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Press Release – Corporate News
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CPI PROPERTY GROUP publishes financial results for Q1 2022

CPI PROPERTY GROUP (hereinafter "CPIPG", the "Company" or together with its subsidiaries the "Group"), a leading owner of income-generating European real estate, hereby publishes unaudited financial results for the quarter ended 31 March 2022.

"CPIPG sees sustained strong demand for real estate and solid trends in rents and occupancy across our portfolio," said Martin Němeček, CEO. "The Group's strategic acquisitions and disposals have been executed successfully and our asset management teams continue to deliver great results."

CPIPG's results for the first quarter of 2022 fully consolidate the Group's acquisition of a controlling stake in IMMOFINANZ. The Group previously published pro-forma financial information for the full year 2021, in conjunction with the update of our Euro medium-term note (EMTN) programme.

Highlights for the first quarter of 2022 include:

- CPIPG's **property portfolio rose to €18.1 billion**, offset by disposals of €479 million.
- **Total assets** reached €20.9 billion, including €1.6 billion of cash**. Total available liquidity** was €2.4 billion including undrawn revolving credit facilities.
- **Net rental income** increased to €110 million, while consolidated adjusted EBITDA rose to €119 million. Pro-forma consolidated adjusted EBITDA for 2021 was €531 million for the Group.
- **Occupancy was stable** at 93.7%. **Like-for-like rental income increased by 6.4%**, with Prague and Berlin outperforming.
- **Net business income** was €117 million and **FFO** was €84 million for the quarter. Combined FFO for the Group in 2021 was €374 million.
- **Rent collections were close to 100%** in Q1 2022, a "normal" post-COVID environment.
- **EPRA NRV (NAV) grew by 10% to €7.7 billion**.
- **Net Loan-to-Value (LTV)** temporarily increased to 41.8% (from 35.7% at year-end 2021), above our target ceiling of 40%, but below the policy limit of 45%. CPIPG is confident in our ability to reduce LTV below our target through ongoing disposals and debt repayment.
- Unencumbered assets decreased to 62% (from 70%), reflecting a relatively higher portion of pledged assets on the IMMOFINANZ level. CPIPG will continue to closely monitor the level of unencumbered assets and will consider repaying secured debt over time.
- **Net ICR** stood at 4.1x, a slight decrease (-0.5x) versus full year 2021.

"The consolidation of CPIPG and IMMOFINANZ creates a Group with a new level of size and scale as a landlord," said David Greenbaum, CFO. "The Group's acquisitions have been funded conservatively and our capital structure commitment is unchanged."

FINANCIAL HIGHLIGHTS

Performance		Q1-2022	Q1-2021	Change
Gross rental income	€ million	128	93	36.9%
Net rental income	€ million	110	88	24.4%
Net hotel income	€ million	(2)	(3)	27.4%
Total revenues	€ million	216	158	36.6%
Net business income	€ million	117	92	27.7%
Consolidated adjusted EBITDA	€ million	119	90	31.0%
Funds from operations (FFO)	€ million	84	61	38.0%
Net profit for the period	€ million	381	111	243 %

Assets		31-Mar-2022	31-Dec-2021	Change
Total assets	€ million	20,884	14,369	45.3%
Property portfolio	€ million	18,118	13,119	38.1%
Gross leasable area	m²	5,506,000	3,667,000	50.1%
Occupancy	%	93.7	93.8	(0.1 p.p.)
Like-for-like gross rental growth*	%	6.4	3.3	3.1 p.p.
Total number of properties**	No.	573	367	56.1%
Total number of residential units	No.	11,753	11,755	(0.0%)
Total number of hotel rooms***	No.	7,397	7,025	5.3%

** 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		31-Mar-2022	31-Dec-2021	Change
Total equity	€ million	9,736	7,695	26.5%
EPRA NRV (NAV)	€ million	7,742	7,039	10.0%
Net debt	€ million	7,578	4,682	61.9%
Net Loan-to-value ratio (Net LTV)	%	41.8	35.7	6.1 p.p.
Net debt/EBITDA	x	16.0x	12.7x	3.3x
Secured consolidated leverage ratio	%	15.2	9.8	5.4 p.p.
Secured debt to total debt	%	34.4	27.0	7.4 p.p.
Unencumbered assets to total assets	%	62.2	70.4	(8.2 p.p.)
Unencumbered assets to unsecured debt	%	216	267	(51 p.p.)
Net interest coverage (Net ICR)	x	4.1x	4.6x	(0.5x)

BUSINESS UPDATES / INFORMATION FOR OUR STAKEHOLDERS

Offer for IMMOFINANZ

The additional acceptance period of CPIPG's offer for IMMOFINANZ expired on 30 May 2022, wherein 22.0% of additional shares were tendered resulting in a final CPIPG shareholding of 76.87%. The purchase price of €23/share represents a 24% discount versus IMMOFINANZ's last reported net reinstatement value (NRV) of more than €30/share.

