Press release
Luxembourg, 15 February 2019

CPI PROPERTY GROUP – Publication of Profit and Credit Estimates

CPI PROPERTY GROUP (hereinafter "**CPIPG**," the "**Company**" or together with its subsidiaries the "**Group**"), the largest owner of real estate in the Czech Republic, Berlin and the CEE region with a diversified property portfolio valued at more than EUR 7.5 billion, hereby publishes unaudited profit and credit estimates for the financial year ended 31 December 2018. While publication of the Company's audited annual financial report is scheduled for 29 March 2019, the Company is proceeding with this unaudited disclosure so that our investors and stakeholders can be well-informed of our progress.

"CPIPG's performance exceeded expectations in 2018," said Martin Nemecek, CEO. "Our dominant real estate platforms in Berlin and the Czech Republic benefited from high occupancy rates and strong rental income growth, fuelled by the positive economic backdrop in Berlin and central Europe. Our capital structure has been transformed through refinancing and is well-positioned for long-term sustainability."

The Company estimates the following preliminary results for the financial year ended 31 December 2018:

- Total assets exceeded EUR 8 billion (up nearly 10% versus 2017) driven by acquisitions and higher valuations, reflecting our strong markets, disciplined approach to growth and active asset management.
- CPIPG's property portfolio was valued at more than EUR 7.5 billion at year-end 2018, versus EUR 6.7 billion at year-end 2017. 78% of CPIPG's property portfolio was located in the Czech Republic (51%) and Berlin (27%). Land bank and development accounted for 9% of the total portfolio, similar to 2017.
- Like-for-like rental income growth for the portfolio was around 5%. In Berlin, like-for-like growth was 10% while the Czech Republic, Hungary, and Poland ranged between 2% and 4%.
- Occupancy for the total portfolio rose to about 94.5%, relative to 93% at the end of 2017.
- Funds from operations (FFO) increased to EUR 160 million, up over 25% relative to 2017.
- Net business income was more than EUR 315 million, an increase of more than 15% relative to 2017. Operating result was more than 775 million for 2018.
- Gross debt of approximately EUR 2.9 billion, and net debt of approximately EUR 2.8 billion. Net LTV was below 37%, relative to 45% at the end of 2017.
- Total secured debt was EUR 1.1 billion at the end of 2018, a decrease of 45% relative to 2017.
- In 2018, CPIPG issued more than EUR 1.4 billion of senior and hybrid bonds under its EMTN programme in Euros, Swiss Francs and Yen. Proceeds were used to repay all of CPIPG's subsidiary bonds and a significant portion of secured loans.
- As a result, CPIPG's ratio of unencumbered assets to total assets increased to nearly 65%, relative to 43% at the end of 2017.
- Net interest coverage ratio (ICR) significantly improved to 4.2x, relative to 2.6x at the end of 2017.
- CPIPG's average cost of funding declined to 1.6% p.a. versus 2.6% p.a. in 2017.
- EPRA NAV was nearly EUR 4.5 billion versus EUR 3.9 billion in 2017.

More details on all of the above figures will be included in CPIPG's 2018 management report, which is scheduled to be published on 29 March 2019. New categories of information and analysis will also appear in the report (as requested by our investors and other stakeholders). CPIPG continues to welcome feedback as we enhance our financial and other disclosures.

Funding Strategy for 2019

CPIPG has developed a positive track record in the international debt capital markets, having issued senior unsecured and hybrid bonds in Euros, Swiss Francs and Japanese Yen (in 2017/2018) and Hong Kong Dollars (in 2019). The Group continues to explore refinancing opportunities, but activity may be limited as a large portion of the Group's debt was refinanced in 2017 and 2018. While Euros will remain CPIPG's primary source of unsecured funding going forward, the group can consider new markets and currencies to diversify the base of investors.

Update on CPIPG's ESG Initiatives

CPIPG regularly reviews environmental and social governance (ESG) and compliance policies across our organisation. In mid-2018, a sustainability section of our website (sustainability.cpipg.com) was created to provide greater transparency about our activities. In late 2018, CPIPG began working with the University Centre for Energy Efficient Buildings (UCEEB) of the Czech Technical University (CTU) to collect and analyze data on our real estate portfolio. As a result, CPIPG expects to begin disclosing environmental impact measures and targets beginning with our 2018 management report. In early 2019, CPIPG's board of directors created a CSR committee focusing on the supervision of sustainability, environmental, corporate social responsibility, green financing, and compliance matters for the Group. Regarding overall board composition, CPIPG anticipates that additional independent director(s) will be proposed to Company's shareholders in May 2019.

"We are committed to continual improvements in all of our ESG practices and disclosures," said David Greenbaum, CFO of CPIPG. "As large owners of real estate, we are deeply involved in our communities and want to see a positive, sustainable future for our tenants and employees. Plus, the intersection between finance and responsibility has never been stronger, and we must continually heighten our standards to meet the demands of the market."

CPI PROPERTY GROUP further publishes its 2019 financial calendar:

Publication of 2018 annual results – 29 March 2019

Annual general meeting – 30 May 2019

Publication of 2019 first quarter results – 31 May 2019

Publication of 2019 half year results – 30 August 2019

Publication of 2019 third quarter results – 29 November 2019

Publication of 2019 annual results – 31 March 2020

DISCLAIMER:

Basis of preparation of estimates:

The Group has been preparing its consolidated financial statements in accordance with IFRS as adopted by the EU. The same accounting policies, except with respect to newly adopted IFRS measures, and methods of computation have been followed in the proper preparation of the estimates contained in this press release.

The Group's objectives and policies for managing capital, credit risk and liquidity risk were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017. These estimates have been prepared on a basis comparable with the basis upon which the historical financial information of the Group has been prepared. These estimates have not been audited.

Factors and assumptions - within the control of management:

The preparation of the consolidated financial statements as well as these estimates requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, internal calculations and various other factors that management believes to be reasonable under the circumstances, the results of which form the basis of judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

The actual results may differ from these estimates. In preparing these estimates, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

Factors and assumptions – outside the influence of management:

Aside from the above factors, the Group cannot exclude certain omissions or errors occurring during the collection, consolidation and accounting of data that were the source of the present estimates. If such omissions or errors occur, it can have an impact on the final consolidated audited financial statements for the year ended 31 December 2018.

As these estimates relate to financial information not yet audited, and have been prepared on the basis of assumptions about accounting policies and financial figures, it naturally entails substantial uncertainties. Due to these uncertainties, it is possible that the Group's actual results for the financial year ended 31 December 2018 may differ materially from these estimates.

All data contained in this release are unaudited best estimates, solely for information purposes. CPIPG makes no representation or warranty as to the accuracy, fairness or integrity of this information and shall, in this respect, have no liability. The final audited 2018 annual results will be in the Company's full audited annual financial report, which is expected to be published on 29 March 2019.

For further information, please contact:

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