CPI PROPERTY GROUP
(*société anonyme*)
40, rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg: B 102 254

PRESS RELEASE
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CPI PROPERTY GROUP - Financial results for the first quarter of 2020

CPI PROPERTY GROUP (hereinafter "**CPIPG**" the "**Company**" or together with its subsidiaries the "**Group**"), hereby publishes unaudited financial results for the first quarter of 2020.

"CPIPG's diversified, high-quality property portfolio and active local asset management were a winning formula during the first quarter of 2020," said Martin Němeček, CEO of CPIPG. "We expanded our role as the leading owner of offices in Central and Eastern Europe and reached new levels of rental income and profitability."

Key highlights for the first quarter of 2020 include:

- **Total assets increased to €11.1 billion** (up 4% from year-end 2019), driven by the acquisitions of four office properties in Warsaw and a 29.4% stake in Globalworth Real Estate Investments Limited ("**Globalworth**"). The total **property portfolio** stood at **€9.8 billion;**

- **Net rental income of €84 million** (up 14% versus Q1 2019), reflecting the positive impact of **3.1% like-for-like growth in gross rental income,** a slight improvement in **occupancy to 94.4%** and the income from recent office acquisitions;

- **Total revenues of €164 million** (up 0.4% versus Q1 2019);

- **Net business income was €91 million** (up 9% versus Q1 2019) and **consolidated adjusted EBITDA was €85 million** (up 18% versus Q1 2019);

- **Funds from operations (FFO) was €59 million** (up 17**%** versus Q1 2019);

- **More than 98% of Q1 rent was collected by the Group**, despite the impact of COVID-19 lockdowns beginning in early March;

- **Net Interest Coverage Ratio (Net ICR)** was **6.3x** and the **Net Loan to Value (Net LTV)** was **42%.** The Group is fully committed to our long-term financial policy of a Net ICR above 4x and a Net LTV below 40%;

- CPIPG continued accessing **multiple financing channels**, issuing GBP 350 million (€411 million equivalent) of 8-year green bonds, SGD 150 million (€99 million) of perpetual hybrid bonds, and HKD 250 million (€29 million) of 10-year bonds during Q1. CPIPG also drew €116 million of secured bank loans and repaid €49 million of Schuldschein loans maturing in 2025;

- **Total available liquidity** (including cash and undrawn revolving credit facilities) at the end of the first quarter was above **€1 billion**.

Updates on the Impact of COVID-19

"The outbreak of COVID-19 was an unexpected challenge for our asset management teams," said Tomáš Salajka, Director of Acquisitions, Asset Management & Sales for CPIPG. "Once again, CPIPG's local expertise and close collaboration with tenants led to excellent results."

Governments across CPIPG's region have successfully eased lockdown restrictions in recent weeks. More than 95% of the Group's property portfolio is now open, excluding hotels.

In the Czech Republic, hotels were permitted to open on 25 May. The Group will gradually increase hotel capacity based on demand, with a continued focus on costs. During the closed period, the Group reduced hotel operating costs by about 70%.

Footfall and turnover in CPIPG's regional shopping centres in the Czech Republic have improved every week since full reopening on 11 May, with some centres now reporting volume near 2019 levels. Tenants and shoppers are adjusting to new hygiene rules and demand for certain non-essential categories (such as services, sports equipment and shoes) has been strong. Restaurants and food courts also opened on 25 May to enthusiastic demand.

The quality of CPIPG's properties and tenant base is reflected in the Group's rent collections. The Group has not granted discounts or made meaningful use of rental deposits or bank guarantees. The table below reflects CPIPG's approximate collections for Q1, March and April.

	% of portfolio value (FY 2019)	**% rent collected, Q1 2020**	**% rent collected, March 2020**	**% rent collected, April 2020**
Total CPIPG	--	98%	95%	76%
Office	46%	100%	98%	91%
Retail	24%	96%	90%	48%
Residential	8%	98%	98%	96%

Rents are invoiced and collected on varying timetables across CPIPG's portfolio. Following the outbreak of COVID-19, some tenants are paying later than usual, creating a lag in collections. For example, total March collections were reported at 84% on 23 April, versus 95% today. Similarly, the Group expects April collection rates to continue rising.

In partnership with our retail tenants in the Czech Republic whose units were closed, and in anticipation of Czech government aid to tenants, CPIPG agreed to delay some rental payments until shops were permitted to reopen. On 18 May, the Czech government approved a programme to pay 50% of the rent for tenants whose premises were subject to mandatory closure between 13 March and 30 June. Details around implementation, including the amount and nature of any discounts provided by landlords (expected to be about 30%), are forthcoming.

