CTP N.V. Q1-2023 Results

CTP REPORTS COMPANY SPECIFIC ADJUSTED EPRA EPS OF €0.18, CONFIRMING GUIDANCE; NEXT 12 MONTHS' CONTRACTED REVENUES INCREASED TO €628 MILLION DRIVEN BY 7.8% LIKE-FOR-LIKE RENTAL GROWTH

AMSTERDAM, 11 May 2023 - CTP N.V. (CTPNV.AS), ("CTP", the "Group" or the "Company") recorded in Q1-2023 Net Rental Income ("NRI") of €130.7 million, up 21.9% y-o-y, and like-for-like rental growth of 7.8%, mainly driven by indexation and reversion on renegotiations and expiring leases. The contracted revenues for the next 12 months stood at €628 million as at 31 March 2023.
CTP's expected Yield-on-Cost ("YoC") for the 1.8 million sqm of projects under construction is an industry-leading 10.4%. The Group's standing portfolio grew to 10.9 million sqm of GLA owned as at 31 March 2023, while the Gross Asset Value ("GAV") increased by 4.5% compared to 31 December 2022. EPRA NTA increased by 4.6% to €14.44.
Company specific adjusted EPRA earnings increased by 32.1% to €78.3 million. CTP continues to deliver on its promises with a Company specific adjusted EPRA EPS that amounted to €0.18, on track to reach CTP's guidance of €0.72 for 2023.

Remon Vos, CEO, comments: "Leasing dynamics remain strong, and we continue to see robust occupier demand combined with market vacancies close to historic lows, while supply is decreasing. The business-smart CEE region has seen strong growth in the recent years and is expected to continue to outperform in the years ahead. The industrial & logistics sector in CEE benefits from structural demand drivers, such as professionalisation of supply chains, e-commerce, and occupiers seeking to enhance the resilience of their supply chains through nearshoring and friend-shoring, with production in Europe for Europe.
We continue to deliver on our promises, saw a record like-for-like rental growth of 7.8% during the quarter, signed 297,000 sqm of leases, with rental levels of new leases continuously above ERV.
In Q1-2023, we delivered 223,000 sqm of GLA, 88% let at delivery, adding €13 million of contracted rent with another €2 million of potential income when full occupancy is reached, at a YoC of 10.2%
We have a strong balance sheet and pro-forma for the unsecured loan signed in May €1.4 billion of liquidity available to continue our developments. The expected YoC of our projects under construction is 10.4%, and we expect that to improve further during the year, thanks to decreasing construction costs and higher rents. Our industry-leading YoC and profitable pipeline continues to drive positive revaluations, as we mobilise our landbank, which we have been able to acquire at attractive prices."

Key Highlights

In € million	Q1-2023	Q1-2022	% Increase
Net Rental Income	130.7	107.2	+21.9%
Net valuation result on investment property	208.3	27.5	+656.8%
Profit for the period	225.5	60.2	+274.4%
Company specific adjusted EPRA earnings	78.3	59.3	+32.1%
In €	Q1-2023	Q1-2022	
Company specific adjusted EPRA EPS	0.18	0.14	+25.2%

In € million	31 March 2023	31 Dec. 2022	% Increase
Investment Property ("IP")	10,610.5	10,124.2	+4.8%
Investment Property under Development ("IPuD")	1,217.5	1,193.3	+2.0%
	31 March 2023	31 Dec. 2022	*% Increase*
EPRA NTA per share	€14.44	€13.81	+4.6%
Expected YoC of projects under construction	10.4%	10.1%	
LTV	45.9%	45.4%	

Strong cash flow generating portfolio

In Q1-2023, CTP signed leases for 297,000 sqm, with contracted rental income of €18.9 million, and an average rent per sqm of €5.31 (Q1-2022: €4.87). Two-thirds of those leases were with existing tenants, in line with CTP's business model of growing with existing tenants in existing parks.

Main leasing deals included a 27,000 sqm lease with automotive cooling producer TitanX in Poland; 20,000 sqm with wholesaler Mercate VT in Serbia; 17,000 sqm with 3PL FSK L&S in Hungary; and 16,000 sqm with retailer Dr. Max in the Czech Republic.