"CPIPG is delighted with the outcome of this offer," said Tomas Salajka, Director of Acquisitions, Asset Management & Sales. "IMMOFINANZ has high-quality assets in our region and the price was attractive."

CPIPG will make a second and final drawing of €700 million under our €2.5 billion bridge loan to fund the offer. CPIPG initially drew the bridge loan for about €1.1 billion in March 2022, but subsequently repaid €644 million through disposals and capital markets financing. Therefore, the total bridge balance will be about €1.2 billion following the additional acceptance period. The bridge facility can be extended at CPIPG's option until early 2024.

In total, CPIPG paid approximately €2.4 billion for IMMOFINANZ shares in 2021 and 2022. Of the total purchase cost, about 30% has already been funded through equity and disposals. Also, 20% has been funded through long-term debt financings in 2022 at good pricing. The remaining 50% is currently funded via the bridge, with the goal of full repayment via disposals in H1/H2 2022 and using Group cash, plus continued strong access to funding across multiple markets, structures, and currencies.

Update on activities at IMMOFINANZ

Following the obtaining of control over IMMOFINANZ by CPIPG, the Supervisory Board of IMMOFINANZ was changed. Miroslava Greštiaková became Chairwoman of the Supervisory Board (independent) and Martin Němeček became Vice-Chairman (representative of CPIPG). At the same time, four legacy Supervisory Board members resigned.

In April, Radka Doehring was appointed as a member of the Executive Board of IMMOFINANZ and Ulrike Gehmacher was appointed Head of ESG at IMMOFINANZ.

As a result of the change of control, IMMOFINANZ bondholders tendered €557.9 million of bonds. The bonds were repaid with cash at the end of April. CPIPG sees this repayment as positive for the Group's capital structure, and notes that IMMOFINANZ continues to have high levels of cash and attractive assets for disposals to support further deleveraging.

Offer for S IMMO

CPIPG currently owns 16.1% of S IMMO. IMMOFINANZ owns 26.5%, resulting in a combined stake of 42.6%.

On 14 April 2022, CPIPG requested the convening of an extraordinary shareholder meeting of S IMMO to resolve on the abolishment of S IMMO's 15% voting cap. CPIPG also announced that subject to the successful removal of the voting cap, and conditional upon merger control clearance, that CPIPG would launch a mandatory cash offer to all other S IMMO shareholders. CPIPG has a dedicated €1.25 billion bridge loan facility in place to cover the acquisition cost of shares and some repayment of debt.

On 2 May 2022, CPIPG and S IMMO announced an agreement concerning S IMMO's Management Board support for the proposed abolishment of the voting cap and the intended takeover offer. CPIPG has agreed to increase the Offer price to €23.50 per S IMMO share cum dividend, which S IMMO's Management Board considers fair. The price of €23.50/share represents a 19% discount to S IMMO's most recently reported net tangible assets value of more than €29/share.

The resolution will be voted on during S IMMO's annual general meeting tomorrow, 1 June 2022. As of 31 May 2022, CPIPG has successfully obtained 5 out of 6 merger control approvals for the S IMMO offer.

<u>Group Liquidity and Financing</u>

Commitment to Financial Policy

CPIPG first articulated our financial policy in 2018. The Group remains fully committed to our LTV target (40% or below, or up to 45% in the case of acquisitions with high strategic merit). The Group's shareholder distribution policy is also unchanged.

CPIPG believes that the acquisition of IMMOFINANZ brings considerable scale to the Group, enhancing the overall profile from a credit ratings perspective. CPIPG still targets a "high BBB" rating which we see as achievable in the coming years.

Liquidity and Financing

The Group's liquidity position is strong. As of Q1 2022, CPIPG had consolidated cash of about €1.6 billion, plus €800 million of undrawn revolving credit lines, for total liquidity of €2.4 billion.

