



Press Release

Luxembourg, 29 November 2019

## CPI FIM SA reports financial results for the third quarter of 2019

CPI FIM SA (hereinafter “**CPI FIM**”, the “**Company**” or together with its subsidiaries the “**Group**”), a real estate group with a portfolio in Central and Eastern Europe, hereby publishes its unaudited financial results for the third quarter of the 2019 financial year.

As at 30 September 2019, CPI PROPERTY GROUP S.A. (hereinafter also the “**CPI PG**”, and together with its subsidiaries as the “**CPI PG Group**”) indirectly owns 97.31% of the Company shares (97.31% voting rights).

### Financial highlights

Performance		30-Sep-19	30-Sep-18	Change
Gross rental income	€ thousands	1,172	1,141	3%
Total revenues	€ thousands	22,162	15,407	44%
Operating result	€ thousands	17,227	7,199	139%
Net profit for the period	€ thousands	56,805	35,774	59%

Assets		30-Sep-19	31-Dec-18	Change
Total assets	€ thousands	4,302,187	3,192,868	35%
EPRA NAV	€ thousands	799,115	736,066	9%
Property Portfolio	€ thousands	514,000	483,000	6%
Gross leasable area	sqm	18,000	10,000	80%
Occupancy in %	%	61.9%	87.3%	(25.4 pp)
Land bank area	sqm	17,626,000	17,626,000	0%
Total number of properties	No.	5	6	(17%)

Financing structure		30-Sep-19	31-Dec-18	Change
Total equity	€ thousands	932,059	868,866	7%
Equity ratio	%	22%	27%	(5.0 pp)

## Income statement\*

Income statement for the nine-month period ended 30 September 2019 and 30 September 2018 respectively was as follows:

INCOME STATEMENT (€ thousands)	30-Sep-19	30-Sep-18
Gross rental income	1,172	1,141
Sale of services**	20,990	14,256
Cost of service charges**	(2,416)	(710)
Property operating expenses	(817)	(884)
<b>Net service and rental income</b>	<b>18,929</b>	<b>13,803</b>
Development sales	-	10
Development operating expenses	-	(7)
<b>Net development income</b>	<b>-</b>	<b>3</b>
<b>Total revenues**</b>	<b>22,162</b>	<b>15,407</b>
<b>Total direct business operating expenses**</b>	<b>(3,233)</b>	<b>(1,601)</b>
<b>Net business income</b>	<b>18,929</b>	<b>13,806</b>
Net valuation gain/(loss) on investment property***	2,361	1,155
Net gain on the disposal of investment property and subsidiaries	225	3,006
Amortization, depreciation and impairments	5,792	(2,434)
Administrative expenses	(10,013)	(9,171)
Other operating income	58	923
Other operating expenses	(125)	(86)
<b>Operating result</b>	<b>17,227</b>	<b>7,199</b>
Interest income	109,944	77,145
Interest expense	(60,671)	(39,082)
Other net financial result***	(7,053)	(1,002)
<b>Net finance income</b>	<b>42,220</b>	<b>37,061</b>
Share of profit/ (loss) of equity-accounted investees (net of tax)	(595)	(562)
<b>Profit before income tax</b>	<b>58,852</b>	<b>43,698</b>
Income tax expense	(2,047)	(7,924)
<b>Net profit from continuing operations</b>	<b>56,805</b>	<b>35,774</b>

\* The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34.

\*\* In connection with the adoption of IFRS 15, the Group changed, in respect of service charges, revenue recognition from net to gross, before deduction of cost of services (please refer to the annual management report for 2018 for further detail). The presentation of the statement of profit or loss for the nine-month period ended 30 September 2018 was adjusted due to the changes in the accounting policy.

\*\*\* The Group reclassified the effect of changing foreign exchange rates on the revaluation of the investment properties from the Other net financial result to the Net valuation gain or loss. The comparative information for the 9-month period ended 30 September 2018 was adjusted accordingly.

### Sale of services

Sale of services increased to €21.0 million for the 9-month period ended 30 September 2019 compared to €14.3 million for the 9-month period ended 30 September 2018 primarily due to the provision of advisory services to entities controlled by the ultimate shareholder of the Group.

### Net finance income

Total net finance income improved to €42.2 million for the 9-month period ended 30 September 2019 from €37.1 million for 9-month period ended 30 September 2018. The majority of the increase relates to higher interest income (from €77.1 million to €109.9 million) due to an increase in loans provided by the Company to entities within the CPI PG Group and other related parties. Other net financial result in the 9-month period ended 30 September 2019 was mainly represented by foreign exchange losses of €7.4 million, reflecting primarily the movement of EUR against CZK during the period.

