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Press Release

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CPI PROPERTY GROUP – Financial Results for the First Quarter of 2021

CPI PROPERTY GROUP (hereinafter "**CPIPG**", the "**Company**" or together with its subsidiaries the "**Group**"), the leading owner of income-generating real estate in the Czech Republic, Berlin, Warsaw and the CEE region, hereby publishes unaudited financial results for the first quarter of 2021.

"CPIPG's resilient performance during Q1 2021 continued the steady trajectory of 2020," said Martin Nemecek, CEO. "The impact of COVID-19 on the Group's business has been mild, and we see positive trends in our key markets and property portfolios."

Key highlights for the first quarter of 2021 include:

– **CPIPG's property portfolio increased by 2% to €10.5 billion** compared to the end of 2020 due to selective acquisitions, positive revaluations and currency effects;
– **Total assets increased slightly to €11.9 billion**, driven by increases to the property portfolio and partly offset by a reduction in shareholder loans;
– **Net rental income increased by 6% to €88 million** compared to the first quarter of 2020, reflecting the contribution from recent acquisitions, 0.5% like-for-like growth in gross rental income and steady occupancy;
– **Consolidated adjusted EBITDA increased by 7% to €90 million** and **funds from operations (FFO) increased by 4% to €61 million** compared to the first quarter of 2020 based on higher net rental income, lower costs and the Group's proportionate share in Globalworth Real Estate Investments Limited ("Globalworth");
– **Net business income increased by 1%** to **€92 million** as the increase in net rental income was offset by slightly lower net income from hotels and resorts;
– The Group's **net interest coverage ratio (Net ICR)** was **5.6x** and **net loan to value (Net LTV)** was **40.6%**, slightly improved from year end 2020 and well within the Group´s financial policy;
– **Unencumbered assets remained high at 71%** at the end of Q1 2021;
– **Total available liquidity stood at €1.4 billion** at the end of the first quarter of 2021;
– **EPRA NRV (NAV)** slightly decreased to **€5.0 billion** (versus €5.1 billion at the end of 2020) as an increase in equity from additional hybrid issuance and revaluations was offset by share buybacks;
– The Group **collected 91% of Q1 2021 rent before one-time COVID-19 discounts and 94% after discounts**, despite non-essential retailers being closed for the entire period. CPIPG expects collections to increase as invoicing and collections continue in the second quarter;

Other notable events occuring during Q1

- During Q1, CPIPG issued about €1.1 billion of senior unsecured and hybrid bonds, including the Group's inaugural 10-year benchmark-sized issuance in Euros. The proceeds were used in part to repay more than €750 million of senior unsecured bonds, Schuldschein and hybrid bonds callable or maturing in 2022, 2023 and 2024;
- In January 2021, CPIPG concluded a mandatory tender offer for the remaining shares of Nova RE SIIQ S.p.A. ("Nova RE"). A total of 9,348,018 shares were tendered for a consideration of €2.36 per share and a total value of €22.061 million. Following the mandatory tender offer, the Group increased its stake in Nova RE to 92.44% of the relevant share capital. At the end of May 2021, CPIPG held an 87.09% stake in Nova RE.
- In February 2021, CPIPG completed a share buyback offer and purchased a total of 641,658,176 shares for an aggregate amount of €395,261,436 (or €0.616 per share). About 94% of shares were tendered by CPIPG's primary shareholder, Radovan Vitek (350,500,000 shares) and CPIPG's subsidiary CPI FIM SA (252,302,248 shares), together with management and third parties. Mr. Vitek used the proceeds to repay loans to CPIPG. The tendered shares were cancelled by the extraordinary general meeting of the shareholders held on 31 March 2021;
- In March 2021, CPIPG increased the ambition of our environmental targets and now aims to reduce GHG emissions intensity by 30% by 2030 versus baseline 2019 levels across all scopes 1-3 (versus the previous 20% target across only scopes 1 and 2). In support of this objective, the Group has committed to transition all electricity purchases to 100% renewable sources by 2024. CPIPG believes these targets align to Paris Agreement goals to limit the global temperature increase to well-below 2 degrees centigrade versus pre-industrial levels. In May 2021, CPIPG was was officially recognised as being committed to science based targets; the Group's strategy is currently being assessed by the Science Based Targets initiative ("SBTi"), with results and feedback expected in the summer.

