S&P Global
Ratings

Research

CPI Property Group SA

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CPI Property Group SA

Business Risk: SATISFACTORY

Vulnerable — Excellent

Financial Risk: INTERMEDIATE

Highly leveraged — Minimal

Anchor	Modifiers	Group/Gov't
bbb	bbb	bbb

Issuer Credit Rating

BBB/Stable/--

Credit Highlights

Overview

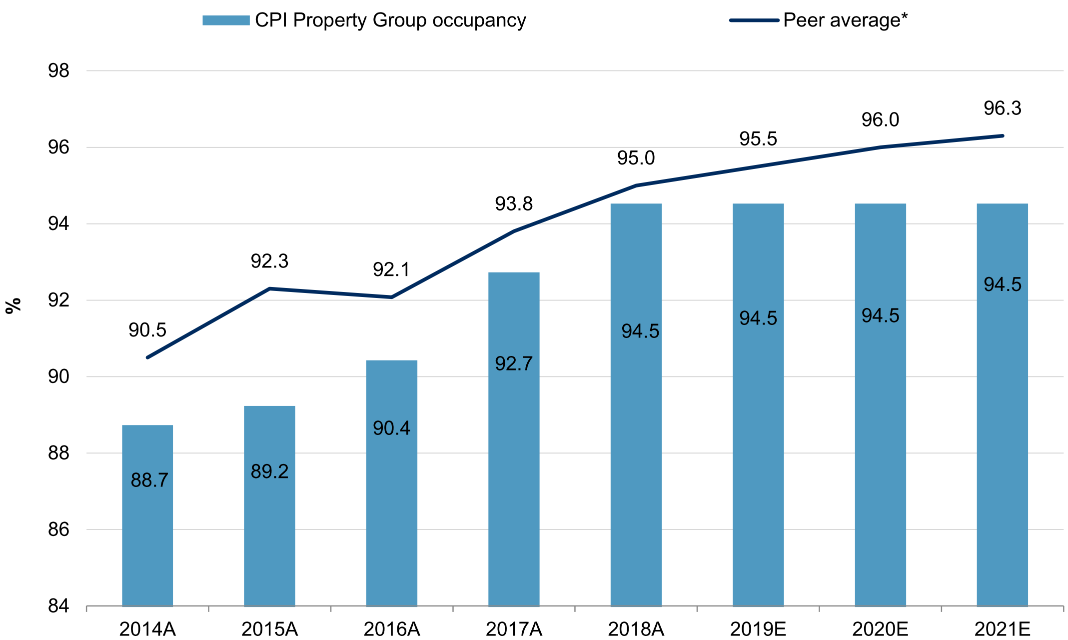
Key Strengths	Key Risks
Large asset portfolio of €7.6 billion, with solid positions in the Czech retail and Berlin office markets.	Exposure to the risk of Czech koruna volatility against the euro, although most of CPI Property Group's (CPI) rents are denominated in euro.
Strong operational track record, with positive like-for-like rental income growth of 4.9% in 2018, as well as improving and stable occupancy rates at 94.5%.	Material exposure to retail and hotel segments (together, 38% of the total property value), which we view as more volatile and cyclical than the residential sector.
Good asset quality as retail and office assets are strategically located close to local transport facilities in prosperous cities, and German offices are currently in high demand.	Lower profitability compared to its peers due to lower margins in the hotel segment, as well as high operating costs related to refurbishment and renovation of assets.
High diversification in terms of property segments and geographic locations.	High e-commerce penetration levels in the Czech Republic. These may negatively impact the retail property segment, which contributes about 42% to CPI's net rental income.
Prudent financial policy and reducing leverage, with a debt-to-debt-plus-equity ratio expected to remain between 35% and 40% and the EBITDA-to-interest ratio expected to remain above 3.8x.	Weak debt repayment capacity from revenue generation, with a debt-to-EBITDA ratio of 10.5x-11.5x, mainly due to the low-yield nature of German offices.

