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

PRESS RELEASE
Luxembourg, 26 October 2020

CPI PROPERTY GROUP – Update on the Second Wave of COVID-19

CPI PROPERTY GROUP ("**CPIPG**" or the "**Group**") has prepared an update for our stakeholders following the recent surge in COVID-19 cases and the reintroduction of government restrictions across Europe.

"CPIPG gained tremendous experience from the initial outbreak of COVID-19 and took many steps to prepare our business and capital structure for a second wave," said Martin Nemecek, CEO. "Our local teams are already engaged with tenants to minimize the impact of any new restrictions."

Recent COVID-19 Measures

On 21 October 2020, the government of the Czech Republic ordered all non-essential shops to close. Essential retailers such as grocers, pharmacies, pet stores, flower shops and news agents are open, representing about 42% of CPIPG's Czech retail portfolio by gross leasable area (GLA). The new restrictions are in place until 3 November 2020 but may be extended.

In conjunction with the new restrictions, the Czech government has announced support for retail tenants affected by the closures in the form of a subsidy covering 1.5 months of rent. While the new support package resembles the highly effective measures enacted during H1 2020, in the latest version landlords are not required to provide discounts as a precondition to the government subsidies.

Occupancy in CPIPG's Czech retail portfolio was 97% as of H1 2020. The Group continues to work with tenants to preserve a high level of occupancy and an optimal shopping experience across our Czech shopping centres and retail parks. Recent data has proven that Czech shoppers respond swiftly when government restrictions are eased: while hygiene measures and social distancing resulted in slightly lower footfall in Q3 relative to 2019, tenant sales rebounded to 2019 levels.

In contrast to the lockdown in early 2020, the borders of the Czech Republic remain open and business travel (and related hotel stays) are permitted. The Group continues to carefully manage hotel operating expenses and is pleased that the Czech government will cover 100% of salaries for hotel employees who are not working during the emergency period.

The vast majority of CPIPG's office, residential and other properties are unaffected by recent COVID-19 developments. In total, 85% of CPIPG's portfolio across the Czech Republic, Berlin, Warsaw, and other locations is open and operating normally.

"Recent leasing activity across our platforms is encouraging as tenants look to the future," said Tomas Salajka, Director of Acquisitions, Asset Management & Sales. "The quality of CPIPG's assets and the strength of our local teams remain distinct advantages relative to our competition."

Rent Collection Rates

The initial outbreak of COVID-19 had a mild effect on CPIPG's rent collections during the first nine months of 2020. The Group collected 94% of H1 rent and 89% of Q2 rent before the effect of any discounts provided mostly to retail tenants. Notably, Q2 rent collections improved by nearly 3% since data was last reported by the Group on 31 August. Q3 collections were strong at 95% before discounts, reflecting the strength of CPIPG's tenant base.

Total discounts agreed by CPIPG during H1 2020 amounted to €7.8 million, or 4.4% of the Group's H1 gross rental income.

The table below summarizes the Group's collection rates for Q2, H1 and Q3 2020. CPIPG will provide regular updates on collections in the coming months.

	Q2 2020		**H1 2020**		**Q3 2020**	
	before discounts	after discounts	before discounts	after discounts	before discounts	after discounts
Group	89%	96%	94%	98%	95%	97%
Office	97%	97%	99%	99%	98%	98%
Retail	76%	94%	87%	97%	90%	95%
Residential	99%	99%	99%	99%	98%	98%

Liquidity and Capital Structure

CPIPG strengthened our already robust capital structure following the outbreak of COVID-19 and remains firmly committed to the Group's financial policy.

In May, the Group repaid €800 million of bonds due in 2022, 2023 and 2024 and issued a €750 million green bond maturing in 2026. In September, CPIPG issued €525 million of hybrid bonds which are callable in 2026 and used the proceeds to repay bonds maturing in 2022 and hybrid bonds which are callable in 2023. As a result, CPIPG has substantially cut near-to-medium term bond maturities while reducing gross debt.

The Group currently has more than €500 million in cash and a €510 million revolving credit facility, which has remained undrawn throughout the COVID-19 outbreak.

"CPIPG cares deeply about the health of our tenants, employees, communities and capital structure," said David Greenbaum, CFO. "We are confident in our response to the current challenges and will continue to invest and prepare for life after COVID-19."

For more on CPI PROPERTY GROUP, visit our website: www.cpipg.com.

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