In January 2022, CPIPG issued an inaugural €700 million of 8-year sustainability linked senior unsecured bonds. Proceeds were mainly used to repay the €239.4 million of unsecured bonds maturing in October 2024 and US$376.9 million (approximately €333 million) of unsecured bonds maturing in March 2023.

At the end of Q1 2022, the Group's average cost of debt stood at 1.65%.

In April and May 2022, CPIPG issued Schuldschein (promissory notes) for €183 million with 4 and 6-year maturities. In May 2022, CPIPG issued €307 million (equivalent) of an inaugural US Private Placement notes with maturities of 5, 6, and 7 years. Proceeds from the transactions were used to repay the Group's bridge facility.

CPIPG is primarily focused on repaying our bridge facility for IMMOFINANZ through disposals. CPIPG will continue to look at opportunities to issue in various currencies, structures and formats depending on the pricing, our overall funding and liquidity needs and our financial policy commitments.

Through liability management, CPIPG significantly reduced 2022, 2023 and 2024 bond maturities over the past few years. The Group continues to focus on deleveraging wherever possible, including through early repurchases of our bonds via tenders or secondary market purchases.

Hybrids

At the end of March 2022, CPIPG had c. €1.6 billion of perpetual notes outstanding, primarily in Euros but also in Singapore Dollars. On a consolidated basis, hybrids represent 9.4% of the Group's capitalisation (relative to the 15% S&P threshold).

As a family-owned company, CPIPG greatly values the hybrid bond market as a source of equity for IFRS and our rating agencies. Accordingly, the Group anticipates calling and replacing our perpetual notes at the first call date (in our case, beginning in 2025) in keeping in-line with common market practice.

CPIPG wants to maintain a good relationship with the hybrid market and hopes to return at some point in the future. On the other hand, at current pricing CPIPG vastly prefers disposals and other forms of equity as tools to maintain our financial policy commitments.

Disposals

In August 2021, CPIPG announced a plan to complete up to €1 billion of disposals over 12 months.

To date, the Group has completed more than €900 million of disposals and expects to exceed €1 billion before 30 June 2022. Net disposal proceeds are about €623 million as the Group has also repaid debt in conjunction with the sales.

Disposals have occurred across the Group's portfolio, targeting non-core or highly mature assets. In some cases, disposals are in response to unsolicited offers at attractive pricing (e.g., land in Prague, Generali's office in Prague, land in Italy). In other cases, the Group has run tenders (e.g., small properties in Berlin, logistics property in Hungary) where demand has been extremely strong.

Total disposals have covered office (40%), retail (28%), logistics (20%) and landbank (12%). Geographically, the Group divested assets in the Czech Republic (69%), Germany (17%), Hungary (8%) and Italy (6%).

All of the Group's disposals have been transacted at or above book value. The average premium on disposals was 20% to book value. By sector, the premium to book value was 53% in logistics, 47% in landbank, 14% in office and 2% in retail.

At the level of CPIPG, we anticipate that total disposals can reach €1.5 billion by year-end 2022, with proceeds used to repay bridge financings associated with IMMOFINANZ. The Group continues to receive good offers on office, hotels, landbank, retail and residential assets.

CPIPG notes with satisfaction recent press reports which suggest that IMMOFINANZ and S IMMO are contemplating meaningful portfolio disposals. Such disposals could significantly enhance the level of cash available for deleveraging and potential reinvestment.

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Impact of inflation and interest rates on CPIPG

European countries (and CEE countries in particular) are experiencing annual inflation rates well above historical averages.

Many economists, academics and analysts have explored the impact of inflation on real estate. Empirical evidence from the UK and US real estate markets, which have the longest rental income histories, shows a high positive correlation between inflation and rental growth. In the UK, rental income of landlords grew at about 10% per annum between 1970 – 1990, about the same rate as inflation according to research by Schroders[1]. Notably, leases in the UK typically have a 5-year rent "review" which makes inflation more difficult to capture. In contrast, CPIPG and many other European landlords have built-in indexation. In the US, Morgan Stanley's analysis of US REITs indicates positive REIT returns in 84% of periods of rising inflation and interest rates.[2]

More than 90% of CPIPG's leases are subejct to indexation, which is normal practice in our regions and sectors. Therefore, the Group's rental income is expected to continue rising so long as occupancy rates remain solid. Investor demand for real estate (and therefore market pricing) is also likely to benefit from the belief that certain types of real estate are hedges against inflation.