CPI will continue to perform strongly during 2019 and 2020, driven largely by the Berlin office portfolio, which currently enjoys strong tenant demand. In 2018, CPI achieved high like-for-like rental growth of 10% in the Berlin office portfolio and an improvement in its occupancy rate to 95.6%. We expect the positive momentum to persist in the Berlin office portfolio, which is under rented compared with market rates and the ongoing demand from corporates to extend their office space. Therefore, there is potential to continue increasing rents above indexation levels in future years. That said, we expect lower growth in the retail segment, which may face more adverse market conditions. This could lightly mitigate the expected growth in CPI's Berlin office rental income.

CPI's occupancy has improved significantly in the past four years.

Chart 1

CPI Property Group--Occupancy Versus Peer Average



A--Actual. E--Estimate. *Average for CPI Property Group, NEPI Rockcastle, Merlin Properties, Aroundtown, Atrium European Real Estate, and Globalworth. Source: S&P Global Ratings.

We note a significant improvement in occupancy level, mainly stemming from the Berlin office portfolio, which reached 95.6% in 2018 from 89.7% in 2017. This was mainly due to CPI's asset management efforts and the continued supply and demand imbalance.

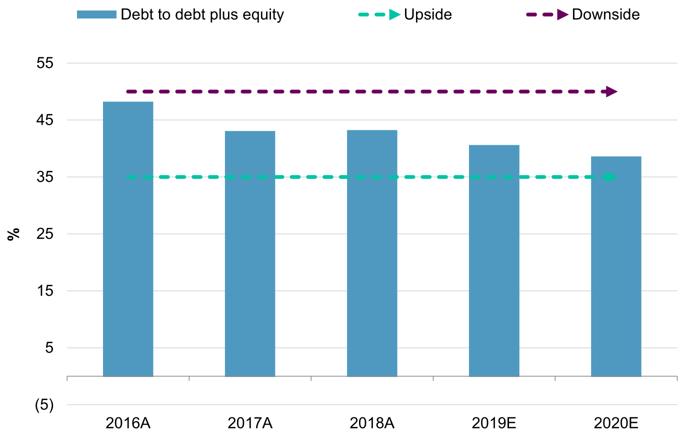
In the Czech Republic, occupancy has slightly declined to 93.4% in 2018 from 94.4% in 2017, but we understand that this is temporary because the group intends to refurbish vacant space before quickly leasing it. We expect that occupancy will remain sustainably above 94.5% over the next 12-24 months. CPI's historical occupancy ratio is still slightly lower than the average for peers in the same business risk category.

We expect leverage to reduce in the coming two years thanks to positive like-for-like portfolio growth that the group has achieved over the past two years. The group reduced debt more quickly than we anticipated, and created some headroom under its current financial policy of a loan-to-value (LTV) ration below 45%. We expect the group may use some of the headroom to pursue opportunistic acquisitions. However, we understand that it would mitigate further indebtedness by not paying common dividends to its shareholders. As a result, we expect the debt-to-debt-plus-equity ratio to move closer to 40% in the next 12-24 months.

CPI has strengthened its capital structure and liquidity position by diversifying funding sources and optimizing the cost of capital.

Chart 2

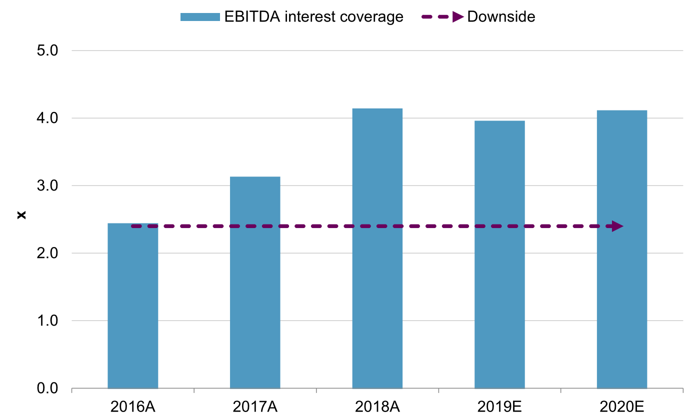
CPI Property Group--Debt To Debt Plus Equity



A--Actual. E--Estimate. Source: S&P Global Ratings.

Chart 3

CPI Property Group--EBITDA Interest Coverage



A--Actual. E--Estimate. Source: S&P Global Ratings.