Notable events occurring after Q1

- On 6 April 2021, the defamation claim filed in June 2020 by Kingstown Capital Management L.P. and Investhold LTD against CPIPG and Radovan Vitek in New York State Court was dismissed in its entirety. As previously communicated to our stakeholders, the separate SDNY Court Lawsuit was dismissed in September 2020 and the plaintiffs appealed that decision, with briefing scheduled to be completed during H1 2021. CPIPG is confident that the appeal lacks merit and that the SDNY Court's decision is on sound footing;
- On 14 April 2021, CPIPG formed a consortium with Aroundtown SA and announced a cash offer for the entire issued share capital of Globalworth not already held by the consortium. The offer document was posted to Globalworth shareholders on 12 May and the First Closing Date of the Offer is 1.00 p.m. (London Time) on 2 June 2021. Further updates on the progress of the Offer will be provided to stakeholders in due course.

"CPIPG is committed to our dual objectives of portfolio growth and capital structure strength," said David Greenbaum, CFO. "We are certain that the quality of CPIPG's properties and people will fuel our continued success."

FINANCIAL HIGHLIGHTS

Performance		Q1-2021	Q1-2020	Change
Gross rental income	€ million	93	90	3.8%
Net rental income	€ million	88	84	5.6%
Net hotel income	€ million	(3)	(1)	(164.1%)
Total revenues	€ million	158	164	(3.7%)
Net business income	€ million	92	91	0.8%
Consolidated adjusted EBITDA	€ million	90	85	7.0%
Funds from operations (FFO)	€ million	61	59	4.2%
Net profit for the period	€ million	111	62	78.8%

Assets		31-Mar-2021	31-Dec-2020	Change
Total assets	€ million	11,854	11,801	0.4%
Property portfolio	€ million	10,514	10,316	1.9%
Gross leasable area	sqm	3,637,000	3,636,000	0.0%
Occupancy	%	92.7	93.7	(1.0 p.p.)
Like-for-like gross rental growth*	%	0.5	0.8	(0.3 p.p.)
Total number of properties**	No.	348	343	1.5%
Total number of residential units	No.	11,929	11,929	0.0%
Total number of hotel beds***	No.	12,768	12,768	0.0%

* Based on headline rent, excluding one-time discounts
** Excluding residential properties in the Czech Republic
*** Including hotels operated, but not owned by the Group

Financing structure		31-Mar-2021	31-Dec-2020	Change
Total equity	€ million	5,801	5,787	0.3%
EPRA NRV (NAV)	€ million	5,004	5,118	(2.2%)
Net debt	€ million	4,268	4,194	1.8%
Net Loan-to-value ratio (Net LTV)	%	40.6	40.7	(0.1 p.p.)
Net debt/EBITDA		11.8x	12.4x	(0.6x)
Secured consolidated leverage ratio	%	11.3	12.0	(0.7 p.p.)
Secured debt to total debt	%	27.0	29.0	(2.0 p.p.)
Unencumbered assets to total assets	%	70.7	70.0	0.7 p.p.
Net ICR		5.6x	5.4x	0.2x

STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended	
(€ million)	31 March 2021	31 March 2020
Gross rental income	93.5	90.0
Service charge and other income	32.9	32.2
Cost of service and other charges	(24.9)	(23.1)
Property operating expenses	(13.1)	(15.4)
Net rental income	**88.4**	**83.7**
Development sales	9.5	2.6
Development operating expenses	(9.0)	(1.8)
Net development income	**0.5**	**0.8**
Hotel revenue	5.0	16.9
Hotel operating expenses	(7.5)	(17.9)
Net hotel income	**(2.5)**	**(1.0)**
Other business revenue	16.8	22.0
Other business operating expenses	(11.2)	(14.3)
Net other business income	**5.6**	**7.7**
Total revenues	**157.7**	**163.7**
Total direct business operating expenses	**(65.7)**	**(72.5)**
Net business income	**92.0**	**91.2**
Net valuation gain*	56.2	0.2
Net gain on disposal of investment property and subsidiaries	0.1	0.0
Amortization, depreciation and impairment	(4.1)	(5.1)
Administrative expenses	(11.8)	(13.5)
Other operating income	1.4	1.3
Other operating expenses	(2.1)	(1.4)
Operating result	**131.7**	**72.7**
Interest income	5.1	4.5
Interest expense	(21.2)	(17.9)
Other net financial result*	3.6	9.5
Net finance costs	**(12.5)**	**(3.9)**
Share of profit of equity-accounted investees (net of tax)	5.5	1.3
Profit before income tax	**124.7**	**70.1**
Income tax expense	(13.5)	(7.9)
Net profit from continuing operations	**111.2**	**62.2**

** Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4 of the consolidated financial statements as at 31 December 2020.*

Gross rental income

Gross rental income increased by €3.5 million (+4%) to €93.5 million in Q1 2021. The increase was driven by office acquisitions in Warsaw completed during 2020 (€1.4 million) along with continued growth in like-for-like rental income, especially in the Berlin office portfolio (€1.8 million).