More information on CPIPG's Inflation Linkage

- The most common linkage is to the harmonized index of consumer prices for the European Union (HCIP), specifically the European Consumer Price Index (EICP) published by Eurostat. Leases in Czech Koruna (CZK) are indexed to local inflation rates.
- Rent indexation is generally done retrospectively in January of each year, and therefore the effects of rent indexation will begin to show most intensively from 2023.
- Rent reversion caps can vary from contract to contract, with the floor typically set at zero.

European Real Estate Investment Markets

The private market demand for real estate remains fundamentally strong.

Total investment volumes in European commercial real estate during Q1 2022 reached nearly €80 billion according to CBRE[3]. Total investment volume in the CEE and SEE regions was €3.2 billion, an increase of 45% YoY[4]. The primary source of investments was foreign capital, primarily investors from the US, Western Europe, and South Africa.

Poland recorded the highest investment volume of €1.7 billion, mainly due to Google's acquisition of the Warsaw Hub for €583 million. Meanwhile, the Czech Republic real estate market continues to be defined by a limited number of investment opportunities due to low historical supply despite strong demand.

[1] Schroders, What does inflation mean for real estate investors
[2] Morgan Stanley, Top trends for real estate and REITs in 2022 and beyond
[3] CBRE, European Real Estate Investment Volumes Q1 2022
[4] CBRE, CEE Real Estate Investment Volumes Q1 2022

While the Russian invasion of Ukraine has prompted questions, risk adjustments and some outflows from real estate funds, CPIPG has seen no direct impact on our business. Indeed, Savills expects the direct impact on the European investment market and the CEE region will be limited[5].

European property yields are generally expected to remain stable and supportive of valuations across our geographies and sectors. Certain types of real estate could see yield compression, although perhaps less than initially expected. For example, hotel valuations are expected to benefit from the improved travel environment. Trends such as working from home, which are taking hold in some cities, are not a major factor in Berlin, Prague, and Warsaw for various economic and cultural reasons. Prime office and retail yields across CPIPG's region were stable to slightly lower in Q1 2022.

CPIPG notes that some of our competitors have experienced a slight slowdown in leasing activity and tenant decision making. While the Group is not completely immune to such trends, we believe our portfolio is very well positioned.

Real Estate Markets in the CEE Region

Demand in Central European real estate markets continues to benefit from the expected positive real GDP growth[6], growth in office-based employment, ongoing catch-up effect in consumption compared to more mature Western markets, low unemployment, sound public finances and an unbroken demand for residential housing.

Demand for travel & leisure is recovering strongly since the removal of restrictions from March 2022, with the Group's hotel occupancy rate[7] at 50% in April 2022 (vs 8% in April 2021). Hotel performance in Q1 2022 was in-line with expectations considering that Q1 tends to be very slow. CPIPG's hotel net income improved to EUR 14 million in 2021 and is forecasted to significantly exceed this figure in 2022.

In CPIPG's region, pandemic related trends such as full working from home proved temporary in most cases. In CPIPG's core cities, office utilisation returned to an estimated average of 70% - 80% in summer 2021 as the hybrid model established itself as the predominant post-pandemic work model. Convenience and experience led physical retail concepts have proven resilient to the growth of E-commerce and have recovered strongly after pandemic restrictions were removed. While footfall remains below pre-pandemic levels, average basket sizes continue to rise. CPIPG's shopping centre turnover in the Czech Republic in Q1 2022 was 4.1% above Q1 2019 levels. With a low affordability ratio (rent, service & marketing charges as % of turnover) of 13% in 2021, our shopping centres remain highly attractive for tenants. The Group's retail portfolio increased its occupancy over the last years and continues to be very high at 97.7%.

Take-up rose across our core markets in 2021 and continued a strong pace in Q1 2022, according to CBRE[8]. Warsaw office markets saw a take-up of 200k m^2, one of the strongest quarters ever recorded, driven by financial sector tenants. The Prague office market recorded a take-up of 74.9k m^2, a 44% YoY increase or 29% QoQ. Berlin offices saw in Q1 2022 take-up was at 132.8k m^2 declining from the prior year due to a

[5] Savills, European Investment – Q1 2022 Preliminary figures
[6] IMF, World Economic Outlook April 2022
[7] Excluding Hvar resorts that are seasonally operated
[8] CBRE respective Market Reports for 2021 and Q1 2022

larger number of lettings in size that are still being negotiated rather than a decline in interest. Budapest office market saw its take-up rising to 42.1k m², a 9% YoY.