Leveraging these drivers allowed CTP to increase its average market share in the Czech Republic, Romania, Hungary, and Slovakia from 27.8% at year-end 2022, to 28.1% as at Q1-2023 and it remains the largest owner of industrial and logistics real estate assets in those markets. The Group is also market leader in Serbia and Bulgaria.

CTP has, with over 1,000 clients, a wide and diversified international tenant base, consisting of blue-chip companies with strong credit ratings. CTP's tenants represent a broad range of industries, including manufacturing, high-tech/IT, automotive, and e-commerce, retail, wholesale, and third-party logistics. This tenant base is highly diversified, with no single tenant accounting for more than 2.5% of its annual rent roll, which leads to a stable income stream. CTP's top 50 tenants only account for 33.2% of its rent roll and most are in multiple CTParks.

Rent collection level stood at 99.7% in Q1-2023 (FY-2022: 99.7%), with no deterioration in payment profile.

The Company's occupancy remained high at 94% (31 December 2022: 94%). The Group's client retention rate remains strong at 95% (Q1-2022: 95%) and demonstrates CTP's ability to leverage long-standing client relationships. The portfolio WAULT stood at 6.5 years (Q1-2022: 6.3 years), in line with the Company's target of >6 years.

Rental income amounted to €136.0 million, up 24.1% y-o-y on an absolute basis. On a like-for-like basis, rental income grew 7.8%, mainly driven by indexation and reversion on renegotiations and expiring leases.

An increasing proportion of the rental income generated by CTP's investment portfolio benefits from inflation protection. Since end-2019, all the Group's new lease agreements include a double indexation clause, which calculates annual rental increases as the higher of:

- a fixed increase of 1.5%–2.5% a year; or
- the Consumer Price Index[1].

[1] With a mix of local and EU-27 / Eurozone CPI

As at 31 March 2023, 52% of income generated by the Group's portfolio includes this double indexation clause, and the Group is on track to increase this to around 70% by the end of 2023.

The reversionary potential at year-end 2022 stood at 12.5%. New leases have been signed continuously above ERV's, illustrating continued strong market rental growth.

The contracted revenues for the next 12 months stood at €628 million as at 31 December 2022, increasing 22.4% y-o-y excl. Germany, showcasing the strong cash flow generation of CTP's investment portfolio.

The Group is progressing with the integration of the German portfolio. The rent roll has increased by 12% from €59 million at the time of the acquisition to €66 million as at 31 March 2023. In 2022, the Group set up its own team in Germany in order to internalize the management of the portfolio, thanks to those efforts, CTP has been able to improve the efficiency as illustrated by the improvement of the NRI to Rental income ratio from 72% in 2022 to 81% in Q1-2023. In 2023, CTP will also start the first new developments in Germany on the landbank that was acquired through the acquisition.

Profitable pipeline increasing

CTP continued its disciplined investment in its highly profitable pipeline.

In Q1-2023, the Group completed 223,000 sqm of GLA (Q1-2022: 47,000 sqm) at a YoC of 10.2%. The deliveries were 88% let and will generate contracted annual rental income of €13 million, with another €2 million to come when these reach full occupancy.

Main deliveries were: 47,000 sqm in CTPark Warsaw South in Poland (leased to amongst others Fiege), 54,000 sqm in CTPark Vienna East in Austria (leased to amongst others DHL, Frigologo, Quick Service Logistics, Toyota, Schachinger), and 41,000 sqm in CTPark Sofia West in Bulgaria (leased to Lidl).

While average construction costs in 2022 were around €550 per sqm, CTP expects those to be below €500 per sqm in 2023, in part thanks to CTP's inhouse construction and procurement teams. This decline in construction costs, together with continued rental growth driven by strong occupier demand and low vacancies, will allow CTP to continue to develop with a YoC above 10%, an industry-leading level, supported by CTP's unique park model and in-house construction and procurement expertise.