The group issued €1.4 billion of senior unsecured bonds and hybrids in 2018-2019 and refinanced a significant proportion of secured bank loans. This resulted in a decrease in the average cost of debt to 1.6% and a material increase in the unencumbered assets to about 65% of total assets, enhancing the group's financial flexibility. CPI demonstrated its ability to access a wide range of funding sources by tapping new currency markets and issuing hybrid bonds. The group has no large upcoming maturities for the next 24 months and we understand the group has sufficient liquidity available in the form of cash and an undrawn revolving credit facility as of May 2019.

Outlook: Stable

The stable outlook on CPI reflects our view that the group should continue to benefit from the healthy economic trends in the Czech and German office markets, thanks to its high-quality assets. We also think CPI's resilient cash flows and conservative financial policy will keep the group's debt-to-debt-plus-equity ratio below 50% and EBITDA interest coverage above 2.4x over the next two years. We expect CPI will maintain a large liquidity buffer.

Downside scenario

We could consider a downgrade if CPI's debt-to-debt-plus-equity ratio increased above 50% as a result of unexpected asset devaluations, or if its EBITDA interest coverage fell below 2.4x. Downward rating pressure might also materialize if its operating performance deteriorated.

Upside scenario

An upgrade would hinge on CPI materially improving its portfolio profile in terms of size and diversification, while generating positive like-for-like rental income growth and showing a positive portfolio revaluation. An upgrade could also stem from a revision of the group's financial policy to a more conservative one, with a debt-to-debt-plus-equity ratio sustainably lower than 35%.

Our Base-Case Scenario

We estimate that the macroeconomic fundamentals in the majority of CPI's locations are favorable, with positive demand trends for the commercial real estate sector, relatively low unemployment rates, and sound GDP growth. We also understand that obtaining approval for building construction in the Czech Republic is relatively difficult compared with developing and developed countries. Therefore, we think risks of substantial new supply coming into the Czech market are limited.

Assumptions

- Like-for-like rental income growth of 2.0%-3.0% for CPI's overall portfolio through 2019-2020, supported by positive inflation trends in the Czech Republic and Germany and potential rent increases following refurbishments.
- Gradually improving profitability on the back of an improving cost structure.
- A 1%-2% increase in portfolio value in 2019 and 2020, on the back of an assumed moderate uplift in property values in most of CPI's locations.
- An asset acquisition of €750 million-€800 million in 2019, comprising €50 million-€60 million of contracted acquisitions and €700 million of hypothetical opportunistic acquisitions.
- Development capital expenditure (capex) of €150 million-€200 million annually for the next two-to-three years.
- We still assume that the group will not pay any dividends, in line with its financial policy.

Key Metrics

	2018A	2019E	2020E
EBITDA interest coverage (x)	3.1	3.8-4.1	3.8-4.1
Debt to EBITDA (x)	11.3	11.5-11.8	10.3-10.6
Debt to debt plus equity (%)	43.0	43.0-43.5	40.5-41.0

A--Actual. E--Estimate.

Base-case projections

We expect a further improvement in EBITDA on the back of growth in rental income and benefits from a very low cost of capital. The group's capacity to cover its interest burden should increase significantly, with our expectation of an EBITDA-to-interest ratio close to 4x in the next 12-24 months.

CPI is reducing leverage as expected, with a strong cash balance on its balance sheet, but we anticipate opportunistic acquisitions and capital spending. We expect the group to use the current liquidity and headroom under its LTV ratio for an opportunistic acquisition, which is a significant factor in our base-case assumption for CPI's year-end leverage.

