

# PRESS RELEASE

## EPH European Property Holdings PLC announces 2021 Year End Result

29 April 2022, Nicosia, Cyprus / Ad hoc announcement pursuant to Art. 53 LR

### BUSINESS HIGHLIGHTS 2021

- The financial year 2021 was successful for EPH European Property Holdings PLC (the "Company" or "EPH"): The Company made great strides forwards with the integration of the acquisitions from 2020 into the operations which, despite the COVID-19 pandemic, also show the expected returns. These included the hotel properties STRAL 3 in Berlin-Friedrichshain leased to NH Group and SALZ 4 in Dresden's historic city centre leased to Melia Hotels International, the office property LASS 1 in Vienna, which is undergoing full refurbishment, and office properties QBC 1 & QBC 2 in Quartier Belvedere in Vienna together with the parking garage QBC 7.
- With these acquisitions of first-class properties in premium locations in 2020, the real estate portfolio of EPH increased to 15 properties and a US\$ 1.5 billion market value, of which 63 percent relates to properties in Europe.
- All in all, the pandemic has had only a minor impact on EPH and its operations. Despite the difficult market environment, it was managed to fully let all our new projects in Vienna. Thus, we were able to secure leasing conditions for the new projects in Austria as planned in 2019 and we also found partnership solutions with the hotels for the past two years.
- EPH made great progress with the refurbishment project LASS 1. The reconstruction measures are all proceeding according to plan and construction is expected to be finished in mid-2022. The leasable area of the project is already fully let and tenant improvements will be done by the end of 2022. The building will offer modern workspaces over nine floors with a total area of nearly 45,000 square metres.
- Based on the cooperation with the exclusive asset manager of EPH, Valartis Group, EPH has built up a powerful team in Germany and Austria over the past two years along with the longstanding teams in Russia. The excellent work of local property and asset managers form a basis for the operational success of EPH. Especially the highly professional teams who employ an active asset management approach play an important role in the development of the portfolio and the business development of EPH.

### FINANCIAL HIGHLIGHTS 2021

- As of 31 December 2021, EPH had total assets of US\$ 1.77 billion (2020: US\$ 1.84 billion) and net assets (calculated as total equity) of US\$ 537.52 million (2020: US\$ 536.25 million). Net asset value per share slightly increased from US\$ 36.69 at YE2020 to US\$ 36.77 as of the end of 2021.
- 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 - also due to the quality and diversification of the portfolio.
- Net rental income increased from US\$ 60.84 million in 2020 to US\$ 66.17 million in 2021. The properties bought in 2020 contributed US\$ 5.62 million of additional income in 2021. The increase of income by the newly acquired and previously owned European properties significantly overlapped the moderate decrease of income from Russian properties of US\$ 1.35 million.
- Continuing sales of apartments in Arbat properties resulted in US\$8.50 million of profit (2020: profit of US\$ 0.90 million on sales of apartments plus US\$ 10.33 million on sales of commercial area in Arbat and sale of Scandinavia land).
- The finance costs increased from US\$ 38.36 million in 2020 to US\$ 41.61 million in 2021, mainly because of additional interest-bearing subordinated notes issued in March and June 2020 to finance the acquisition of new properties and due to interest on loans acquired with these properties. As expected, these increased costs are already being compensated by income generated by newly acquired properties.
- Net profit attributable to the shareholders is US\$ 10.12 million vs US\$ 26.98 million in 2020. The results are affected by certain factors relating to the business of EPH and the markets in which EPH operates, as well as the political, economic and legal environment. Many of these factors are outside EPH's control or influence. Like the previous years, the principal factors contributing to the volatility of the Company's net earnings in 2020 and 2021 are RUB/USD exchange rate fluctuation and revaluation of investment properties held at fair value. EPH expects that these factors will continue affecting the Company's financial results further, especially in relation to the Russian assets with RUB-denominated rental steam.

### BUSINESS DEVELOPMENT AFTER THE END OF THE REPORTING PERIOD

- EPH PLC relocated to Cyprus in February 2022. Moving to a European country is a natural step in line with the strategy of EPH: to further expand its European asset portfolio. A focus in the first half of 2022 will be the operational and structural setup of the Group in Cyprus.
- In March 2022, following the re-domiciliation of EPH to Cyprus, a country which uses the Euro as currency, the Board of Directors has decided to initiate the change of the denomination of the Company's share capital and to change the denomination of the Company's bonds to Euro. All bondholders have consented to amend the interest coupons and to change the denomination. Therefore, the payments of interest and redemption will also be in EUR.

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- Besides Covid-19, which might still affect the world and the business of EPH in 2022, the military conflict in Ukraine since February 2022 and the resulting sanctions against and by Russia have changed the operating environment in Russia as well as business between Russian and other countries. As EPH owns subsidiaries and real estate assets in Russia (approximately 1/3 of total assets), it is affected by the imposed sanctions and ordinances. In any case, all EPH's assets are self-sustaining. The change in the geopolitical situation has had until the publication of this annual report no major financial impact on EPH's Western European portfolio and also EPH's Russian assets continue to operate independently as they did before the Ukraine conflict started. Nevertheless, the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, the effect on the Russian economy and reactions to ongoing developments by the global financial markets will decide on the degree EPH is affected in the coming months or years.
- In March 2022, the EPH Board of Directors decided to improve the liquidity situation at the holding company and obtained additional liquidity in Western Europe by taking up EUR 103 million in form of Subordinated Loan Notes with a maturity of 3 years with an interest of 3.5 percent.
- Together with the re-negotiation of the terms of the company's issued bonds these first measures further improve the liquidity situation of the Company and give additional comfort to all stakeholders of EPH Group.

### FURTHER OUTLOOK

- The main strategic focus of EPH for potential additional acquisitions continues to be the office asset class as well as in the hospitality sector and high-quality properties in premium locations. We continue to see very good opportunities in the target markets of the company as the general conditions for real estate investments, particularly in Germany and Austria, remain positive. These markets have proved to be very stable despite the lockdown measures and temporary environment of restraint.
- Despite the difficult market situation, mainly because of the Ukraine conflict and the ongoing corona pandemic, EPH is optimistic for the future development of the company.

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 2021 results on

**Thursday, 05 May 2022 at 10:00 a.m. (CET)**

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

**Phone Conference ID:** 135703804#

- [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  
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