Net development income

Development sales increased by €6.9 million to €9.5 million and development operating expenses increased by €7.2 million to €9.0 million due to sales of apartments and homes in Prague.

Net hotel income

In Q1 2021, primarily due to the COVID-19 pandemic, hotel revenues decreased by €11.9 million (71%) to €5 million compared to Q1 2020. However, tight cost control led to a reduction in hotel operating expenses by €10.4 million (58%) to €7.5 million.

Net valuation gain

Net valuation gain of €56.2 million in Q1 2021 reflected positive trends in the Czech residential portfolio and the effect of properties in Italy which were acquired at a significant discount to fair value.

Interest expense

Interest expense increased by €3.3 million to €21.2 million in Q1 2021 primarily due to the increase in total bonds outstanding.

Other net financial result

Other net financial result in Q1 2021 comprises the net foreign exchange gain on investment property of €15.2 million, intra-group loans of €10.8 million and financial expenses connected with early repayment of bonds of €18.0 million.

BALANCE SHEET

(€ million)	31 March 2021	31 December 2020
NON-CURRENT ASSETS		
Intangible assets and goodwill	106.3	107.1
Investment property	8,998.7	8,792.6
Property, plant and equipment	784.9	779.4
Deferred tax assets	154.0	155.6
Equity accounted investees	653.8	658.1
Other non-current assets	247.1	330.9
Total non-current assets	**10,944.8**	**10,823.7**
CURRENT ASSETS		
Inventories	29.2	38.8
Trade receivables	103.9	85.4
Cash and cash equivalents	641.1	632.3
Assets linked to assets held for sale	31.7	37.7
Other current assets	103.3	183.5
Total current assets	**909.2**	**977.7**
TOTAL ASSETS	**11,854.0**	**11,801.4**
EQUITY		
Equity attributable to owners of the Company	4,197.4	4,320.8
Perpetual notes	1,535.8	1,369.6
Non-controlling interests	68.2	96.1
Total equity	**5,801.4**	**5,786.5**
NON-CURRENT LIABILITIES		
Bonds issued	3,431.8	3,195.2
Financial debts	1,192.5	1,269.6
Deferred tax liabilities	849.0	842.2
Other non-current liabilities	98.7	116.9
Total non-current liabilities	**5,572.0**	**5,423.9**
CURRENT LIABILITIES		
Bonds issued	102.6	108.8
Financial debts	182.2	253.0
Trade payables	61.6	70.6
Other current liabilities	134.2	158.6
Total current liabilities	**480.6**	**591.0**
TOTAL EQUITY AND LIABILITIES	**11,854.0**	**11,801.4**

Total assets

Total assets increased by €52.6 million (0.4%) to €11,854.0 million at 31 March 2021 compared to 31 December 2020. The increase was driven primarily by acquisitions (€95.9 million), offset by a decrease in shareholder loans.

Total liabilities

Total liabilities increased by €37.7 million (0.6%) to €6,052.6 million at 31 March 2021 compared to 31 December 2020, mostly due to additional bonds issued during the quarter. However, this was partially offset by the repayment of Schuldschein loans.

EQUITY AND EPRA NRV

Total equity increased by €14.9 million from €5,786.5 million to €5,801.4 million as at 31 March 2021. The main drivers of the change were the following:

- An increase in profit for the period attributable to the owners including non-controlling interests ("NCI") of €93.6 million;
- An increase of issued hybrids by €390.7 million;
- An increase due to the acquisition of Nova RE in NCI of €7.0 million;
- A decrease in revaluation and hedging reserve of €8.8 million;
- A decrease in translation reserve of €3.2 million;
- A decrease due to share buy-backs of €239.9 million;
- A decrease due to refinancing of hybrids including interest of €224.0 million.