## Balance sheet\*

BALANCE SHEET (€ thousands)	30-Sep-19	31-Dec-18
<b>NON-CURRENT ASSETS</b>		
Intangible assets	15	27
Investment property	513,577	474,778
Property, plant and equipment	33	398
Equity accounted investees	3,294	3,890
Other investments	133,336	125,406
Loans provided	2,924,211	2,283,819
Trade and other receivables	9,896	7,988
Deferred tax assets	179,073	180,021
<b>Total non-current assets</b>	<b>3,763,435</b>	<b>3,076,327</b>
<b>CURRENT ASSETS</b>		
Inventories	289	7,967
Income tax receivables	85	275
Trade receivables	9,492	5,400
Loans provided	150,799	84,474
Cash and cash equivalents	376,192	14,705
Other current assets	1,516	3,334
Assets held for sale	379	386
<b>Total current assets</b>	<b>538,752</b>	<b>116,541</b>
<b>TOTAL ASSETS</b>	<b>4,302,187</b>	<b>3,192,868</b>
<b>EQUITY</b>		
Equity attributable to owners of the Company	765,175	702,413
Non-controlling interests	166,884	166,453
<b>Total equity</b>	<b>932,059</b>	<b>868,866</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial debts	3,147,852	2,091,697
Deferred tax liabilities	35,018	34,160
Provisions	1,569	1,574
Other financial liabilities	4,481	2,356
<b>Total non-current liabilities</b>	<b>3,188,920</b>	<b>2,129,787</b>
<b>CURRENT LIABILITIES</b>		
Financial debts	133,085	87,853
Trade payables	5,361	18,941
Income tax liabilities	2	141
Other current liabilities	42,760	87,280
<b>Total current liabilities</b>	<b>181,208</b>	<b>194,215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,302,187</b>	<b>3,192,868</b>

\* The presented financial statements do not represent full set of interim financial statements as if prepared in compliance with IAS 34.

### Total assets

Total assets increased by €1,109.3 million (35%) compared to 31 December 2018. The main reason is an increase of long-term loans provided to entities within the CPI PG Group. Further, cash and cash equivalents increased by €361.5 million since 31 December 2018.

### Total liabilities

Total liabilities increased by €1,046.1 million (45%) compared to 31 December 2018. The increase primarily relates to additional loans provided to the Group by CPI PG (increase of €1,050.1 million).

**Key events occurring after quarter-end include:**

- Acquisition of two office properties, Equator IV and Eurocentrum, in central Warsaw, Poland in November 2019.
- Acquisition of an entity which owns three luxury residential properties in the south of France and 67 million shares of CPI PG in November 2019. CPI FIM now directly owns 252,302,248 of CPI PG shares (2.8% of shares and voting rights) and indirectly owns 67,000,000 of CPI PG shares (0.7% of shares and voting rights).

**For more information please refer to our website at [www.cpifimsa.com](http://www.cpifimsa.com).**

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## GLOSSARY

The Group presents alternative performance measures (APMs). The APMs used in this press release are commonly referred to and analysed amongst professionals participating in the Real Estate Sector to reflect the underlying business performance and to enhance comparability both between different companies in the sector and between different financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The presentation of APMs in the Real Estate Sector is considered advantageous by various participants, including banks, analysts, bondholders and other users of financial information:

- APMs provide additional helpful and useful information in a concise and practical manner.
- APMs are commonly used by senior management and Board of Directors for their decisions and setting of mid and long-term strategy of the Group and assist in discussion with outside parties.
- APMs in some cases might better reflect key trends in the Group's performance which are specific to that sector, i.e. APMs are a way for the management to highlight the key value drivers within the business that may not be obvious in the consolidated financial statements.

### *EPRA Net Asset Value per share*

EPRA Net Asset Value per share is defined as EPRA NAV divided by the diluted number of shares at the end of period.

### *EPRA NAV*

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations and the fair value of deferred tax liabilities are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialize. In addition, the fair value of financial instruments which the company intends to hold to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value.

The performance indicator has been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website ([www.epra.com](http://www.epra.com)).

### *Equity ratio*

Equity Ratio provides a general assessment of financial risk undertaken. It is calculated as Total Equity divided by Total Assets.

### *Gross Leasable Area*

Gross leasable area (GLA) 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.

### *Occupancy rate*

The ratio of leased premises to total GLA.

### *Property Portfolio*

Property Portfolio covers all properties held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

## APM reconciliation

EPRA NAV per share reconciliation (€ thousands)	30-Sep-19	31-Dec-18
Consolidated equity	765,175	702,413
Deferred taxes on revaluations	33,940	33,653
<b>EPRA Net asset value</b>	<b>799,115</b>	<b>736,066</b>
Existing shares (in thousands)	1,314,508	1,314,508
<b>EPRA Net asset value in € per share</b>	<b>0.61</b>	<b>0.56</b>

Equity ratio reconciliation (€ thousands)	30-Sep-19	31-Dec-18
Total equity	932,059	868,866
Total assets	4,302,187	3,192,868
<b>Equity ratio</b>	<b>22%</b>	<b>27%</b>