The supply side is influenced by various factors with the most prominent in recent years being the COVID pandemic. Following the outbreak of COVID in early 2020, many real estate development projects were put on hold given the high economic uncertainty and unclear outlook for real estate markets, particularly for commercial real estate. CBRE expects completion of office developments in major CEE capitals to remain well below pre-COVID levels over the coming years. Warsaw, for example, is expected to see a supply gap in 2023 - 2024 with the level of new projects at 10-year lows, while the Berlin office market continues to be characterised by low vacancy, currently 2.7%.

For the Group's major retail markets, such as the Czech Republic, minimal new developments were recorded in 2021 with only 30,700 m² of new shopping centre space added to a total market of 2.3 million m² at the end of 2021. Shopping centre density remained low at c. 233 m²/1000 inhabitants compared to an EU average of around c. 355 m²/1000 inhabitants, according to CBRE and Savills. Historically, there has been no overbuilding of retail across CEE countries compared to western markets like the UK or US.

Overall, the rise in construction costs is beneficial for CPIPG as an owner focused on standing income-generating properties with little development activity (well below <10% of total assets), limiting supply while supporting the reinstatement costs assessment of its properties.

ESG Updates

On 17 January 2022, CPIPG became the first real estate company from our region to issue sustainability-linked bonds, for a total size of €700 million with an annual coupon of 1.75% and a maturity date of 14 January 2030. In keeping with CPIPG's commitment to reduce the greenhouse gas ("GHG") emissions intensity of our property portfolio by 30% through 2030 versus the 2019 baseline, the sustainability-linked bonds are subject to a step-up margin of 0.25% in the final two years if CPIPG does not achieve a reduction in GHG emissions intensity of about 22% by year-end 2027. GHG emissions intensity is expressed as tonnes of CO2 equivalent per square metres of property portfolio. Sustainalytics, as independent second party opinion provider, assessed CPIPG`s targets as "ambitious" with "very strong" key performance indicators that are aligned with the Paris agreement.

In April 2022, the Science Based Target Initiative (SBTI) began validating CPIPG's environmental targets. The result of the validation process shall be known in June 2022.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT*

	Three-month period ended	
(€ million)	**31 March 2022**	**31 March 2021**
Gross rental income	128.0	93.5
Service charge and other income	47.0	32.9
Cost of service and other charges	(42.4)	(24.9)
Property operating expenses	(22.6)	(13.1)
Net rental income	**110.0**	**88.4**
Development sales	-	9.5
Development operating expenses	(0.1)	(9.0)
Net development income	**(0.1)**	**0.5**
Hotel revenue	15.5	5.0
Hotel operating expenses	(17.3)	(7.5)
Net hotel income	**(1.8)**	**(2.5)**
Other business revenue	25.0	16.8
Other business operating expenses	(15.6)	(11.2)
Net other business income	**9.4**	**5.6**
Total revenues	**215.5**	**157.7**
Total direct business operating expenses	**(98.0)**	**(65.7)**
Net business income	**117.5**	**92.0**
Net valuation gain/(loss)	(0.7)	56.2
Net gain on disposal of investment property and subsidiaries	21.8	0.1
Amortization, depreciation and impairment	(11.7)	(4.1)
Administrative expenses	(18.5)	(11.8)
Other operating income	278.2	1.4
Other operating expenses	(3.5)	(2.1)
Operating result	**383.1**	**131.7**
Interest income	2.7	5.1
Interest expense	(31.3)	(21.2)
Other net financial result	12.1	3.6
Net finance costs	**(16.5)**	**(12.5)**
Share of gain of equity-accounted investees (net of tax)	17.2	5.5
Profit before income tax	**383.8**	**124.7**
Income tax expense	(2.9)	(13.5)
Net profit from continuing operations	**380.9**	**111.2**

** 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 €34.5 million (36.9%) to €128.0 million in Q1 2022 primarily due to rental income generated by IMMOFINANZ (€22.5 million) since the acquisition date and due to rental income generated by acquisitions in Italy (€6.9 million).

Property operating expenses

Property operating costs increased by €9.5 million (72.7%) to €22.6 million due to property operating costs of IMMOFINANZ (€4.7 million) since the acquisition date and due to property operating costs of new acquisitions in Italy (€3.2 million).

Net hotel income

In Q1 2022, hotel revenues significantly increased by €10.5 million (209.6%) to €15.5 million due to partial recovery from the COVID-19 restrictions.

