

PRESS RELEASE

EPH European Property Holdings PLC announces 2023 Year-End Result

26 April 2024, Limassol, Cyprus / Ad hoc announcement pursuant to Art. 53 LR

BUSINESS HIGHLIGHTS 2023

- Despite the challenging market environment, EPH European Property Holdings PLC (“EPH” or the “Company”) maintained operational stability in 2023. This success can be attributed to its established portfolio of high-quality properties in prime locations in Europe, and professional asset management. As a result, EPH once again achieved almost full occupancy throughout its European portfolio, and exceeded own expectations by increasing net rental income by 26 percent compared to the previous year.
- As of 31 December 2023, EPH’s real estate portfolio consisted of eight core assets (and one parking garage) in outstanding locations in Germany and Vienna, all of which meet high sustainability standards. Seven out of eight office and hotel buildings have already been awarded certificates in DGNB Platinum, DGNB Gold, or LEED Gold.
- A milestone in the operating business was the completion of the LASS 1 refurbishment project in Vienna and the realisation of initial rental income. The property is located near the city centre of Vienna in the up-and-coming 2nd district and has a total area of almost 45,000 square metres. Tenants include the Wiener Gesundheitsverbund, Wiener ArbeitnehmerInnen Förderungsfonds, and ISS Austria, the property’s facility manager.
- While EPH’s primary investment focus remains on prestigious office properties in prime locations in major European cities, the Company also sees attractive further potential in the hotel sector. EPH already owns two hotels in Germany, located in Dresden and Berlin, and expanded its property portfolio with the acquisition of a 5-star hotel in Vevey by Lake Geneva in Switzerland. The acquisition was signed in 2023 and closed in January 2024, which means the property is not consolidated in the Group’s accounts for the year 2023. This historic hotel offers 16,000 square metres of space, 71 luxurious rooms, two restaurants, and a spa facility. EPH intends to redevelop the historic hotel, originally constructed in 1842, over the next few years. By strategically adding this value-add asset to the portfolio and acquiring the hotel operations with approximately 70 full-time employees, EPH is demonstrating confidence in the potential of the Swiss hotel market.
- Despite the positive operating performance, economic developments in Europe led to a downward adjustment of fair values of the properties in Germany and Austria. As a result, EPH recorded a loss from continuing operations in 2023.

FINANCIAL HIGHLIGHTS 2023

- As of 31 December 2023, the balance sheet total (total assets) amounted to EUR 973.22 million, compared to EUR 1,159.76 million (excluding assets held for sale with a value of EUR 546.55 million) as of the end of the previous year.
- Net assets (calculated as total equity) amounted to EUR 500.94 million, compared to EUR 526.56 million at the end of 2022. Despite the significant loss reported by the Company for 2023 (see below), the decrease in net assets is only EUR 25.62 million as the most part of the loss represents just reclassification within the equity section of the balance sheet. For the six months ended 30 September 2023, the Company reports a net loss of EUR 132.14 million, compared to a loss of EUR 37.14 million for the first half of 2022. This result is mainly due to the negative CTA balance of EUR 163 million reclassified to the profit or loss statement upon the sale of the Russian portfolio and revaluation losses of the properties in Austria and Germany amounting to EUR 45.77 million.
- Net rental income increased from EUR 25.93 million in 2022 to EUR 32.60 million in 2023 – mainly due to the fact that the properties QBC 1, 2 started to generate full income after the expiry of the rent-free periods, the first income was received in respect of the refurbished LASS 1 property, and higher rental income due to indexation from most other properties in Vienna and Germany.

- EPH reports a net loss of EUR 162.30 million, compared to a profit of EUR 7.12 million for the prior year. A significant proportion of this loss is attributed to non-cash accounting adjustments. The following issues contributed the most to the recognised loss in the 2023 financial year:
 - A loss of EUR 103 million relates to discontinued operations and is caused by reclassification from equity statement to profit or loss statement of the negative balance of the currency translation adjustment reserve ("CTA") for the amount EUR 163 million. Reclassification resulted in a corresponding positive change in the CTA reserve balance, thus, having zero effect on equity of the Group.
 - As a result of changes in the macroeconomic environment in Europe leading to corresponding changes in valuation assumptions used by independent valuers, the Company recorded a loss on revaluation of fair values of the Group's properties in the amount of EUR 115.73 million (of which EUR 46 million was recognised in the first half of 2023). In the previous year, the Group recognised a gain on fair value adjustment of its Western European properties in the amount of EUR 29.68 million, reflecting the positive expectations of the post-pandemic markets at the time.
- In 2023, substantial part of the loans provided to the former Russian segment was repaid. As a result, the Group decreased its credit risk allowance for these loans at year-end. In September 2023, the Group made an early repayment of loans provided to its Austrian subsidiaries in the total amount of approx. EUR 150 million while realising positive interest rate swap values of approx. EUR 18 million.
- On 8 September 2023, the holders of the Company's bonds with ISIN CH1177844367 and ISIN CH1177348278 with a total nominal value of EUR 244.35 million agreed to amend certain terms of these bonds with effect from 1 October 2023:
 - Replacement of the current interest rate of 2.00% p.a. with an interest rate of 4.5% p.a.; and
 - A term extension of 5 years of the Bonds until 30 September 2028.
- On 12 April 2024, the Company has suggested to the holders of the bonds ISIN CH1177348302 to amend certain terms of such bonds: a) replacement of the current interest rate of 2.25% p.a. with an interest rate of 3.5% p.a. and b) a term prolongation of 5 years of the bonds until 31 May 2029 in order to ensure liquidity.

OUTLOOK

- Despite the ongoing challenges in the market environment, EPH remains optimistic about the future development of the Company and continues to see potential in its target European markets.
- EPH continues to focus on major European cities and core properties in prime locations, particularly in the office and hotel sectors. EPH expects demand to remain high, particularly for sustainable, high-quality office space and hotels in central locations in European metropolises.
- The high-quality properties in the EPH portfolio meet high sustainability standards, as evidenced by the certifications they have been awarded. EPH is striving to further improve energy efficiency and reduce its carbon footprint, for example by introducing centralised data monitoring.
- EPH will carefully examine market opportunities in order to further position the property portfolio for long-term stability. For future acquisitions, the Company is targeting properties with green building certification of at least "Gold" to ensure a high sustainability standard across the portfolio.

The annual report, including full financial statements, is available on the company's website:

[EPH Annual Report 2023](#)

CONFERENCE CALL WITH THE MANAGEMENT

Please join management for a conference call to discuss EPH's 2023 results on

Tuesday, 7 May 2024 at 1:00 p.m. (CET)

Dial in: +41 43 216 12 79

Phone Conference ID: 542 244 935#

[Click here to join the meeting](#)

[Find a local phone number](#)

<https://dialin.teams.microsoft.com/ca5adb02-80f1-4920-a5e9-f70787fbb27b?id=23734487>

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