Company Description

Table 1

CPI Property Group--Portfolio Summary

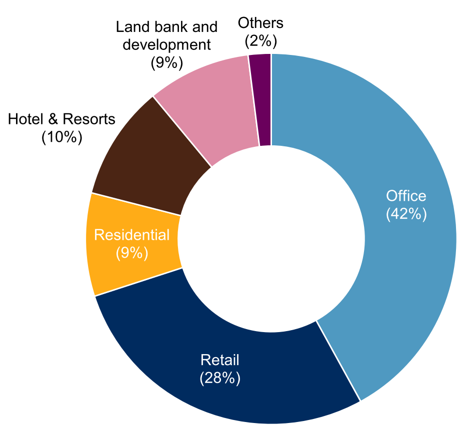
Segment focus	Diversified (office, retail, residential, and hotel)
Total portfolio value	€7.6 billion
Total units or total GLA (units or sqft)	375 office and retail properties, 11,917 residential units, 11,300 hotel beds
Average occupancy (%)	94.50%
Average lease maturity (years)	3.5 years
Current average yield (%)	5.10%
Overall portfolio quality*	High quality office and retail assets
Market capitalization (€)§	~6.3 billion

*S&P Global Ratings' view, based on December 2018 results. §As of May 2019.

CPI is a real estate group focusing on office, retail, and hotel properties in Central and Eastern Europe and Germany. The group primarily operates in the Czech Republic (51% of the portfolio by property value as of Dec. 31, 2018) and is a leading retail and office space owner in this region. CPI largely invests its €7.6 billion portfolio in offices (42% of portfolio value) and retail (28% of property value), along with smaller segments in the residential and hotel segments. The group has more than 25 years of experience in the real estate market and operates in 12 countries.

Chart 4

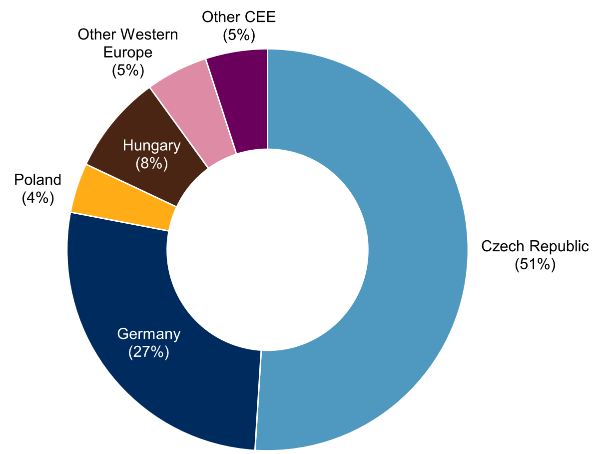
CPI Property Group--Segment Diversity



Source: S&P Global Ratings.

Chart 5

CPI Property Group--Geographic Diversity



CEE--Central and Eastern Europe. Source: S&P Global Ratings.

The group's strategy is to continue focusing on the retail and office segments, while keeping hotels and resorts below 10% of the portfolio and disposing of its noncore assets in the long term. The majority of CPI's exposure is in the Czech Republic and Germany, which are economies that are currently showing resilience and performing well, with strong market fundamentals.

Business Risk: Satisfactory

The group's business risk profile is underpinned by its position as the largest retail and office property owner in the Czech Republic and one of the largest office property owners in Berlin. It manages a portfolio of high-quality office and retail assets, which enjoys a good degree of geographic and segment diversity and we think compares favorably with most peers we rate in the same business risk category. Most of the group's tenants are creditworthy multinational companies or regional leaders with triple-net-lease contracts fixed in euros.

The group's portfolio is supported by strong operating performance with positive like-for-like rental income growth of 4.9% in 2018. Strong expansion in its Berlin office supported this growth, while the retail and residential segment somewhat mitigated it. The Berlin market is currently experiencing strong demand, fueled by information technology and information technology-enabled service companies, which has created a supply and demand imbalance for office space. We expect that the momentum should continue, since the group's strategy is to focus on its core assets while continuing to invest in upgrading and renovating its assets when necessary. The group intends to acquire assets that fit its overall portfolio and further enhance its quality and operating metrics.

The top 10 assets represent 18% of total market value, with the largest asset accounting for 3%, which is similar to most of the rated peers in the same business risk category. The group's average lease term of 3.5 years is slightly below other rated commercial real estate players (five years or longer). However, we understand that this is in line with the group's current strategy to gradually increase rents to the market level, especially for office assets in Berlin. Overall, we see limited risk of tenant concentration, since the group's top 10 tenants account for just 15% of its total rents.