EPRA NRV was €5,004 million as at 31 March 2021, versus €5,118 million as at 31 December 2020. The small decrease of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners.

	31 March 2021	31 December 2020
Equity attributable to the owners (NAV)	**4,197**	**4,321**
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	**4,197**	**4,321**
Revaluation of trading property and PPE	2	2
Fair value of financial instruments	0	0
Deferred tax on revaluations	847	837
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	**5,004**	**5,118**

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 Net Reinstatement Value (NRV)	EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The objective of the EPRA NRV is to highlight the value of net assets on a long-term basis.
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 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.
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.
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 NRV reconciliation (€ million)	31-Mar-21	31-Dec-20
Equity attributable to owners of the company	**4,197**	**4,321**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**4,197**	**4,321**
Revaluation of trading property and property, plant and equipment	2	2
Fair value of financial instruments	0	0
Deferred tax on revaluation	847	837
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV	**5,004**	**5,118**

Net LTV reconciliation (€ million)	31-Mar-21	31-Dec-20
Financial debts	1,375	1,523
Bonds issued	3,534	3,304
Net debt linked to assets held for sale	0	0
Cash and cash equivalents	(641)	(632)
Net debt	**4,268**	**4,194**
Total property portfolio	**10,514**	**10316**
Net LTV	**40.6%**	**40.7%**

Net Interest coverage ratio reconciliation (€ million)	31-Mar-21	31-Dec-20
Interest income	5	18
Interest expense	(21)	(81)
Consolidated adjusted EBITDA	90	338
Net Interest coverage ratio	**5.6x**	**5.4x**

Secured debt to total debt reconciliation (€ million)	31-Mar-21	31-Dec-20
Secured bonds	0	0
Secured financial debts	1,324	1,400
Total debts	4,909	4,827
Secured debt to total debt	**27.0%**	**29.0%**

* Totals might not sum exactly due to rounding differences.

Unencumbered assets to total assets reconciliation (€ million)	31-Mar-21	31-Dec-20
Bonds collateral	0	0
Bank loans collateral	3,467	3,541
Total assets	11,854	11,801
Unencumbered assets ratio	**70.7%**	**70.0%**

Consolidated adjusted EBITDA reconciliation (€ million)*	Q1-21	Q1-20
Net business income	92	91
Administrative expenses	(12)	(14)
Other effects	10	7
Consolidated adjusted EBITDA	**90**	**85**

Funds from operations (FFO) reconciliation (€ million)*	Q1-21	Q1-20
Net profit/(loss) for the period	111	62
Deferred income tax	(11)	(6)
Net valuation gain or loss on investment property	56	0
Net valuation gain or loss on revaluation of derivatives	1	0
Net gain or loss on disposal of investment property and subsidiaries	0	0
Net gain or loss on disposal of inventory	0	1
Net gain or loss on disposal of PPE/other assets	0	0
Amortization, depreciation and impairments	(4)	(5)
Other non-cash items	26	24
Other non-recurring items	(19)	(7)
Share on profit of equity accounted investees/JV adjustments	5	1
Other effects	6	4
Funds from operations	**61**	**59**

Secured consolidated leverage ratio reconciliation (€ million)	31-Mar-21	31-Dec-20
Secured bonds	0	0
Secured financial debts	1,324	1,400
Consolidated adjusted total assets	11,748	11,695
Secured consolidated leverage ratio	**11.3%**	**12.0%**

* Includes pro-rata EBITDA/FFO for Q1 2021 (estimated) and Q1 2020 of Equity accounted investees

Property portfolio reconciliation (€ million)	31-Mar-21	31-Dec-20
Investment property – Office	4,728	4,716
Investment property – Retail	2,193	2,184
Investment property – Residential	894	855
Investment property – Land bank	806	798
Investment property – Development	147	13
Investment property – Industry & Logistics	119	117
Investment property – Agriculture	100	99
Investment property – Hospitality	6	6
Investment property – Other	5	4
Property, plant and equipment – Hospitality	678	676
Property, plant and equipment – Mountain resorts	68	67
Property, plant and equipment – Agriculture	12	12
Property, plant and equipment – Office	9	9
Property, plant and equipment – Residential	6	6
Property, plant and equipment – Retail	1	1
Equity accounted investees	654	658
Other financial assets	35	26
Inventories – Development	22	31
Assets held for sale	32	38
Total	**10,514**	**10,316**

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