

# PRESS RELEASE

## EPH European Property Holdings PLC announces Interim Unaudited Results for the Six Months Ending 30 June 2022

30 September 2022, Nicosia, Cyprus / Ad hoc announcement pursuant to Art. 53 LR

EPH European Property Holdings PLC (EPH), a real estate investment company, today announces its interim unaudited results for the first half of 2022.

### **BUSINESS HIGHLIGHTS FIRST HALF YEAR 2022**

- In February 2022, EPH European Property Holdings PLC (the “Company” or “EPH”) relocated to Cyprus, a member of the European Union and euro zone. Furthermore, EPH has changed its functional currency and presentation currency of EPH Group’s financial statements from US\$ to EUR as of 1 January 2022. This takes into account the significant expansion of EPH’s European real estate portfolio and the strategy of the Company to focus its investments on major European cities. In addition, the change increases transparency and allows the Company to better reflect the performance of the asset portfolio, as a large proportion of the portfolio is located in Germany and Austria and rental income is generated in euros.
- EPH’s property portfolio consists of 15 core assets worth EUR 1.47 billion, with a total lettable area of 250,000 square metres. These include properties in four locations in Germany (Berlin, Hamburg, Stuttgart, and Dresden), as well as in Vienna and Moscow.
- The Company demonstrated stable performance in the first six months 2022 despite various global challenges. Besides Covid-19, the war in the Ukraine since February 2022 and the resulting sanctions against and by Russia have changed the operating environment in Russia as well as business between Russia and European countries. As EPH owns subsidiaries and real estate assets in Russia (40% of total property values), it is affected by the imposed sanctions and regulations. Due to the strong portfolio of EPH in Western Europe and the fact that all properties are operating independently from each other the business of EPH is until now only affected to a limited extent.
- The properties in Western Europe represent 60% of the total property values and performed very positively in the reporting period. All European assets are fully let, and net rental income and market value were increased due to the end of rent-free periods in the newly acquired QBC 1,2 & 7, strong tenants, long-term leases and very good locations.
- Despite the difficult market environment, refurbishment of the LASS 1 project in Vienna has only been slightly delayed and is close to completion. On 1 July 2022, the first tenant, Wiener Gesundheitsverbund (“Vienna Healthcare Group”), has moved into the building. Wiener ArbeitnehmerInnen Förderungsfonds (“Vienna Employment Promotion Fund”) will follow in October 2022 as well as ISS Austria, which will also provide the facility management for the property, in December 2022. The building offers its tenants modern workspaces on nine floors with a total area of almost 45,000 square metres.
- As a long-term oriented real estate investor with focus on high-quality real estate assets in prime European locations with strong tenants, EPH is well positioned for different market phases. EPH’s geographical diversification and focus on strong economies such as Germany and Austria create a stable basis for sustainable values, long-term capital preservation and stable risk-adjusted revenues. The highly professional asset management with powerful local teams plays a decisive role in achieving such stable performance.

### **FINANCIAL HIGHLIGHTS FIRST HALF YEAR 2022**

- As of 30 June 2022, EPH had total assets of EUR 1.83 billion, net assets (calculated as total equity) of EUR 598 million and net asset value per share of EUR 41.07. This represents a significant increase over the same period of the last year, with total assets of EUR 1.57 billion, net assets of EUR 474.5 million and net asset per share of EUR 32.46, mainly caused by RUB strengthening against EUR that affected the EUR equivalents of RUB-based assets.
- At the same time, the Group reported a loss in the amount of EUR 37.14 million as compared to a profit of EUR 9.08 million for the same period of 2021. The loss incurred is attributable to substantial decrease of fair values of properties in Russia in functional currency (RUB), caused mainly by the RUB strengthening against US\$ (for Berlin House and Geneva House which are valued in US\$), but also by the use of more conservative valuation assumptions to reflect the changes and uncertainties of the market.
- From the operational perspective the Group demonstrates stable growth. The properties generate sufficient cash to cover operating costs, including interest payments on bonds and notes issued by EPH. Net rental income increased from EUR 26.6 million to EUR 33.3 million. A large part of this growth can be attributed to the properties acquired in 2020. The increase of income by the newly acquired and previously owned European properties from EUR 8.5 million to EUR 11.5 million for the first six months of 2022 was mostly because the properties QBC 1,2 and 7 started to generate full income after the expiration of rent-free periods.
- The overall financing costs decreased from EUR 17.25 million to EUR 15.68 million, mainly as a result of decrease of interest rates on the bonds issued by the Company effective from 1 April 2022.

## EPH European Property Holdings PLC announces Interim Unaudited Results for the Six Months Ending 30 June 2022

- As expected, the unstable political and economic situation in Russia has affected the independent valuations of our Russian portfolio. The values of the Russian properties decreased substantially by approx. 30% in functional currency (RUB). However, the strong rouble appreciation against EUR offsets the losses from the fair value adjustment and the Russian properties show an increase in asset value in EUR by 21 %. The financial ratios in total demonstrate EPH's sustainable profitability due to the quality and the diversification of the portfolio, and the active asset management.
- Based on the operational environment and the fact that the majority of investment assets and most of the liabilities of the Company are denominated in euros, the currency of EPH's share capital has been changed. The Company's shares listed on the SIX Swiss Exchange (ISIN: CY0109992111) have been traded in euros as of 10 June 2022 after approval of the Annual General Meeting.
- The currency of the company's bonds was also changed to euros. All bondholders agreed to the change in denomination as well as the subsequent decrease of the interest rates / adjustment of the interest coupon. The amendments to the Bond Prospectus became effective on 1 April 2022, and the first trading day of the adjusted bonds was 4 April 2022.
- During the reporting period, EPH has taken measures to create additional financial leeway. To improve liquidity, a total of 103 million euros was raised from two EPH shareholders in March and April 2022 in the form of subordinated notes with a term of three years and an interest rate of 3.5 percent.

### OUTLOOK

- Despite the challenging overall market situation, primarily as a result of the Ukraine conflict, high inflation rates, disrupted supply chains and the ongoing coronavirus pandemic, EPH is optimistic about the future development of the Company and continues to see good potential in the target markets, particularly Germany and Austria.
- EPH will carefully examine market opportunities in order to continue to position the real estate portfolio for long-term stability in income and value growth.
- The main strategic focus of EPH for potential additional acquisitions continues to be core European properties in premium locations, especially in the office asset class as well as in the hospitality sector. These markets have proved to be stable despite the current cautious market environment.

### FULL REPORT

The full Semi-Annual Results 2022, including the Interim Condensed Consolidated Financial Information (unaudited) for EPH 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 the results for the first half of 2022 on

**Wednesday, 5 October 2022 at 09:00 a.m. (CET)**

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

**Phone Conference ID:** 662 142 649#

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