Key Events Occurring after the end of Q1 2020

- On 24 April 2020, the Group **acquired a 50.3% stake in Chalubinskiego 8 office building** in Warsaw and increased CPIPG's **EMTN programme** to **€8 billion**;
- On 12 May 2020, CPIPG issued **€750 million of senior unsecured 6-year green bonds** at a rate of 2.75%. **Proceeds were used to repurchase about** €800 million of bonds maturing in 2022, 2023, and 2024 through a tender offer and open market repurchases;
- On 28 May 2020, the annual general meeting of the shareholders of the Company was held in Luxembourg (the "**AGM**"). The AGM approved the statutory and consolidated annual accounts, as well as the allocation of financial results for the financial year ending 31 December 2019. The AGM re-appointed the board of directors and auditors for another year. Similar to previous years, the AGM also renewed a buy-back programme enabling CPIPG to repurchase its own shares. Share repurchases continue to be governed by regulatory requirements and the Group's financial policy.

"The success of CPIPG's latest green bond offering demonstrates that investors appreciate the resilience of the Group's business and our commitment to financial policy," said David Greenbaum, CFO of CPIPG. "Our tenants are getting back to business, our properties are open, and CPIPG is well-prepared for any challenges ahead."

FINANCIAL HIGHLIGHTS

Performance		Q1-2020	Q1-2019	Change
Gross rental income	€ million	90	77	16%
Total revenues	€ million	164	163	0%
Net business income	€ million	91	84	9%
Consolidated adjusted EBITDA	€ million	85	72	18%
Funds from operations (FFO)	€ million	59	50	17%
Profit before tax	€ million	70	33	112%
Interest expense	€ million	(18)	(12)	47%
Net profit for the period	€ million	62	29	118%

Assets		31-Mar-20	31-Dec-19	Change
Total assets	€ million	11,127	10,673	4%
Property portfolio	€ million	9,795	9,111	7%
Gross leasable area	sqm	3,530,000	3,465,000	2%
Occupancy	%	94.4	94.3	0.1 p.p.
Like-for-like gross rental growth	%	3.1	4.4	(1.3 p.p.)
Total number of properties*	No.	334	332	1%
Total number of residential units	No.	11,911	11,919	0%
Total number of hotel beds**	No.	12,416	12,416	0%

* Excluding residential properties in the Czech Republic
** Including hotels operated, but not owned by the Group

Financing structure		31-Mar-20	31-Dec-19	Change
Total equity	€ million	5,459	5,469	0%
EPRA NAV	€ million	4,985	5,100	(2%)
Net debt	€ million	4,111	3,300	25%
Net loan to value ratio (Net LTV)	%	42.0	36.2	5.8 p.p.
Secured consolidated leverage ratio	%	10.2	9.6	0.6 p.p.
Secured debt to total debt	%	24.4	24.8	(0.4 p.p.)
Unencumbered assets to total assets	%	70.0	69.7	0.3 p.p.
Net ICR		6.3x	7.2x	(0.9x)

STATEMENT OF COMPREHENSIVE INCOME*

The income statement for the three-month period ended 31 March 2020 and 2019 was as follows:

INCOME STATEMENT (€ million)	31-Mar-20	31-Mar-19
Gross rental income	90	77
Service charge and other income	32	31
Cost of service and other charges	(24)	(23)
Property operating expenses	(15)	(12)
Net rental income	**83**	**73**
Development sales	3	15
Development operating expenses	(2)	(15)
Net development income	**1**	**-**
Hotel revenue	17	19
Hotel operating expenses	(18)	(17)
Net hotel income	**(1)**	**2**
Other business revenue	22	21
Other business operating expenses	(14)	(12)
Net other business income	**8**	**9**
Total revenues	**164**	**163**
Total direct business operating expenses	**(73)**	**(79)**
Net business income	**91**	**84**
Net valuation gain (net of foreign exchange gain)	-	-
Amortization, depreciation and impairment	(5)	(14)
Administrative expenses	(13)	(12)
Other operating income	1	1
Other operating expenses	(1)	(2)
Operating result	**73**	**57**
Interest income	5	3
Interest expense	(18)	(12)
Other net financial result**	10	(15)
Net finance costs	**(3)**	**(24)**
Profit before income tax	**70**	**33**
Income tax expense	(8)	(4)
Net profit from continuing operations	**62**	**29**

** The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34.*

*** Including net foreign exchange gains and losses (including valuation gains classified within valuation gain under IFRS), share of profit of equity accounted investees and other financial gains and losses.*

Net rental income

Net rental income increased by 14% to €84 million in the three-month period ended 31 March 2020 primarily due to the acquisition of offices in Warsaw (increase of gross rental income by €10 million) and continuing rental income growth in Berlin.

