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CPI PROPERTY GROUP – Strong Rental Collections during COVID-19

CPI PROPERTY GROUP (hereinafter “CPIPG” the “Company” or together with its subsidiaries the “Group”), has prepared an update for stakeholders regarding rent collections and other key initiatives.

“Daily lives are gradually returning to normal in Central Europe, and CPIPG’s diversified portfolio is well-positioned,” said Martin Nemecek, CEO of CPIPG. “High-quality properties, strong tenant relationships and deep local knowledge have been key advantages for CPIPG during the COVID-19 outbreak.”

Group Rental Collections Update

Nearly all of CPIPG’s office, retail, residential and other commercial properties are open and operating normally. The Group is gradually and cost-consciously opening hotels based on demand, and is encouraged by recent booking activity.

The Group collected about 80% of gross rent due from office, retail, residential and other properties in May. Rent collections were highest in the office and residential segments and lowest in retail; a significant portion of unpaid or delayed retail rents will be collected through “Project Tornado,” as described further below. Office collections also include retail segments of offices such as cafes and canteens which have been generally closed during the pandemic.

As the Group’s negotiations with tenants proceed, collection rates for previous months have continued to improve. March collections are reported at 98% today, versus 95% on 29 May and 84% on 23 April. April collections also rose to 81% versus 76% as reported on 29 May.

Approximate collection rates

	% of portfolio value (FY 2019)	% rent collected, March 2020	% rent collected, April 2020	% rent collected, May 2020
Total CPIPG	--	98%	81%	80%
Office	46%	99%	94%	94%
Retail	24%	95%	58%	55%
Residential	8%	99%	98%	96%



Project Tornado

CPIPG recently launched “Project Tornado” in the Czech Republic retail segment. Project Tornado organizes the efforts of our local retail asset management teams to complete 2,200 lease amendments and more than 1,000 affidavits to lease agreements. Through Project Tornado, CPIPG will assist eligible tenants in claiming support from the Czech government, which will cover 50% of rent due for units closed during the period of April to June 2020. During the amendment process, CPIPG and individual tenants may also agree on any temporary rent discounts, repayment schedules for rent due, or other changes including prolonging of lease agreements.

“Project Tornado will strengthen the leasing profile of CPIPG’s retail properties in the Czech Republic while addressing the needs of our tenants,” said Petr Brabec, head of shopping centre asset management. “CPIPG is a long-term investor in Czech retail and believes our properties and tenants are well-positioned for the future.”

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