Table 2

CPI Property Group--Top 10 Assets

Asset name	Asset value (mil. €)	Location	Size (sq ft)	% total
Quadrio	237	Czech Republic	26,000	3.14
Olympia Plzen	153	Czech Republic	41,000	2.03
Futurum	129	Czech Republic	39,000	1.71
Zlaty Andel	127	Czech Republic	21,000	1.68
Ogrody	120	Poland	42,000	1.59
Gustav-Meyer-Allee 25	119	Germany	75,000	1.58
Reuchlinstraße	117	Germany	50,000	1.55
Helmholtzstraße	115	Germany	37,000	1.52
City Park Jihlava	114	Czech Republic	29,000	1.51
Franklinstraße	109	Germany	31,000	1.44

Table 3

CPI Property Group--Top 10 Tenants

Top 10 tenants	% of total rental income
Ahold	3.30%
Tesco	2.00%
Ceska Pojistovna	2.00%
Siemens	1.50%
CEZ Group	1.50%
Penny	1.10%
Billa	1.10%
Takko Fashion	0.80%
Continental	0.80%
DM	0.70%

CPI has material exposure to the office, retail, and hotel property segments, which we view as more volatile and cyclical than residential, for example, because they are closely linked to corporate business conditions and consumer confidence. We note that there is limited development risk in the portfolio, because the share of assets under development will remain less than 10% of the current portfolio value.

We think the Czech retail market still benefits from positive economic trends that should continue to support CPI's operations over 2019-2020. However, the Czech market is highly penetrated and the second-largest market in terms of e-commerce sales, after the U.K., but we understand that there is still a low density of shopping centers compared with Western Europe.

The group is exposed to foreign currencies (primarily the Czech koruna) through rental income and expenses. In 2018, the group received 32% of its gross rental income in Czech koruna. However, 60% of the group's property operating expenses and 41% of administrative expenses were also denominated in the Czech koruna. As a result, the net remaining exposure to the Czech koruna is limited and we also understand that most of CPI's rents are denominated in euros.

Peer comparison

Table 4

CPI Property Group--Operating Peer Comparison

Companies	CPI Property Group S.A	NEPIRockastle	Atrium European Real Estate*	Globalworth	Aroundtown
Portfolio value (bil. €)	7.6	5.9	2.9	2.5	14.2
% of development	9.0	4.0	<10.0	<10.0	<1.0
Weighted-average unexpired lease term (years)	3.5	4.0	5.3	5.0	8.2
Occupancy (%)	94.5	97.2	95.0	95.1	91.5
Top 10 tenants as % of GRI	14.9	22.0	0.2	28.4	<20.0%

Table 4

CPI Property Group--Operating Peer Comparison (cont.)

Companies	CPI Property Group S.A	NEPIRockastle	Atrium European Real Estate*	Globalworth	Aroundtown
Geographic diversity	Czech Republic 51%, Germany 27%, Poland 4%, Hungary 8%, Western Europe 5%, and other CEE countries 5%	Poland 24%, Romania 36%, Hungary 10%, Bulgaria 9%, Slovakia 9% Croatia 4%, Czech Republic 3%, Serbia 3%, and Lithuania 2%	Poland 64%, Czech Republic 19%, Russia 11%, and Slovakia 6%	Romania 51% and Poland 49%	Germany (including partial consolidation of Grand City Properties) 88%, Netherlands 7%, and London 5%
Asset diversity	Office 42%, retail 28%, residential 9%, hotels and resorts 10%, and landbank and others 11%	Retail 93%, office 6.7%, and industrial 0.3%	Retail 100%	Office 79%, logistics 4%, mixed 12%, and others 5%	Residential 17%, office 42%, retail 5%, hotel 23%, and industrial/others 13%

CEE--Central Eastern Europe. *Data as of March 2019. For all others, data as of December 2018.

The company's portfolio (€7.6 billion on Dec. 31, 2018) is larger than most of its close rated peers in the same business category. The portfolio is well diversified geographically and supported further by high exposure in the Prague (retail) and Berlin (office) markets, which we believe are currently experiencing strong demand. We factor in the company's continued focus on the retail and office segments--areas which are currently showing resilience and performing strongly--while keeping hotels and resorts below 10%. This strength remains a key factor in our assessment of the company's business risk at the higher end of its category compared with its close peers.