Amortization, depreciation and impairments

In the three-month period ended 31 March 2020, the decrease in amortization, depreciation and impairments was caused by a goodwill write-off (€7 million) relating to the Group's agriculture business.

Interest expense

The increase of the interest expense from €12 million in the three-month period ended 31 March 2019 to €18 million in the three-month period ended 31 March 2020 related to newly issued bonds in 2019 and 2020.

BALANCE SHEET*

BALANCE SHEET (€ million)	31-Mar-20	31-Dec-19
NON-CURRENT ASSETS		
Intangible assets and goodwill	102	107
Investment property	8,194	8,157
Property, plant and equipment	866	886
Deferred tax assets	170	168
Other non-current assets	974	246
Total non-current assets	**10,306**	**9,564**
CURRENT ASSETS		
Inventories	50	51
Trade receivables	81	81
Cash and cash equivalents	497	805
Assets linked to assets held for sale	17	22
Other current assets	176	150
Total current assets	**821**	**1,109**
TOTAL ASSETS	**11,127**	**10,673**
EQUITY		
Equity attributable to owners of the Company	4,220	4,334
Perpetual notes	1,194	1,086
Non-controlling interests	45	50
Total equity	**5,459**	**5,470**
NON-CURRENT LIABILITIES		
Bonds issued	3,309	2,871
Financial debts	1,206	1,165
Deferred tax liabilities	799	806
Other non-current liabilities	68	74
Total non-current liabilities	**5,382**	**4,916**
CURRENT LIABILITIES		
Bonds issued	27	21
Financial debts	65	48
Trade payables	73	86
Other current liabilities	121	132
Total current liabilities	**286**	**287**
TOTAL EQUITY AND LIABILITIES	**11,127**	**10,673**

** The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34.*

Total assets

Total assets increased by €454 million to €11,127 million (increase by 4%) as at 31 March 2020 compared to 31 December 2019.

The increase in total assets primarily reflects our acquisitions of a 29.4% stake in Globalworth and investment properties in Warsaw. Growth in total assets was partly offset by cash utilized to fund these acquisitions, together with new issuance. In addition, there was a moderate impact from the valuation of certain properties valued in local currencies (primarily CZK) given the performance relative to the Euro in the quarter.

Total liabilities

Total liabilities increased by €465 million to €5,668 million (increase by 9%) as at 31 March 2020 compared to 31 December 2019. The increase is primarily attributable to issuance of green GBP and HKD bonds of €390 million and €29 million, respectively. The Group also drew new bank loans of €116 million. On the other hand, the Group repaid a Schuldschein loan of €49 million.

EQUITY AND EPRA NAV

Total equity decreased from €5,470 million as at 31 December 2019 by €11 million to €5,459 million as at 31 March 2020. The key changes in equity in the three months period ended 31 March 2020 were as follows:

- A decrease of translation reserve by €216 million (due to depreciation of CZK, HUF and PLN) against EUR in the three months period ended 31 March 2020);
- An increase of perpetual notes due to issuance of new hybrids of €95 million and the interest of €13.5 million.
- An increase of retained earnings by the profit for the period of €50 million;
- An increase of revaluation and hedging reserve of €52 million.

EPRA NAV was €4,985 million as at 31 March 2020 which represents a decrease by 2% compared to 31 December 2019. The main drivers of the decrease were described above.

EPRA NAV (€ million)	31-Mar-20	31-Dec-19
Equity attributable to owners of the company	**4,220**	**4,335**
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	**4,220**	**4,335**
Revaluation of trading property and property, plant and equipment	1	1
Deferred tax on revaluations	807	807
Goodwill as a result of deferred tax	(43)	(43)
Total	**4,985**	**5,100**

CPI Property Group

GLOSSARY

Alternative Performance Measures (APM)	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducting administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortization policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducting intangible assets and goodwill as reported.	
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (e.g. deferred tax, net valuation gain/loss, impairment, amortization/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items (e.g. net gain/loss on disposals etc.). The calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
Net Loan to Value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Loan-to-value provides a general assessment of financing risk undertaken.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm´s ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm´s financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm´s financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm´s liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realized in the event of default.