Net gain on disposal of investment property and subsidiaries

Net gain on the disposal of investment property and subsidiaries of €21.8 million relates to sale of certain Czech subsidiaries in the period.

Administrative expenses

Administrative expenses increased by €6.7 million primarily due to higher personnel expenses and the consolidation of IMMOFINANZ.

Other operating income

Other operating income in Q1 2022 includes a bargain purchase of €273.9 million related to the IMMOFINANZ acquisition.

Interest expense

Interest expense increased by €10.1 million to €31.3 million in Q1 2022 due to increase in the volume of bonds issued (€4.0 million) and due to the IMMOFINANZ acquisition (€5.6 million).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION*

(€ million)	31 March 2022	31 December 2021
NON-CURRENT ASSETS		
Intangible assets and goodwill	115.2	114.0
Investment property	15,680.5	10,275.8
Property, plant and equipment	874.4	854.6
Deferred tax assets	173.0	164.1
Equity accounted investees	1,449.3	1,216.1
Other non-current assets	378.5	338.0
Total non-current assets	**18,670.9**	**12,962.6**
CURRENT ASSETS		
Inventories	14.1	11.8
Trade receivables	173.2	105.7
Cash and cash equivalents	1,598.3	501.8
Assets linked to assets held for sale	119.1	588.5
Other current assets	308.8	198.6
Total current assets	**2,213.5**	**1,406.4**
TOTAL ASSETS	**20,884.4**	**14,369.0**
EQUITY		
Equity attributable to owners of the Company	6,377.9	5,991.8
Perpetual notes	1,630.7	1,611.6
Non-controlling interests	1,727.6	91.2
Total equity	**9,736.2**	**7,694.6**
NON-CURRENT LIABILITIES		
Bonds issued	3,851.4	3,693.7
Financial debts	2,182.0	1,164.4
Deferred tax liabilities	1,414.7	1,082.4
Other non-current liabilities	141.6	96.2
Total non-current liabilities	**7,589.7**	**6,036.7**
CURRENT LIABILITIES		
Bonds issued	1,022.5	41.1
Financial debts	2,120.7	233.5
Trade payables	135.5	116.2
Other current liabilities	279.8	246.9
Total current liabilities	**3,558.5**	**637.7**
TOTAL EQUITY AND LIABILITIES	**20,884.4**	**14,369.0**

** 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 €6,515.4 million (45.3%) to €20,884.4 million as at 31 March 2022 compared to 31 December 2021. The increase was driven primarily by acquisition of IMMOFINANZ (investment property increased by €5,292.2 million and cash and cash equivalents by €953.6 million), partly offset by a decrease of assets held for sale due to disposals in the period.

Total liabilities

Total liabilities increased by €4,473.8 million (67.0%) to €11,148.2 million as at 31 March 2022 compared to 31 December 2021, primarily due to acquisition of IMMOFINANZ (financial debts increased by €1,909.3 million and bonds issued by €988.0 million). In March 2022, the Group drew a new bridge facility with eight international banks in the amount of €1,139.0 million.

Equity and EPRA NRV

Total equity increased by €2,041.6 million from €7,694.6 million as at 31 December 2021 to €9,736.2 million as at 31 March 2022. The movements of equity components were as follows:

- Increase due to the profit for the period of €380.9 million (profit to the owners of €348.2 million);
- Increase in translation reserve of €42.9 million;
- Decrease in revaluation, hedging and legal reserve of €5.0 million;
- Increase of NCI due to acquisitions in the period of €1,622.5 million;

EPRA NRV was €7,742 million as at 31 March 2022, representing increase of 10.0% compared to 31 December 2021. The increase of EPRA NRV was driven by changes in the Group's equity attributable to the owners (increase of retained earnings and other reserves) and deferred tax on revaluations related to IMMOFINANZ (€353.7 million).