Table 5

CPI Property Group--Peer Comparison

	CPI Property Group SA	NEPI Rockcastle PLC	Atrium European Real Estate Ltd.	Globalworth Real Estate Investments Ltd.	Aroundtown S.A.
	--Fiscal year ended Dec. 31, 2018--				
(Mil. €)					
Revenues	450.0	349.9	175.2	145.4	958.3
EBITDA	271.6	318.0	147.5	115.7	616.7
FFO	162.8	265.2	100.1	88.7	411.3
Interest expense	87.0	48.1	34.9	34.0	161.3
Cash interest paid	92.9	46.7	41.0	21.6	137.5
Cash flow from operations	158.6	276.1	57.3	79.7	416.8
Capital expenditures	143.5	254.4	71.0	67.2	184.4
Free operating cash flow	15.1	21.7	(13.7)	12.4	232.4
Dividends paid	(6.3)	296.3	154.8	68.4	225.7
Discretionary cash flow	(136.2)	(274.6)	(168.5)	(55.9)	6.7
Cash and short-term investments	74.4	89.7	38.5	219.0	1,599.5
Debt	3,077.5	2,008.4	1,258.1	1,029.5	8,036.4
Equity	4,087.3	3,845.9	1,793.0	1,297.3	9,501.4
Debt and equity	7,164.8	5,854.3	3,051.2	2,326.9	17,537.8

Table 5

CPI Property Group--Peer Comparison (cont.)

	CPI Property Group SA	NEPI Rockcastle PLC	Atrium European Real Estate Ltd.	Globalworth Real Estate Investments Ltd.	Aroundtown S.A.
Valuation of investment property	7,357.9	5,911.1	2,909.9	2,391.0	17,023.2
Adjusted ratios					
Annual revenue growth (%)	12.6	49.7	(7.1)	147.4	34.3
EBITDA margin (%)	60.4	90.9	84.2	79.6	64.4
Return on capital (%)	3.7	5.9	5.1	6.0	5.7
EBITDA interest coverage (x)	3.1	6.6	4.2	3.4	3.8
FFO cash interest coverage (x)	2.8	6.7	3.4	5.1	4.0
Debt/EBITDA (x)	11.3	6.3	8.5	8.9	13.0
FFO/debt (%)	5.3	13.2	8.0	8.6	5.1
Cash flow from operations/debt (%)	5.2	13.7	4.6	7.7	5.2
Free operating cash flow/debt (%)	0.5	1.1	(1.1)	1.2	2.9
Discretionary cash flow/debt (%)	(4.4)	(13.7)	(13.4)	(5.4)	0.1
Debt/debt and equity (%)	43.0	34.3	41.2	44.2	45.8

FFO--Funds from operations.