At the end of Q1-2023, the Group had 1.8 million sqm of buildings under construction with a potential rental income of €129 million and an expected YoC of 10.4%. CTP has a long track record of delivering sustainable growth through its tenant-led development in its existing parks. 62%[2] of the Group's projects under construction are in existing parks, while 27% are in new parks which have the potential to be developed to more than 100,000 sqm of GLA. Planned 2023 deliveries are 49% pre-let[2] and CTP expects to reach 80%-90% pre-letting at delivery, in line with historical performance. As CTP acts as general contractor, it is fully in control of the process and timing of deliveries, allowing the Company to speed-up or slow-down

[2] Excluding Poland, where the Group has more speculative developments in new parks as part of its market entry.

depending on tenant demand, while also offering tenants flexibility in terms of building requirements.

In Poland, the Group signed in total more than 80,000 sqm of pre-lettings for 2023 deliveries and has more than 110,000 sqm under advanced negotiations. The supply of new industrial & logistics space in Poland is estimated to come down up to 40% between 2022 and 2024, while the market has seen a record take-up of 4.2 million sqm in 2022 and rent increases of up to 30%. CTP is well positioned to benefit from those trends.

In 2023 the Group is targeting to deliver at least the same amount of GLA as in 2022 – and more if demand remains robust. The 142,000 sqm of leases that are signed for future projects, which haven't started yet, are a clear illustration of continued occupier demand.

CTP's landbank amounted to 20.7 million sqm at year-end (31 December 2022: 20.3 million sqm), which allows the Company to reach its target of 20 million sqm GLA by the end of the decade. The landbank was roughly stable compared to 31 December 2022, with the Group focussing on mobilising the existing landbank to maximise returns, while maintaining disciplined capital allocation in landbank replenishment. 65% of the landbank is located within CTP's existing parks, while 23% is in or is adjacent to new parks which have the potential to grow to more than 100,000 sqm. Only 16% of the landbank was comprised of options, while the remaining 84% was owned and accordingly reflected in the balance sheet.

Roll-out of solar energy investments on track

CTP is on track with its expansion plan for the roll-out of photovoltaic systems over the course of 2023. With an average cost of ~€750,000 per MWp, the Group targets a YoC of 15% for these investments.

CTP's sustainability ambition goes hand in hand with more and more tenants requesting photovoltaic systems, as they provide them with i) improved energy security, ii) a lower cost of occupancy, iii) compliance with increased regulation and / or their clients requirements and iv) the ability to fulfil their own ESG ambitions.

Pipeline drives valuation results

At the Group's Q1 and Q3 results only the materially changed Investment Property under Development ("IPuD") projects are externally revalued.

Investment Property ("IP") valuation increased from €10.1 billion as at 31 December 2022 to €10.6 billion as at 31 March 2023, driven by, among other factors, the €199 million transfer of completed projects from IPuD to IP, €90 million of standing assets acquisitions, and €43 million of landbank acquisitions.

IPuD increased by 2.0% to €1.2 billion as at 31 March 2023, mainly driven by progress on developments, while the projects under construction increased from 1.7 million sqm of GLA at year-end 2022 to 1.8 million sqm of GLA at the end of Q1-2023.

The total GAV came to €12.0 billion as at 31 March 2023, up 4.5% compared to 31 December 2022.

CTP currently expects potential yield widening in 2023 to be offset by positive ERV growth on the back of continued tenant demand driven by the secular growth drivers in the CEE region. Rental levels in CEE remain affordable, despite the strong growth seen, as they come from significantly lower absolute levels than Western European countries. With the recent yield increases in Western European markets, the yield differential between CEE and Western European logistics is back to the long-term average.

EPRA NTA per share increased from €13.81 as at 31 December 2022 to €14.44 as at 31 March 2023, representing an increase of 4.6%. The increase is mainly driven by the revaluation of deliveries.

Robust balance sheet and strong liquidity position

In line with its proactive and prudent approach, the Group benefits from a solid liquidity position to fund its growth ambitions, with a fixed cost of debt and conservative repayment profile.

