



Press Release

Luxembourg, 31 March 2017

CPI PROPERTY GROUP – net profit rocketed, major growth in property portfolio value, substantial increase in EPRA NAV

Portfolio highlights

The Group boosts its retail portfolio

- The Group acquired the high-quality retail portfolio of predominantly 11 shopping centres located in the Czech Republic, Hungary, Poland and Romania with EUR 650 million value and a total leasable area of approximately 265 thousand sqm. The closing of this historic deal for the Group was completed on 29 March 2017. The acquired portfolio consists of (i) major shopping centres Olympia Plzeň and Nisa Liberec in the Czech Republic, Ogrody in Poland, Polus and Campona in Hungary and Felicia in Romania; (ii) multifunctional complexes Zlatý Anděl in Prague and Andrásy Complex in Budapest; and (iii) two Interspar stores in Hungary. The bank financing has been arranged through several loans at a total of EUR 440 million, with the Group providing the remaining amount from its own funds.

Acquisition of retail properties in the Czech Republic

- On 21 December 2016, the Group acquired a portfolio of nine retail properties located in the regions of the Czech Republic anchored by Penny Market and Ahold. This acquisition, structured as a share deal, further strengthens the Group's position as a key owner of retail shopping properties in the Czech Republic.

Sale of Czech office projects

- On 23 December 2016, the Group disposed of a portfolio of nine smaller office properties located in the regions of the Czech Republic. The transaction is in line with the Group's strategy for the Czech office property market, which focuses on larger properties in Prague and Brno.

Sale of Lozorno Logistics park

- On 28 February 2017, the Group disposed of Lozorno logistics park, located outside of Bratislava, Slovakia. The logistics park, comprising of 5 halls with total rentable space reaching 118,000 square meters, was sold in a share deal transaction.



Sale of Purkyňova office building

- On 7 March 2017, the Group disposed of the Purkyňova office building located in Brno, Czech Republic. The modern building with an area exceeding 11,300 sqm was sold in a share deal transaction. The Group decided to proceed with this disposal since it considered Purkyňova office building as a non-core asset.

Corporate news and financing

Increase of share capital in amount of EUR 4.45 million

- On 14 December 2016, the Company issued 44,514,410 new ordinary shares to the current shareholder Mr. Radovan Vitek, his family member and his holding entity. The new shares, having a par value and a subscription price of EUR 0.10 each, were issued in a reserved capital increase under the Company's authorized share capital and fully paid in kind by the contribution of two entities holding certain real estate portfolio located in the South of France.

CPI Reality portfolio financing

- On 9 March 2017, the Group contracted financing of its CPI Reality portfolio, which consists of approximately 79,000 sqm of lettable area located across the Czech Republic. The facility expected to be drawn amounts up to CZK 669 million, i.e. EUR 25 million.

Financial highlights

Net rental income slightly increased by 1% to EUR 207 million in 2016 (2015: EUR 206 million). Such minor increase is attributable to the higher property operating expenses that rose by EUR 6 million and compensated thus the increase in gross rental income by EUR 8 million from EUR 218 million in 2015 to EUR 226 million in 2016. The overall positive development in the real estate sector motivated the Group to invest more in repairs and maintenance costs to support the long-term value and marketability of the assets.

The substantial increase in total revenues from EUR 284 million in 2015 to EUR 351 million in 2016 has been primarily driven by the acquisition of Sunčani Hvar hotel portfolio in May 2016 and the acquisition of CPI Hotels in August 2016. The overall gain on revaluation of investment property totalling EUR 394 million was significantly contributed by Berlin's portfolio which soared by EUR 344 million. As a result of these facts the operating result improved significantly from EUR 210 million in 2015 to EUR 632 million in 2016. Despite the dramatic growth of the property portfolio, the Group was able to secure favourable conditions in refinancing its existing projects together with the financing of new acquisitions. This led to an overall decrease in interest expenses to EUR 95 million compared to EUR 98 million in 2015. Net profit for the period amounted to EUR 460 million (2015 – EUR 89 million).

Total assets increased by EUR 1,339 million (31%) to EUR 5,662 million as at 31 December 2016. The increase is primarily connected with the increase in property portfolio which rose by EUR 1,043 million. Non-current and current liabilities total EUR 3,373 million as at 31 December which represents increase by EUR 388 million (13%) compared to 31 December 2015. Main driver of this increase was a growth in external financing because of 2016 acquisitions.



EPRA NAV¹ substantially increased from EUR 1,732 million as at 31 Dec 2015 to EUR 2,729 million, reflecting the Group's robust profit and considerable strengthening its equity in 2016.

Audited documents will be available tonight on:

<http://www.cpihg.com/reports-presentations-en>

Full Year 2016 audited financial report

Full Year 2016 audited management report

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¹ For definition of „EPRA NAV“, please refer to Full Year 2016 audited management report, page 83.