H1 2021 results: sharp increase in profitability including non-recurring items

- **Net income attributable to owners of the parent: €7.3 million, up 73.0% (€0.18 per share on a diluted basis, up 67.4%)**
- **Property Investment net income attributable to owners of the parent per share on a diluted basis: €0.11, up 18.8%**
- **NAV per share on a diluted basis: €5.87, up 4.6% over 12 months**
- **Robust balance sheet: LTV ratio of 45.7% and €32.1 million in cash**

Outlook: resilience and confidence

- **Property Investment: development of €46 million in commercial assets, with work starting up on €24 million in projects during H2 2021**
- **Property Development: Order and negotiations in progress backlog of €80.7 million**

CBo Territoria's Board of Directors met on Friday, 10 September 2021 and approved its consolidated results for the first half of 2021.

Audited consolidated financial statements in € millions, under IFRS	H1 2021	H1 2020	% Chg.
Revenues	**36.4**	**37.8**	**-3.9%**
Income from operations	**9.9**	**8.1**	**+21.8%**
Fair value adjustments	1.6	(1.2)	*n/a*
Gain/(loss) on disposal of investment properties	0.7	0.3	+116.6%
Other operating income/(expense)	0.3	0.0	*n/a*
Share in income from associates	0.8	0.8	-5.8%
Operating income (including associates)[1]	**13.2**	**8.0**	**+64.2%**
Net interest expense	(3.1)	(2.5)	+25.4%
Income before tax	**10.1**	**5.6**	**+81.5%**
Income tax expense	(2.8)	(1.3)	+114.9%
Net income	7.3	4.3	+71.3%
Net income attributable to owners of the parent	**7.3**	**4.2**	**+73.0%**

(1) Operating income after share in net income from associates

The consolidated interim financial statements are currently being audited.

CBo Territoria relatively unaffected by Covid-19

As of 14 September 2021, La Réunion remains less affected by the pandemic than the French mainland (1,858 active cases and 354 deaths since the first case was reported – source: ARS). Given La Réunion's limited number of beds and its island location, tighter measures have been introduced than in mainland France, including the closure from 5 April to 19 May 2021 of non-essential stores in shopping centres with a surface area of over 10,000 m^2. A 9pm curfew has been in force since 31 July.

To date, the pandemic's likely impact on CBo Territoria's 2021 income statement has been kept down to less than €0.2 million.

Property Development back to a normal business level and higher Property Investment rental income

In the first half of 2021, CBo Territoria's revenues totalled €36.4 million, down 3.9% given the return to a normal business level in Property Development from the 2019 and 2020 peak in line with the Group's forecasts.

Gross rental income from Property Investment's economic portfolio rose 8.6% to €12.6 million, with the boost provided by commercial assets, which recorded a 9.7% increase to €10.8 million. These now account for 86% of total gross rental income, up from 84% in the first half of 2020.

Property Development revenue was back at a normal level of €23.0 million in the first half of 2021 (down 10.2% relative to H1 2020).

- The contribution from existing properties fell 15.8% to €14.9 million owing to the high comparative figure for the commercial portfolio (down 56%) in 2020, with delivery of the Leroy Merlin store a key factor
- Sales of residential and commercial plots rose 2.2% to €8.1 million.

20.5% increase in recurring net income from Property Investment and surge in net income attributable to owners of the parent as a result of fair value adjustments

In the first half of 2021, Property Investment, including the share in income from associates, recorded €10.7 million in net rental income. This 8.1% increase was supported by the contribution from new assets at the Retail Park du Port development and the offices acquired in Ile-de-France (Paris region) in late 2020.

Through reductions in overheads (outsourced residential property management) and a tighter grip on interest costs*, the business posted recurring net income attributable to owners of the parent up 20.5% at €4.2 million. Recurring net income attributable to owners of the parent per share on a diluted basis moved up 18.8% to €0.11.

Property Development posted a 14.0% increase in its margin to €4.6 million given the spectacular contribution to the product mix made by the most recent commercial plots.

With the stronger performance of these two businesses and a non-recurring increase of €2.8 million in fair value adjustments, CBo Territoria's net income attributable to owners of the parent rose 73.0% to €7.3 million. Net income attributable to owners of the parent came to €0.18 per share on a diluted basis, an increase of 67.4%.

**excluding the measurement of the ORNANE derivative*

Further shift in the focus of the economic portfolio to commercial assets

At 30 June 2021, the economic portfolio was valued at €383.6 million, up 3.8% on its end-2020 level as a result of the delivery of the Retail Park du Port. Commercial assets now make up 79% of the portfolio, compared with 74% of the total at end-2020, reflecting the shift to this asset class. Its valuation by independent appraisers, which remains conservative by comparison with the mainland market, has not been impacted by the pandemic given the resilience of the Group's assets.

The commercial economic portfolio rose 6.5% to €299.7 million with the addition of new assets. It is highly diversified (offices 33%, retail 56%, business premises 11%) and its vacancy rate is stable at 4%, reflecting its high-calibre assets. Its gross rate of return came to 7.5%.

In the first half of 2021, the Group pressed ahead with expanding its commercial portfolio, including:

- Delivery of the final store (6,100 m^2) at the Retail Park du Port developed by CBo Territoria

- Launch of a major project at Combani in Mayotte, initially involving a €24 million investment in building a 7,400 m^2 complex. These facilities, which have been awarded a commercial use permit, are currently 68% let, with tenants including a 1,920 m^2 Carrefour supermarket and a 1,200 m² Monsieur Bricolage home improvement store. Work is expected to start over the next few weeks, and the project is due to enter service in the second half of 2023.