During the first months of 2023, the Group demonstrated its continued good access to and the depth of the bank lending market by tapping several pools of capital:

- in February CTP signed a €95 million seven-year secured loan facility with a Czech bank at a fixed all-in cost of 4.3%[3];
- in March the Group signed a €133 million seven-year secured loan facility with a German bank at a fixed all-in cost of 4.6%[3]; and
- in May the Group signed a first tranche of €280 million five-year and seven-year unsecured facility with a consortium of international financial institutions at a fixed all-in cost of 4.7%[3].

The bank lending market remains more attractive than the bond market, with pricing reflecting CTP's long-term reliable and growing cash flows.

In February 2023, the Group also signed a three-year extension of its RCF with two one-year extension options, while increasing the size from €400 million to €500 million.

Furthermore, a material amount of additional loan facilities have been agreed.

The Group's liquidity position as at 31 March 2023 stood at €1.1 billion, comprised of €612 million of cash and cash equivalents, and an RCF of €500 million. The liquidity position pro-forma for the unsecured loan signed in May is €1.4 billion.

CTP's average cost of debt stood at 1.6% (31 December 2022: 1.5%), with 99.4% of the debt fixed or hedged until maturity. The average debt maturity came to 5.5 years (31 December 2022: 5.7 years)

The Group's first material upcoming maturity is a €400 million bond in Q4-2023, which will be repaid from available cash reserves (€892 million pro-forma for the unsecured financing raised in April). Following this, the next material debt maturity is not until mid-2025.

[3] Includes effect of hedging

Depending on market conditions, the Group may initiate a repurchase of issued bonds during the upcoming reporting periods.

CTP's LTV came to 45.9% (31 December 2022: 45.4%), just above the Company's target of an LTV between 40%-45%. CTP expects the LTV at year-end 2023 to be around 45%, when the revaluations of the developments under construction are booked. The Group deems this to be an appropriate level, given its higher gross portfolio yield, which stood at 6.5% as at year-end 2022. The higher yielding assets lead to a healthy level of cash flow leverage that is also reflected in the forward-looking Interest Coverage Ratio of 5.3x (31 December 2022: 5.6x) and normalised Net Debt to EBITDA of 9.7x (31 December 2022: 9.6x)

The Group had 65% unsecured debt and 35% secured debt as at 31 March 2023, with ample headroom under its covenants to increase the amount of secured debt, which is offered at more attractive rates in the current environment.

	31 March 2023	Covenant
Secured Debt Test	16.4%	40%
Unencumbered Asset Test	188.4%	125%
Interest Cover Ratio	4.4x	1.5x

Outlook and Guidance

Leasing dynamics remain strong, with robust occupier demand, low vacancy across CTP's markets, and new supply decreasing, leading to continued rental growth.

CTP is well positioned to benefit from these trends. The Group's pipeline is highly profitable and tenant led. The YoC target for new projects is increased to 11%, thanks to decreasing construction costs and continued rental growth. The next stage of growth is built in and financed, with as at 31 March 2023 1.8 million sqm under construction and the target to deliver in 2023 at least the same amount as in 2022 – and more if demand remains robust.

Its robust capital structure, disciplined financial policy, strong credit market access, industry-leading landbank, in-house construction expertise and deep tenant relations allow CTP to deliver on its targets, with the Group being on track to reach 20 million sqm of GLA and €1 billion rental income before the end of the decade.

The Group confirms its €0.72 Company specific adjusted EPRA EPS guidance for 2023 and dividend policy with a 70% - 80% pay-out[4].

[4] Default dividend is scrip with option to receive cash

Consolidated statement of profit and loss and other comprehensive income

Q1 2023 (Unaudited)

