



PRESS RELEASE

Luxembourg, 18 December 2014

CPI PROPERTY GROUP improves the balance sheet through EUR 149 million contribution of bonds and loans in exchange for issue of 316,986,950 new shares

CPI PROPERTY GROUP (the "**Company**") announces the issue of 316,986,950 new ordinary shares in debt-to-equity contribution. The new shares having a par value of EUR 0.10 and a subscription price EUR 0.47 each were issued today in a reserved capital increase paid by a contribution in kind.

The new shares were subscribed by WHISLOW EQUITIES LTD, an entity owned by Mr. Radovan Vitek. The aggregate subscription price of EUR 148,983,866.50 was paid today by transfer of bonds and receivables of the Company's subsidiary CPI FINANCE NETHERLANDS B.V. ("**CPIFN**") valued at EUR 148,983,866.95. The Company will further capitalize these bonds and receivables into its subsidiary Czech Property Investments, a.s., thereby substantially improving consolidated balance sheet of the entire group.

The corporate share capital of the Company has been increased from EUR 298,678,135 represented by 2,986,781,350 shares to EUR 330,376,830 represented by 3,303,768,300 shares. The new shares are not listed upon their issue, but the Company will seek to list them on the Frankfurt Stock Exchange as soon as reasonably practicable, subject to legal and regulatory requirements.

The total number of shares comprising the share capital of the Company as well as the total number of voting rights attached thereto is 3,303,768,300 as of 18 December 2014.

The Company considers it very positive that by Mr. Vitek, as the main shareholder of the Company, agreed to contribute his privately owned CPIFN bonds and credit facilities in exchange for newly issued Company's shares. It underlines his strong support and confidence in the future growth of the Company. The contribution will increase the already substantial amount of equity and lower the absolute and relative indebtedness of the Company. It will have an effect of further improvement of Company's credit covenant on the international capital markets and allow the Company to obtain fresh equity or debt financing if and when needed.

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