



## Press Release concerning Interim report as of 30 September 2015

Luxembourg, 27 November 2015

# CPI PROPERTY GROUP holds its course set – steady growth, successful acquisitions and decreasing cost of capital

## Corporate news

### Acquisition of 16.7% of own shares

- On 25 September 2015 the CPI PROPERTY GROUP (“CPI PG” or the “Company”, and together with its subsidiaries the “Group”) and its major shareholder, Mr. Radovan Vítek entered into an agreement, pursuant to which the Company acquired 550,694,915 of its own shares indirectly held by Mr. Vítek via his company Mondello, a.s. In consideration for the share buyback, Mr. Vítek obtained a combination of monetary receivables that do not form core business of the Company and Company bonds.
- The acquisition of own shares was completed under the buyback framework approved by the Company’s extraordinary general meeting held on 28 August 2014. The acquired shares will be held as treasury shares, the voting rights and right to dividend related to them will be suspended as long as they are held by the Company.
- After this transaction Mr. Vítek’s stake on the share capital of Company represents 75.47% but given that 550,694,915 shares have suspended voting rights as long as they are held by the Company, Mr. Vítek still indirectly holds 90.57% of the voting rights.
- This transaction is a step carried out in order to enhance transparency of the Group asset portfolio and thus beneficial for a wide range of users of Group financial statements in making economic decisions.

## Portfolio highlights

### Acquisition of 4 star hotel in Rome

- On 5 November 2015 the Group acquired the 4 star hotel in Rome by means of the acquisition of a hotel business conducted under the name “Holiday Inn Rome – Eur Parco dei Medici” of Rome for an aggregate acquisition price of EUR 32 million. The acquisition is financed by UniCredit bank.

### Acquisition of Crans-Montana ski resort in Switzerland

- On 30 October 2015 the Group completed a transaction comprised of the direct acquisition of 65.83% of shares in Remontées Mécaniques Crans-Montana-Aminona (CMA) SA (“CMA SA”), a Swiss entity holding and operating cable cars in the Crans-Montana ski resort and of 88.49% of shares in CMA Immobilier SA, a Swiss entity holding certain real estate and rights to develop a hi-end hotel complex including spa, congress centre, shopping and entertainment areas as well as parking in Crans-Montana. In addition to the 88.49%



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of shares in CMA Immobilier SA acquired directly by the Group, CMA SA is holding additional 11.21%, resulting in an aggregate stake of 99.7% in CMA Immobilier SA.

- The aggregate acquisition price is EUR 65 million, out of which EUR 44 million is paid by the Group notes. The transaction has been originated and presented to the Group by Mr. Radovan Vitek, the major shareholder of the Group, who is the transferor of the CMA portfolio. Approximately 29% of the shares and voting rights in CMA SA are held by local communes and municipalities of the Crans-Montana region.

### Zivnobanka sold to CEFC

- On 4 November 2015 the Group completed the disposal of the former Zivnobanka building located at Na Prikope street in the centre of Prague to CEFC China Energy Company Limited. The transaction was comprised of the transfer of shares in the Zivnobanka building project entity. Following the repayment of the project credit facility to the financing bank the net proceeds for the Group amount to EUR 27 million.

## Capital markets financing

### EUR 500 million bonds issue on the Luxembourg market

- On 20 August 2015 the Company issued new notes in total value of EUR 170 million. The notes with EUR 100,000 nominal value are due in 2025 and carry a fixed coupon of 5%. The notes registered under ISIN code XS1279550260 are governed by Luxembourg law. The notes have been admitted to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.
- On 5 November 2015 the Company issued additional EUR 330 million notes. The notes with EUR 100,000 nominal value are due in 2025 and carry a fixed coupon of 5%. The notes registered under ISIN code XS1319594864 are expected to form a single series with the notes mentioned above and registered under ISIN code XS1279550260 as of 15 December 2015.

### EUR 50 million bonds issue on the Czech Market

- On 24 August 2015 the Group issued new bonds in total value of app. EUR 50 million. The bonds with CZK 10,000 nominal value are due in 2019 and carry a fixed coupon of 4.75%. The fixed coupon is payable on quarterly basis. The bonds registered under ISIN code CZ0003512782 are governed by Czech law. The bonds CPI 4.75/19 have been admitted to trading on the Prague Stock Exchange.

### Refinancing for Hospitality Invest

- In July 2015 the Group obtained a 5-year refinancing for its boutique hotels portfolio located in the Czech Republic, Slovakia, Poland, Hungary and Russia, held under the Hospitality Invest S.a.r.l. subholding. The Group now achieved the long-term EUR 58 million refinancing with Erste bank. The hotels portfolio is mostly operated under the brand Mamaison Hotels and Residences and represents a unique collection of well-established luxury boutique hotels and all-suite residences, mostly located in prime central locations of the CEE capitals (Prague, Warsaw, Budapest, Bratislava and Moscow).



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### Financial highlights

#### Key figures

All the figures representing the profit and loss for Q3 2014 commented in this press release relate to the pro forma presentation of the profit and loss statement for the Company as if CPI PROPERTY GROUP and Czech Property Investments, a.s. were combined as of 1 January 2013 ("PROFORMA"), except if specifically specified otherwise.

Net rental income grew by 11% to EUR 155 million compared to the same quarter last year. The increase was mainly driven by new acquisitions and completed development projects in Q4 2014 as well as from the increase in volume of services rendered to the third parties (increase by 58% to EUR 19 million). The decrease in operating result is driven namely by effect of revaluation gain in 2014 amounting to EUR 97 million compared to EUR 10 million gain in 2015 and recognition of liability from contingent consideration in 2015 in amount of EUR 12 million reflecting the expected future settlement with the seller of the project that was acquired by the Group in 2012. If these two one-off effects neglected, the operating result shows solid growth of 13%. As a result the net profit for the period amounted to EUR 69 million.

Total assets decreased by EUR 62 million (-1%) to EUR 4,157 million as at 30 September 2015. The foremost reason of decrease in total assets is an effect of consideration for the acquisition of own shares which is described in Corporate news. The increase in total assets is primarily connected with the increase in the property portfolio which rose by EUR 95 million to EUR 3,648 million. After equity transaction as described in Corporate news EPRA NAV decreased to EUR 1,703 million. As this transaction was neutral on value per share, EPRA NAV per share increased from EUR 0.587 to EUR 0.619 reflecting a solid profit of EUR 69 million for the period ended 30 September 2015.

For full Interim Report as of 30 September 2015, including Financial Highlights, Pro-forma Income Statement, and Balance Sheet please refer to our website at [www.cpihg.com](http://www.cpihg.com).

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