In EUR thousand	Q1 2023	Q1 2022
Rental income	136,031	109,593
Service charge income	14,434	11,106
Property operating expenses	(19,814)	(13,500)
Net rental income	130,651	107,199
Hotel operating revenue	4,039	2,249
Hotel operating expenses	(3,356)	(2,649)
Net operating income from hotel operations	683	(400)
Income from development activities	3,446	11,869
Expenses from development activities	(2,608)	(8,827)
Net income from development activities	838	3,042
Total revenues	**157,950**	**134,817**
Total attributable external expenses	**(25,778)**	**(24,976)**
Gross profit	**132,172**	**109,841**
Net valuation result on investment property	**208,282**	**27,521**
Other income	900	2,530
Amortisation and depreciation	(3,123)	(2,225)
Employee benefits	(13,026)	(9,704)
Impairment of financial assets	(124)	337
Other expenses	(17,107)	(20,590)
Net other income/expenses	**(32,480)**	**(29,652)**
Profit/loss before finance costs	**307,974**	**107,710**
Interest income	3,062	1,005
Interest expense	(28,052)	(21,822)
Other financial expenses	(1,393)	(12,040)
Other financial gains/losses	(2,136)	153
Net finance costs	**(28,519)**	**(32,704)**
Profit/loss before income tax	**279,455**	**75,006**
Income tax expense	(53,992)	(14,793)
Profit for the period	**225,463**	**60,213**
Other comprehensive income		
Items that will never be reclassified to profit and loss		
Revaluation of PPE net of tax	3,686	557
Items that are or may be reclassified to profit and loss		
Cash flow hedge - effective portion of changes in fair value net of tax	(975)	-
Foreign currency ranslation differences net of tax	(4,131)	(2,772)
Total other comprehensive income net of tax	**(1,420)**	**(2,215)**
Total comprehensive income for the period	**224,043**	**57,998**
Profit attributable to:		
Non-controlling interests	-	(362)
Equity holders of the Company	**225,463**	**60,575**
Total comprehensive income attributable to:		
Non-controlling interests	-	(362)
Equity holders of the Company	**224,043**	**58,360**
Earnings per share (EUR)		
Basic earnings per share	**0.51**	**0.14**
Diluted earnings per share	**0.51**	**0.14**

Consolidated statement of financial position as at 31 March 2023 (Unaudited)

In EUR thousand	31 March 2023	31 December 2022
Assets		
Investment property	10,610,513	10,124,185
Investment property under development	1,217,505	1,193,343
Property, plant and equipment	179,884	168,905
Intangible assets	4,023	3,492
Trade and other receivables	13,409	18,014
Derivative financial instruments	6,963	9,165
Financial investments	438	459
Long-term receivables from related parties	45,719	45,245
Deferred tax assets	11,056	17,851
Total non-current assets	**12,089,510**	**11,580,659**
Trade and other receivables	263,604	235,584
Short-term receivables due from related parties	341	332
Derivative financial instruments	40,471	41,881
Contract assets	4,462	3,404
Current income tax receivable	6,350	6,175
Cash and cash equivalents	612,010	660,631
Total current assets	**927,238**	**948,007**
Total Assets	**13,016,748**	**12,528,666**
Issued capital	71,052	71,052
Translation reserve	416	4,547
Share premium	3,024,521	3,024,521
Cash flow hedge reserve	22,752	23,727
Retained earnings	2,142,304	2,081,692
Revaluation reserve	22,089	18,403
Net result for the year	225,463	60,575
Total equity attributable to owners of the Company	**5,508,597**	**5,284,517**
Non-controlling Interest	-	-
Total equity	**5,508,597**	**5,284,517**
Liabilities		
Interest-bearing loans and borrowings from financial institutions	2,110,217	1,868,129
Bonds issued	3,564,972	3,563,788
Trade and other payables	107,268	103,952
Long-term payables to related parties	-	3
Derivative financial instruments	1,825	2,018
Deferred tax liabilities	950,019	913,855
Total non-current liabilities	**6,734,301**	**6,451,745**
Interest-bearing loans and borrowings from financial institutions	29,461	24,730
Bonds issued	418,798	417,562
Trade and other payables	289,087	320,917
Derivative financial instruments	10,960	12,677
Current income tax payables	25,544	16,518
Total current liabilities	**773,850**	**792,404**
Total liabilities	**7,508,151**	**7,244,149**
Total equity and liabilities	**13,016,748**	**12,528,666**

CTP N.V. - Consolidated statement of cash flows
Q1 2023 (Unaudited)

