operations (FFO) was €115 million** (up 12%).
- **The Group collected 93% of contracted rent** before the impact of one-time COVID-19 discounts, and **97%** including discounts.
- **Net Loan-to-Value (LTV) at 42.5%** and **Net ICR at 5.5x** remain comfortably within the Group’s financial policy.
- During the first half of 2020, the Group issued **€1.19 billion** equivalent of senior unsecured bonds in Euros, Sterling and Hong Kong Dollars. In January, CPIPG also issued SGD 150 million of perpetual hybrid bonds. The Group also signed a secured loan of **€116 million**.
- Proceeds from external financings were used for acquisitions and to **repay about €850 million of bonds** and schuldschein maturing in 2022, 2023, 2024 and 2025.

Notable events occurring after the end of H1 2020 include:

- In July, the Group increased the size of our secured loan facility in Berlin by **€259 million**.
- In August, the Group issued HUF 30 billion (about **€86 million**) of senior unsecured green bonds and **acquired Concept Tower**, an A+ office property in Warsaw.



“The Group’s capital structure, liquidity and operating performance have been robust throughout the COVID-19 outbreak,” said David Greenbaum, CFO. “During the second half of 2020, CPIPG will continue taking proactive steps to ensure we are well-positioned to meet future opportunities and challenges.”

CPIPG will host a webcast in relation to its financial results for the first half of 2020. The webcast will be held on Monday 7 September 2020 at 11:00am CET / 10:00am UK.

Please register for the webcast via the link below:

[https://globalmeet.webcasts.com/starthere.jsp?ei=1361538&tp\\_key=9e53b7046e](https://globalmeet.webcasts.com/starthere.jsp?ei=1361538&tp_key=9e53b7046e)

## FINANCIAL HIGHLIGHTS

Performance		30-Jun-2020	30-Jun-2019	Change
Gross rental income	€ million	173	155	11%
Net rental income	€ million	164	145	13%
Total revenues	€ million	291	322	(9%)
Net business income	€ million	168	168	0%
Consolidated adjusted EBITDA	€ million	164	143	15%
Funds from operations (FFO)	€ million	115	103	12%
Net profit for the period	€ million	2	166	(99%)

Assets		30-Jun-2020	31-Dec-2019	Change
Total assets	€ million	10,962	10,673	3%
Property portfolio	€ million	9,826	9,111	8%
Gross leasable area	sqm	3,558,000	3,465,000	3%
Occupancy	%	94.8	94.3	0.5 p.p.
Like-for-like gross rental growth*	%	1.7	4.4	(2.7 p.p.)
Total number of properties**	No.	333	332	0%
Total number of residential units	No.	11,911	11,919	0%
Total number of hotel beds***	No.	12,248	12,416	(1%)

\* Based on headline rent, excluding one-time discounts

\*\* Excluding residential properties in the Czech Republic

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

Financing structure		30-Jun-2020	31-Dec-2019	Change
Total equity	€ million	5,392	5,469	(1%)
EPRA NRV (NAV)	€ million	4,865	5,100	(5%)
Net debt	€ million	4,174	3,300	26%
Net Loan-to-value ratio (Net LTV)	%	42.5	36.2	6.3 p.p.
Secured consolidated leverage ratio	%	10.1	9.6	0.5 p.p.
Secured debt to total debt	%	24.5	24.8	(0.3 p.p.)
Unencumbered assets to total assets	%	69.3	69.7	(0.4 p.p.)
Net ICR		5.5x	7.2x	(1.7x)

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT\*

(€ million)	Six-month period ended	
	30 June 2020	30 June 2019
Gross rental income	172.8	155.2
Service charge and other income	60.5	64.8
Cost of service and other charges	(44.1)	(46.5)
Property operating expenses	(25.2)	(28.5)
<b>Net rental income</b>	<b>164.0</b>	<b>145.0</b>
Development sales	8.8	17.8
Development operating expenses	(8.1)	(18.0)
<b>Net development income</b>	<b>0.7</b>	<b>(0.2)</b>
Hotel revenue	19.8	56.7
Hotel operating expenses	(24.6)	(41.1)
<b>Net hotel income</b>	<b>(4.8)</b>	<b>15.6</b>
Other business revenue	29.3	27.3
Other business operating expenses	(21.1)	(19.6)
<b>Net other business income</b>	<b>8.2</b>	<b>7.7</b>
<b>Total revenues</b>	<b>291.2</b>	<b>321.8</b>
<b>Total direct business operating expenses</b>	<b>(123.1)</b>	<b>(153.7)</b>
<b>Net business income</b>	<b>168.1</b>	<b>168.1</b>
Net valuation gain/(loss)	(11.0)	92.3
Net gain on disposal of investment property and subsidiaries	0.6	0.4
Amortization, depreciation and impairment	(54.9)	(16.4)
Administrative expenses	(24.9)	(25.2)
Other operating income	3.9	3.1
Other operating expenses	(2.3)	(4.1)
<b>Operating result</b>	<b>79.5</b>	<b>218.2</b>
Interest income	8.9	5.7
Interest expense	(38.8)	(25.5)
Other net financial result	(6.0)	(11.8)
<b>Net finance costs</b>	<b>(35.9)</b>	<b>(31.6)</b>
Share of loss of equity-accounted investees (net of tax)	(14.9)	(0.4)
<b>Profit before income tax</b>	<b>28.7</b>	<b>186.2</b>
Income tax expense	(26.5)	(20.6)
<b>Net profit from continuing operations</b>	<b>2.2</b>	<b>165.6</b>

\* 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 €17.6 million (11%) to €172.8 million in the six-month period ended 30 June 2020. The increase was driven by acquisitions of offices in Warsaw, Poland in the fourth quarter of 2019 and the first half of 2020.