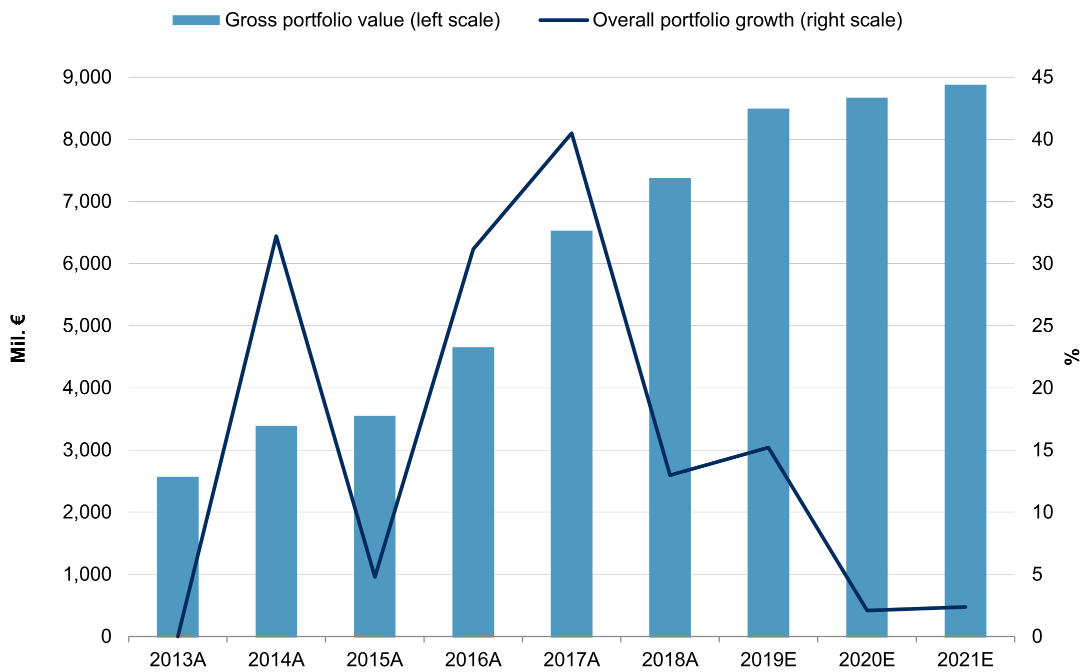
Financial Risk: Intermediate

Our assessment of CPI's financial risk profile is underpinned by its moderate debt leverage, with an S&P Global Ratings-adjusted ratio of debt to debt plus equity of 43% and an adjusted EBITDA-to-interest ratio of 3.1x at the end of 2018. We expect these ratios will gradually improve and reach 40%-43% and 3.5x-4.0x, respectively, in 2019-2020. The group's prudent financial policy focuses on an LTV ratio of less than 45%, which corresponds to an adjusted debt-to-debt-plus-equity ratio below 50%, with the difference largely attributed to the treatment of hybrid bonds. CPI is 91% owned by Radovan Vitek and is listed on the Frankfurt stock exchange.

We expect CPI's debt-to-debt-plus-equity ratio to slightly improve and remain below 45%, supported by a strong cash balance and the lack of cash dividend distributions. Credit metrics should also benefit from supportive portfolio valuations in the next two years.

Chart 6

CPI Property Group--Gross Portfolio Value And Total Portfolio Growth

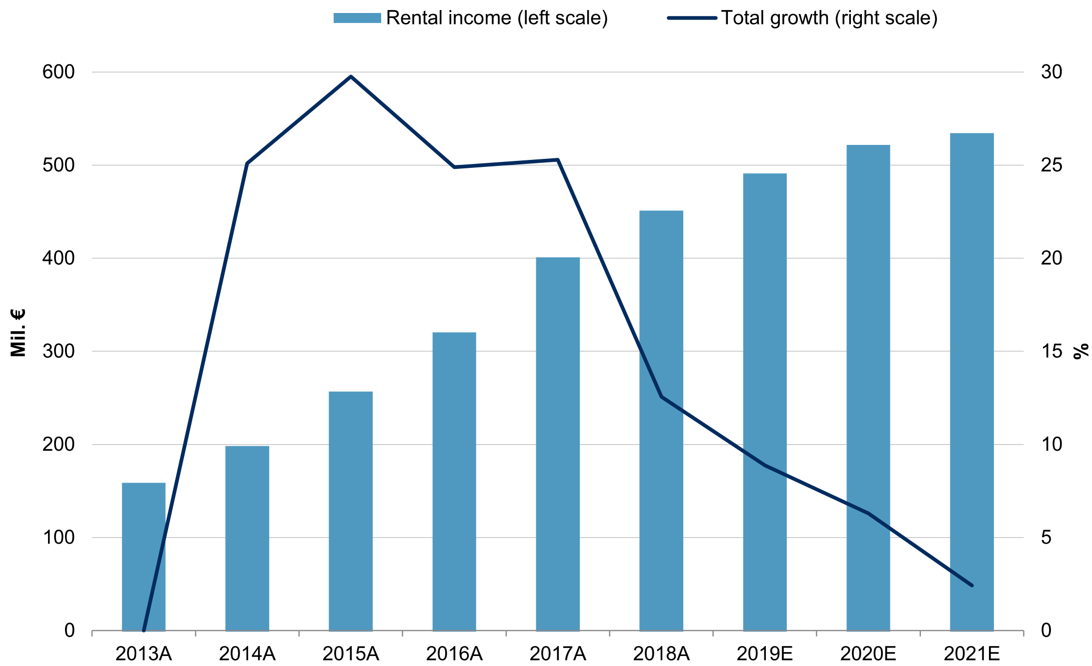


A--Actual. E--Estimate. Source: S&P Global Ratings.