During the period, CBo Territoria continued to pull out of residential assets with the sale of 17 homes. At 30 June 2021, its residential portfolio comprised 302 homes, up from 319 at year-end 2020, or 12% of the economic portfolio, down from 13% at year-end 2020.

Robust balance sheet providing a sound basis for further development

At 30 June 2021, the Group held €32.1 million in cash on its balance sheet. Net debt came to €197.9 million. The LTV ratio excluding transfer taxes rose slightly to 45.7% (up 1.3 points). Fixed-rate borrowings accounted for 80% of the total, up from 77% at year-end 2020. The average cost of debt was stable at 2.8%.

Net asset value of €5.87 per share on a diluted basis (up 4.6%)

At 30 June 2021, NAV rose 4.1% over 12 months to €216.3 million, or €5.87 per share on a diluted basis. The share's discount, based on the average share price between 1 and 10 September 2021, stood at 34% of its NAV per share on a diluted basis.

Outlook: continuing shift to focus on Property Investment

With its solid balance sheet and its diversified and resilient business model, CBo Territoria intends to continue expanding its Property Investment business out to 2023, with €46 million in commercial assets, including €24 million in projects starting up in H2 2021.
At the same time, the Group is continuing to sell down its residential assets under the agreement reached with SHLMR/Action Logement.
For 2021, the Group has set a target of a 2% increase in gross rental income to €23.8 million.

The Property Development business, which helps to provide funds for Property Investment, will continue to run at a normal level after pulling back from the record highs of 2019 and 2020, with an order and negotiations in progress backlog of €80.7 million.

"Our diversified business model has proven its resilience over the past 18 months amid the pandemic crisis", commented Eric Wuillai, CBo Territoria's Chairman and CEO. "Given the strength of our balance sheet and our major pipeline of tightly controlled property development and investment projects, we are confident about our development prospects thanks to our medium-term visibility."

About CBo Territoria

CBo Territoria is a leading real estate developer and developer in Reunion Island and Mayotte. It is listed on Euronext C (FR0010193979, CBOT) and eligible for the PEA PME scheme (the SME financing share savings plan).
For the past 10 years the Group has been selected by the Gaïa Index for its ESG approach, and it relies on best practices for its governance.
CBo Territoria owns 2,950 hectares of land and aims to become a multi-regional property company whose development is co-financed by the results of its development activity.
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GLOSSARY

NAV - Net Asset Value: calculated based on consolidated equity, including unrealised capital gains and losses on the property portfolio. The property portfolio is measured at market value by means of an independent appraisal.
NAV per share: Net asset value per share excluding shares held in treasury
Diluted NAV per share: Net asset value per share reflecting the maximum number of shares that may be issued as a result of outstanding dilutive instruments
CFO – Cash flow from operations: All internal sources of funds generated by the activities of a business that can be used for funding purposes
Cash generated by operating activities: change in the cash position of a business resulting from the operating cash flows generated by its main activities
Average cost of borrowing = ratio of the amount of interest paid over the year, before capitalisation, to its average debt outstanding over the period
ICR – Interest Coverage Ratio: coverage of the cost of borrowing by net rental income
Deferred tax: Deferred tax is a means of recognising tax arising from a business profit generated during the period in respect of the operations of a business that may in the future incur a tax liability or tax saving that is not recognised under the current tax method.
Yield property: all existing property assets generating steady rental income
Investment property: existing yield properties (commercial + residential) + Investment land (excluding land held as inventory or for development)

Fair Value: this method of measuring assets is recommended by the IFRS international accounting standards and is applied in the consolidated financial statements.
It is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"
Property Investment's net rental income = Property Investment operating margin: Rental income net of direct property expenses reflecting allowances to provisions for doubtful receivables
LTV - Loan To Value: Amount of outstanding bank debt net of investment assets and cash/market value of Investment Properties excluding transfer taxes + net carrying amount of operational properties other than head office + inventories and outstandings (consolidated value).

Property Development operating margin: revenues less cost of sales, sales and marketing costs and allowances to provisions
Recurring net income: IFRS net income from ordinary and recurring activities
Associates: company accounted for under the equity method. Equity accounting is an accounting technique whereby the carrying amount of shares held in an entity by its parent company is replaced by a measurement of the portion that the parent company owns in the equity of that entity.
ORNANE - Bond redeemable in cash and in new or existing shares. Convertible bond, the principal amount of which is repaid in cash at maturity and, if the conversion option is in-the-money, the difference between share price and the conversion threshold may be redeemed in the issuer's shares.
Economic portfolio: investment assets and share in assets held by associates
Net income attributable to owners of the parent: net income attributable to owners of the parent is the share of net income payable to the Group's owners. Also known as net income, Group share.
Income from operations: development margins + Rental income net of property expenses - net management expenses +/- Income from ancillary activities.
Operating income: Income from operations + fair value adjustments + gains/(losses) on investment properties + other operating income and expenses + share in income of associates
Stock options: stock options at a given exercise price
Financial vacancy rate: ratio between the market rent of vacant space and rental income from the total space (actual rental income from space rented + market rent of vacant space)
Cash flow statement: shows how cash was generated and how the cash position changed during a financial year or a given period.