### **Net hotel income**

Because of lockdowns and travel restrictions related to the COVID-19 outbreak, hotel revenue decreased by €36.9 million (65%) to €19.8 million in the six-month period ended 30 June 2020. Because the Group operates our own hotels, we were able to sharply reduce hotel operating expenses by €16.5 million (40%) to €24.6 million.

### **Net valuation loss**

The valuation loss of €11.0 million in the six-month period ended 30 June 2020 primarily reflects decreased fair value of two retail properties in Budapest, Hungary.

### **Amortization, depreciation and impairment**

Amortization, depreciation and impairment increased by €38.5 million to €54.9 million in the period due to negative revaluation of hotels (€37.6 million).

### **Interest expense**

Interest expense increased by €13.3 million to €38.8 million in the period as the Group increased gross debt to fund acquisitions.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION\*

(€ million)	30 June 2020	31 December 2019
<b>NON-CURRENT ASSETS</b>		
Intangible assets and goodwill	103.1	107.0
Investment property	8,348.7	8,156.8
Property, plant and equipment	766.3	885.7
Deferred tax assets	143.7	168.1
Equity accounted investees	666.2	3.7
Other non-current assets	298.8	242.5
<b>Total non-current assets</b>	<b>10,326.8</b>	<b>9,563.8</b>
<b>CURRENT ASSETS</b>		
Inventories	49.8	51.2
Trade receivables	75.5	80.9
Cash and cash equivalents	329.3	804.5
Assets linked to assets held for sale	11.2	21.5
Other current assets	169.8	150.9
<b>Total current assets</b>	<b>635.6</b>	<b>1,109.0</b>
<b>TOTAL ASSETS</b>	<b>10,962.4</b>	<b>10,672.8</b>
<b>EQUITY</b>		
Equity attributable to owners of the Company	4,130.4	4,334.2
Perpetual notes	1,212.0	1,085.5
Non-controlling interests	49.3	49.8
<b>Total equity</b>	<b>5,391.7</b>	<b>5,469.5</b>
<b>NON-CURRENT LIABILITIES</b>		
Bonds issued	3,222.9	2,870.9
Financial debts	1,183.1	1,165.3
Deferred tax liabilities	776.5	805.9
Other non-current liabilities	97.3	73.9
<b>Total non-current liabilities</b>	<b>5,279.8</b>	<b>4,916.0</b>
<b>CURRENT LIABILITIES</b>		
Bonds issued	20.4	20.8
Financial debts	76.7	47.7
Trade payables	64.1	86.0
Other current liabilities	129.7	132.8
<b>Total current liabilities</b>	<b>290.9</b>	<b>287.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,962.4</b>	<b>10,672.8</b>

\* 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 €289.6 million (3%) to €10,962.4 million at 30 June 2020 compared to 31 December 2019. The increase was driven by the acquisition of a 29.4% stake in Globalworth and five offices in Warsaw, partially offset by fair value adjustments (including impact of changing foreign exchange rate).

### Total liabilities

Total liabilities increased by €367.4 million (7%) to €5,570.7 million at 30 June 2020 compared to 31 December 2019. The Group issued senior unsecured bonds of €1.19 billion and completed new loans for €116 million while repaying loans and bonds of €850 million.

## EQUITY AND EPRA NRV

Total equity decreased by €77.8 million from €5,469.5 million as at 31 December 2019 to €5,391.7 million as at 30 June 2020. The movements of equity components were as follows:

- Decrease of retained earnings due to the loss for the period of €24.5 million;
- Increase of perpetual bonds by €126.5 million;
- Decrease in revaluation and hedging reserve of €30.4 million;
- Decrease in translation reserve of €148.9 million;
- Decrease in non-controlling interest of €0.5 million.

EPRA NRV was €4,865 million as at 30 June 2020, representing a decrease of 4.6% compared to 31 December 2019. The decrease of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners (the decrease of retained earnings, revaluation and hedging reserve and translation reserve).

	30 June 2020	31 December 2019
<b>Equity attributable to the owners (NAV)</b>	<b>4,130</b>	<b>4,334</b>
Effect of exercise of options, convertibles and other equity interests	-	-
<b>Diluted NAV</b>	<b>4,130</b>	<b>4,334</b>
Revaluation of trading property and PPE	2	2
Fair value of financial instruments	0	0
Deferred tax on revaluations	776	807
Goodwill as a result of deferred tax	(43)	(43)
<b>EPRA NRV (€ million)</b>	<b>4,865</b>	<b>5,100</b>



*For disclosures regarding Alternative Performance Measures used in this press release please refer to our Half-year Management Report 2020, chapters Glossary, Key Ratio Reconciliations and EPRA Performance; accessible at <http://cpipg.com/reports-presentations-en>.*

Unaudited documents will be available tonight on:  
<http://www.cpipg.com/reports-presentations-en>

Half-year 2020 unaudited financial report  
Half-year 2020 unaudited management report

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