	31 March 2022	**31 December 2021**
Equity attributable to the owners (NAV)	**6,378**	**5,992**
Diluted NAV	**6,378**	**5,992**
Revaluation of trading property and PPE	-	-
Deferred tax on revaluations	1,407	1,090
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	**7,742**	**7,039**

CPI Property Group

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)	31-Mar-22	31-Dec-21
Equity attributable to owners of the company	**6,378**	**5,992**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**6,378**	**5,992**
Revaluation of trading property and property, plant and equipment	0	0
Fair value of financial instruments	0	0
Deferred tax on revaluation	1,407	1,090
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV	**7,742**	**7,039**

Net LTV reconciliation (€ million)	31-Mar-22	31-Dec-21
Financial debts	4,303	1,398
Bonds issued	4,874	3,735
Net debt linked to assets held for sale	0	51
Cash and cash equivalents	(1,598)	(502)
Net debt	**7,578**	**4,682**
Total property portfolio	**18,118**	13,119
Net LTV	**41.8%**	**35.7%**

Net Interest coverage ratio reconciliation (€ million)	Q1-2022	2021
Interest income	3	18
Interest expense	(31)	(97)
Consolidated adjusted EBITDA	119	368
Net Interest coverage ratio	**4.1x**	**4.6x**

Secured debt to total debt reconciliation (€ million)	31-Mar-22	31-Dec-21
Secured bonds	0	0
Secured financial debts	3,158	1,398
Total debts	9,177	5,187
Secured debt to total debt	**34.4%**	**27.0%**

** Totals might not sum exactly due to rounding differences.*

Unencumbered assets to total assets reconciliation (€ million)	31-Mar-22	31-Dec-21
Bonds collateral	0	0
Bank loans collateral	7,891	4,255
Total assets	20,884	14,369
Unencumbered assets ratio	**62.2%**	**70.4%**

Consolidated adjusted EBITDA reconciliation (€ million)*	Q1-2022	Q1-2021
Net business income	117	92
Administrative expenses	(19)	(12)
Other effects	20	10
Consolidated adjusted EBITDA	**119**	**90**

Funds from operations (FFO) reconciliation (€ million)*	Q1-2022	Q1-2021
Net profit/(loss) for the period	381	111
Deferred income tax	0	(11)
Net valuation gain or loss on investment property	(1)	56
Net valuation gain or loss on revaluation of derivatives	37	1
Net gain or loss on disposal of investment property and subsidiaries	22	0
Net gain or loss on disposal of PPE/other assets	0	0
Amortization, depreciation and impairments	(12)	(4)
Other non-cash items	10	26
GW/Bargain purchase	274	0
Other non-recurring items	(37)	(19)
Share on profit of equity accounted investees/JV adjustments	17	5
Other effects	14	6
Funds from operations	**84**	**61**

Secured consolidated leverage ratio reconciliation (€ million)	31-Mar-22	31-Dec-21
Secured bonds	0	0
Secured financial debts	3,158	1,398
Consolidated adjusted total assets	20,769	14,255
Secured consolidated leverage ratio	**15.2%**	**9.8%**

Unencumbered assets to unsecured debt reconciliation (€ million)	31-Mar-22	31-Dec-21
Total assets	20,884	14,369
Bonds collateral	0	0
Bank loans collateral	7,891	4,255
Total debt	9,177	5,187
Secured bonds	0	0
Secured financial debts	3,158	1,398
Unencumbered assets to unsecured debt	**216%**	**267%**

** Includes one month of fully consolidated EBITDA/FFO contribution from IMMOFINANZ in Q1 2022 and pro-rata EBITDA/FFO for Q1 2022 and Q1 2021 of Equity accounted investees.*

Property portfolio reconciliation (€ million)	31-Mar-22	31-Dec-21
Investment property – Office	7,966	5,165
Investment property – Retail	4,257	2,351
Investment property – Land bank	1,418	1,396
Investment property – Residential	1,158	1,134
Investment property – Development	696	77
Investment property – Agriculture	113	109
Investment property – Other	31	22
Investment property – Industry & Logistics	22	22
Investment property – Hospitality	19	0
Property, plant and equipment – Hospitality	769	757
Property, plant and equipment – Mountain resorts	52	51
Property, plant and equipment – Office	17	12
Property, plant and equipment – Agriculture	13	13
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Other	4	1
Property, plant and equipment – Retail	2	2
Property, plant and equipment – Landbank	1	1
Equity accounted investees	1,449	1,216
Other financial assets	0	199
Inventories – Development	3	2
Inventories – Landbank	2	2
Assets held for sale	119	581
Total	**18,118**	**13,119**

Net debt/EBITDA reconciliation (€ million)	31-Mar-22	31-Dec-21
Net debt	7,578	4,682
Net business income*	470	385
Administrative expenses*	(74)	(58)
Other effects*	78	41
Net debt/EBITDA	**16.0x**	**12.7x**

**Annualised.*

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