Non-financial definitions	Definition
Company	CPI Property Group S.A.
Property Portfolio value or PP value	The sum of value of Property Portfolio owned by the Group
Gross Leasable Area or GLA	Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
Group	CPI Property Group S.A. together with its subsidiaries
Net debt	Net debt is borrowings plus bank overdraft less cash and cash equivalents.
Occupancy	Occupancy is a ratio of estimated rental revenue regarding occupied GLA and total estimated rental revenue, unless stated otherwise.
Property Portfolio	Property Portfolio covers all properties and investees held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

APM RECONCILIATION

EPRA NAV reconciliation (€ million)	31-Mar-20	31-Dec-19
Equity attributable to owners of the company	**4,220**	**4,334**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**4,220**	**4,334**
Revaluation of trading property and property, plant and equipment	1	2
Fair value of financial instruments	0	0
Deferred tax on revaluation	807	807
Goodwill as a result of deferred tax	(43)	(43)
EPRA NAV	**4,985**	**5,100**

Net LTV reconciliation (€ million)	31-Mar-20	31-Dec-19
Financial debts	1,271	1,213
Bonds issued	3,336	2,892
Net debt linked to assets held for sale	0	0
Cash and cash equivalents	(497)	(805)
Net debt	**4,111**	**3,300**
Total property portfolio	**9,795**	**9,111**
Net LTV	**42.0%**	**36.2%**

Net Interest coverage ratio reconciliation (€ million)	31-Mar-20	31-Dec-19
Interest income	5	14
Interest expense	(18)	(54)
Consolidated adjusted EBITDA	85	292
Net Interest coverage ratio	**6.3x**	**7.2x**

Secured debt to total debt reconciliation (€ million)	31-Mar-20	31-Dec-19
Secured bonds	0	0
Secured financial debts	1,124	1,017
Total debts	4,608	4,105
Secured debt to total debt	**24.4%**	**24.8%**

Unencumbered assets to total assets reconciliation (€ million)	31-Mar-20	31-Dec-19
Bonds collateral	0	0
Bank loans collateral	3,339	3,236
Total assets	11,127	10,673
Unencumbered assets ratio	**70.0%**	**69,7%**

Consolidated adjusted EBITDA reconciliation (€ million)*	31-Mar-20	31-Mar-19
Net business income	91	84
Administrative expenses	(14)	(12)
Other effects	7	-
Consolidated adjusted EBITDA	**85**	**72**

Funds from operations (FFO) reconciliation (€ million)*	31-Mar-20	31-Mar-19
Net profit/(loss) for the period	62	29
Deferred income tax	6	1
Net valuation gain or loss on investment property	0	0
Net valuation gain or loss on revaluation of derivatives	0	(4)
Net gain or loss on disposal of investment property and subsidiaries	0	0
Net gain or loss on disposal of inventory	(1)	0
Net gain or loss on disposal of PPE/other assets	0	(1)
Amortization, depreciation and impairments	5	14
Other non-recurring/non-cash items	(17)	12
Other effects	3	0
Funds from operations	**59**	**50**

Secured consolidated leverage ratio reconciliation (€ million)	31-Mar-20	31-Dec-19
Secured bonds	0	0
Secured financial debts	1,124	1,017
Consolidated adjusted total assets	11,025	10,566
Secured consolidated leverage ratio	**10.2%**	**9.6%**

* Includes pro-rata EBITDA/FFO for Q1 2020 of Equity accounted investees

Property portfolio reconciliation (€ million)	31-Mar-20	31-Dec-19
Investment property – Office	4,353	4,186
Investment property – Retail	2,129	2,173
Investment property – Residential	700	756
Investment property – Land bank	675	697
Investment property – Development	139	142
Investment property – Industry & Logistics	101	99
Investment property – Agriculture	94	101
Investment property – Other	3	3
Property, plant and equipment – Hospitality	755	775
Property, plant and equipment – Mountain resorts	77	76
Property, plant and equipment – Agriculture	12	13
Property, plant and equipment – Office	6	7
Property, plant and equipment – Residential	5	6
Property, plant and equipment – Retail	1	1
Equity accounted investees/Other financial assets	683	12
Inventories – Development	45	45
Assets held for sale	17	19
Total	**9,795**	**9,111**

For further information please contact:

INVESTORS

CPI PROPERTY GROUP
David Greenbaum
Chief Financial Officer
d.greenbaum@cpipg.com

CPI PROPERTY GROUP
Joe Weaver
Director of Capital Markets
j.weaver@cpipg.com

MEDIA/PR

Kirchhoff Consult AG
Andreas Friedemann
T +49 40 60 91 86 50, F +49 40 60 91 86 60
E andreas.friedemann@kirchhoff.de