

# PRESS RELEASE

## EPH European Property Holdings PLC announces 2022 Year-End Result

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EPH European Property Holdings PLC ("EPH") announces the Group's audited 2022 year-end results.

### **BUSINESS HIGHLIGHTS 2022**

- Due to the strong real estate portfolio in Europe, EPH reports a stable operating development in the financial year 2022 despite numerous global crises.
- The Ukrainian conflict which started in February 2022 confronted the entire real estate industry with major challenges that continue to persist. The market environment is being significantly impacted by high construction and energy costs, soaring inflation, gloomy economic outlook and increasing interest rates.
- Uncertainty about future economic and political developments led EPH's Board of Directors to decide to ask the Company's shareholders to approve the sale of the entire Russian real estate portfolio, via the sale of the shares of sub-holding companies, within the framework of a management buy-out. At the Extraordinary General Meeting on 1 November 2022, the Company's shareholders approved the sale, which was completed in April 2023.
- In the wake of the sale of the Russian properties, EPH's real estate portfolio now consists of nine core assets with a total value of approximately EUR 895 million. The properties are located in prime locations in Vienna (Austria) and in four German markets (Berlin, Hamburg, Stuttgart and Dresden). All of the properties are let to tenants with strong credit ratings on long-term leases. Due to the quality of the properties and the professional asset management, the Group's European portfolio performed above expectations in the reporting period and further increased its market value despite difficult market conditions.
- For some years now, EPH has increasingly focused on real estate in Europe. Due to the significant expansion of EPH's European real estate portfolio and the strategy to focus investments on major European cities, the company moved its headquarters to Cyprus, in February 2022 and changed its functional and reporting currency from US dollars to euros with effect from 1 January 2022.
- Despite the difficult market environment, the refurbishment of the LASS 1 project in Vienna was only slightly delayed and construction work on the building was completed in 2022 (with some outstanding work on the external areas, expected to be finalised in 2023). The property is located near the city centre of Vienna in the promising, up-and-coming 2nd district. On nine floors with a total area of almost 45,000 square metres, LASS 1 offers its tenants modern workspaces. Tenants include the Wiener Gesundheitsverbund ("Vienna Healthcare Group"), Wiener ArbeitnehmerInnen Förderungsfonds ("Vienna Employment Promotion Fund"), and ISS Austria, which will also take over facility management for the property. The tenants moved in during 2022.
- As a long-term real estate investor with a focus on high-quality properties in prime European locations with tenants with strong credit ratings, EPH is well positioned for different market phases. The focus on strong economies such as Germany and Austria creates a stable basis for sustainable value stability, long-term capital preservation and stable risk-adjusted returns. The highly professional asset management with strong local teams makes a decisive contribution to stable development.

### **FINANCIAL HIGHLIGHTS 2022**

- As of 31 December 2022, EPH had total assets of EUR 1,706.31 million, including the assets held for sale of EUR 546.55 million (2021: EUR 1,566.46 million) and net assets (calculated as total equity) of EUR 526.56 million (2021: EUR 474.51 million).
- Following the decision to sell the Russian portfolio, management classified assets and liabilities that constitute the Russian portfolio as a disposal group (discontinued operation). The items of profit and loss of the discontinued operations are presented as a single amount in the statement of profit and loss. The operational results of the Company shown as continuing operations include the performance of the European portfolio.
- From an operating standpoint, the Company's income-generating properties continue to demonstrate stable profitability and generate sufficient cash to cover the Company's operating expenses, including payment of interest on the bonds issued by the Company and on the bank loans - also due to the high quality of the portfolio.
- In the twelve months ended on 31 December 2022 the Company is reporting a total profit of EUR 7.12 million, compared to a profit of US\$ 9.48 million for the year ended on 31 December 2021. It includes the net profit for the period from continuing operations of EUR 3.99 million vs EUR 1.89 million in 2021.

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- The main factors influencing the financial result of continuing operations are:
  - Increase in rental income from EUR 19.35 million for 2021 to EUR 25.92 million for 2022 – mainly due to the fact that the properties QBC 1, 2 have started to generate full income after the expiry of the rent-free periods, first income has been received by newly refurbished LASS1 property as well as rent indexation in other properties in Vienna and Germany.
  - Gain on revaluation of investment properties of EUR 29.67 million in 2022 (EUR 34.6 million in 2021), in both periods mostly attributable to Austrian properties.
  - In 2022, an impairment loss on loan receivables from the sold subsidiary Redhill Investment Limited (“Redhill”) in the amount of EUR 22.6 million was recognized as a part of continuing operations.
  - Finance costs decreased from EUR 20.82 million in 2021 to EUR 16.34 million in 2022. The decrease was caused by a reduction of interest rates on the bonds from 1 April 2022 from 5.5-7.25% down to 2-2.25%.
  - FX loss recognized in P&L in the amount of EUR 5.83 million mainly relates to revaluation of loan receivables from Redhill as they are denominated in US\$. The impact of FX fluctuations decreased significantly (in 2021 a loss of EUR 22.28 million was recognized) since the change of the functional currency of EPH PLC in 2022.

### OUTLOOK

- Given the property portfolio in prime locations in stable markets in Europe, first-class tenants with long-term leases and the strong asset management team, EPH is optimistic about the future development of the company despite the challenging overall market situation.
- EPH also continues to see potential in the fact that the high-quality properties in the EPH portfolio are of a high standard in terms of sustainability, as evidenced by the corresponding certifications. ESG-compliant properties and spaces are playing an increasingly important role among investors and users.
- EPH will carefully examine market opportunities in order to position the real estate portfolio for long-term stability in terms of income and value appreciation. EPH continues to focus on major European cities and core properties in very good locations, particularly in the office and hotel sectors. Demand for modern space in these segments remains strong and these asset classes have proven stable despite the current tense market environment.

Our annual report, including full financial statements, is available on the company’s website:

<https://europeanpropertyholdings.com/investors/reports.php>

### CONFERENCE CALL WITH THE MANAGEMENT

Please join management for a conference call to discuss EPH’s 2022 results on

**Wednesday, 3 May 2023 at 3:00 p.m. (CET)**

**Dial in:** +41 43 216 12 79

**Phone Conference ID:** 907667534#

- [Click here to join the meeting](#)
- [Find a local number](#)

A presentation for the call will be posted on the company’s website shortly before the call: <https://europeanpropertyholdings.com/>

EPH European Property Holdings PLC is an investment company listed on SIX Swiss Exchange. Additional information on EPH European Property Holdings PLC is available by contacting Anna Bernhart Tel: +41 44 503 5400 or at [contact@europeanpropertyholdings.com](mailto:contact@europeanpropertyholdings.com).