In EUR thousand	**Q1 2023**	**Q1 2022**
Operating activities		
Net result for the year	225,463	60,213
Adjustments for:		
Net valuation result on investment property	-208,282	-27,521
Amortisation and depreciation	3,552	2,647
Net interest expense	24,992	20,817
Change in fair value of derivatives and associated closeout costs	657	-1,488
Other changes	111	4,896
Change in foreign currency rates	489	-3,121
Income tax benefit/expense	53,992	14,793
	100,974	**71,236**
Decrease/(increase) in trade and other receivables and other items	-29,049	-1,559
Increase/(decrease) in trade and other payables and other items	-43,085	-11,975
Decrease/(increase) in contract assets	-1,058	4,092
Cash generated from operations	**-73,192**	**-9,442**
Interest paid	-24,128	-21,220
Interest received	2,599	25
Income taxes paid	-8,711	-6,909
Cash flows from operating activities	**-2,458**	**33,690**
Investment activities		
Acquisition of investment property	-36,655	-8,049
Acquisition of PPE and intangible assets	-11,685	-1,546
Advances paid for investment property and PPE	-	-20,223
Acquisition of subsidiaries, net of cash acquired	-40,146	-7,219
Pre-acquisition loans and borrowings provided to acquired subsidiaries	-29,519	-67,523
Loans and borrowings provided to related parties	-50	-
Proceeds from loans and borrowings provided to third parties	4,080	-
Development of investment property	-154,704	-184,164
Cash flows used in investing activities	**-268,679**	**-288,724**
Financing activities		
Bonds issued	-	695,226
Repayment of interest-bearing loans and borrowings/bonds	-6,122	-195,146
Proceeds from interest-bearing loans and borrowings	228,400	7,988
Transaction costs related to loans and borrowings/bonds	-2,374	-420
Payment of lease liabilities	-955	-258
Cash flows from/used in financing activities	**218,949**	**507,390**
Cash and cash equivalents at 1 January	660,631	892,816
Net increase in cash and cash equivalents	-52,188	252,356
Change in foreign currency rates	*3,567*	*6*
Cash and cash equivalents at 31 March	**612,010**	**1,145,178**

WEBCAST AND CONFERENCE CALL FOR ANALYSTS AND INVESTORS
Today at 9am (GMT) and 10am (CET), the Company will host a video presentation and Q&A session for analysts and investors, via a live webcast and audio conference call.

To view the live webcast, please register ahead at:
https://www.investis-live.com/ctp/6437d69f1e95ce0c009efae0/srths

To join the presentation by telephone, please dial one of the following numbers and enter the participant access code **902905.**

United Kingdom	**0800 640 6441**
United Kingdom (Local)	**020 3936 2999**
United States	**1 855 9796 654**
United States (Local)	**1 646 664 1960**
Germany (Local)	**032 22109 8334**
Netherlands (Local)	**085 888 7233**
All other locations	**+44 203 936 2999**

Press *1 to ask a question, *2 to withdraw your question, or *0 for operator assistance.

The telephone recording will also be available on-demand until Thursday, 18 May 2023. To access the replay, dial one of the numbers below and enter the participant access code **978018.**

United Kingdom (Local):	**020 3936 3001**
United States (Local)	**1 845 709 8569**
All other locations:	**+44 203 936 3001**

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CTP FINANCIAL CALENDAR

Action	Date
Payment 2022 final dividend	18 May 2023
2023 Half-Year results	10 August 2023
Capital Markets Day	20-21 September 2023
2023 Third quarter results	9 November 2023

About CTP
CTP is Europe's largest listed owner, developer, and manager of logistics and industrial real estate by gross lettable area, owning 10.9 million sqm of GLA across 10 countries as at 31 March 2023. CTP certifies all new buildings to BREEAM Very good or better and earned a 'Low-Risk' ESG rating by Sustainalytics, underlining its commitment to being a sustainable business. For more information, visit CTP's corporate website: www.ctp.eu

Forward looking disclaimer
This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of CTP. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "targets", "may", "aims", "likely", "would", "could", "can have", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements may and often do differ materially from actual results. As a result, undue influence should not be placed on any forward-looking statement. This press release contains inside information as defined in article 7(1) of Regulation (EU) 596/2014 of 16 April 2014 (the Market Abuse Regulation).