We expect like-for-like portfolio growth of 1.5%-2.0% in the next two years, based on our assumption of yield compression and moderate rental growth. We also think inorganic (acquisition) growth will mostly support additional expansion in future years, as assumed in our base case. Historically, CPI has mainly achieved significant overall portfolio growth through asset acquisitions and yield compression.

Chart 7

CPI Property Group--Rental Income And Rental Growth



A--Actual. E--Estimate. Source: S&P Global Ratings.

Our base case assumes annual rental growth of about 2.0%-3.0%, in line with inflation estimates, which should support EBITDA interest coverage above 3.8x in the coming two years. The higher level of growth in the Berlin office portfolio, which CPI currently rents below the market average, but low expansion expected in the rental and residential segment, could mitigate this somewhat. Historically, the acquisition of assets and increasing contribution from the hotel business has significantly boosted rental income growth.

Financial summary

Table 6

CPI Property Group--Financial Statistics

Industry sector: Real estate investment trust or company

	--Fiscal year ended Dec. 31--				
	2018	**2017**	**2016**	**2015**	**2014**
(Mil. €)					
Revenues	450.0	399.8	319.1	255.5	196.9
EBITDA	271.6	241.1	209.4	153.0	139.0
FFO	162.8	131.3	105.2	64.8	72.5
Interest Expense	87.0	99.1	93.7	98.1	83.9
Cash Interest Paid	92.9	96.5	88.8	83.7	61.5

Table 6

CPI Property Group--Financial Statistics (cont.)

Industry sector: Real estate investment trust or company

	--Fiscal year ended Dec. 31--				
	2018	**2017**	**2016**	**2015**	**2014**
Cash flow from operations	158.6	121.5	48.4	67.2	107.4
Capital expenditures	143.5	116.4	94.0	55.6	66.5
Free operating cash flow	15.1	5.1	(45.6)	11.6	41.0
Dividends paid	(6.3)	0.0	0.0	0.0	0.0
Discretionary cash flow	(136.2)	5.1	(45.6)	11.6	41.0
Cash and short-term investments	74.4	177.3	243.4	99.0	63.4
Gross available cash	74.4	177.3	243.4	99.0	63.4
Debt	3,077.5	3,071.8	2,342.0	2,305.9	2,031.2
Equity	4,087.3	3,315.2	2,288.5	1,338.1	1,558.8
Debt and equity	7,164.8	6,387.0	4,630.5	3,643.9	3,590.0
Valuation of Investment Property	7,357.9	6,519.5	4,675.2	3,534.3	3,373.0
Adjusted ratios					
Annual revenue growth (%)	12.6	25.3	24.9	29.8	25.1
EBITDA margin (%)	60.4	60.3	65.6	59.9	70.6
Return on capital (%)	3.7	4.2	4.9	4.6	5.0
EBITDA interest coverage (x)	3.1	2.4	2.2	1.6	1.7
FFO cash interest coverage (x)	2.8	2.4	2.2	1.8	2.2
Debt/EBITDA (x)	11.3	12.7	11.2	15.1	14.6
FFO/debt (%)	5.3	4.3	4.5	2.8	3.6
Cash flow from operations/debt (%)	5.2	4.0	2.1	2.9	5.3
Free operating cash flow/debt (%)	0.5	0.2	(1.9)	0.5	2.0
Discretionary cash flow/debt (%)	(4.4)	0.2	(1.9)	0.5	2.0
Debt/debt and equity (%)	43.0	48.1	50.6	63.3	56.6

FFO--Funds from operations.

Liquidity: Adequate

We anticipate that liquidity sources will likely cover liquidity uses for 2019 by more than 3.8x. CPI has sound relationships with a diversified group of banks, and a strong standing in capital markets. That said, we also think the group's current solid liquidity position has improved temporarily, and that the group could use it for acquisitions if the opportunity arises in the near term. Consequently, we continue to view CPI's liquidity as adequate.

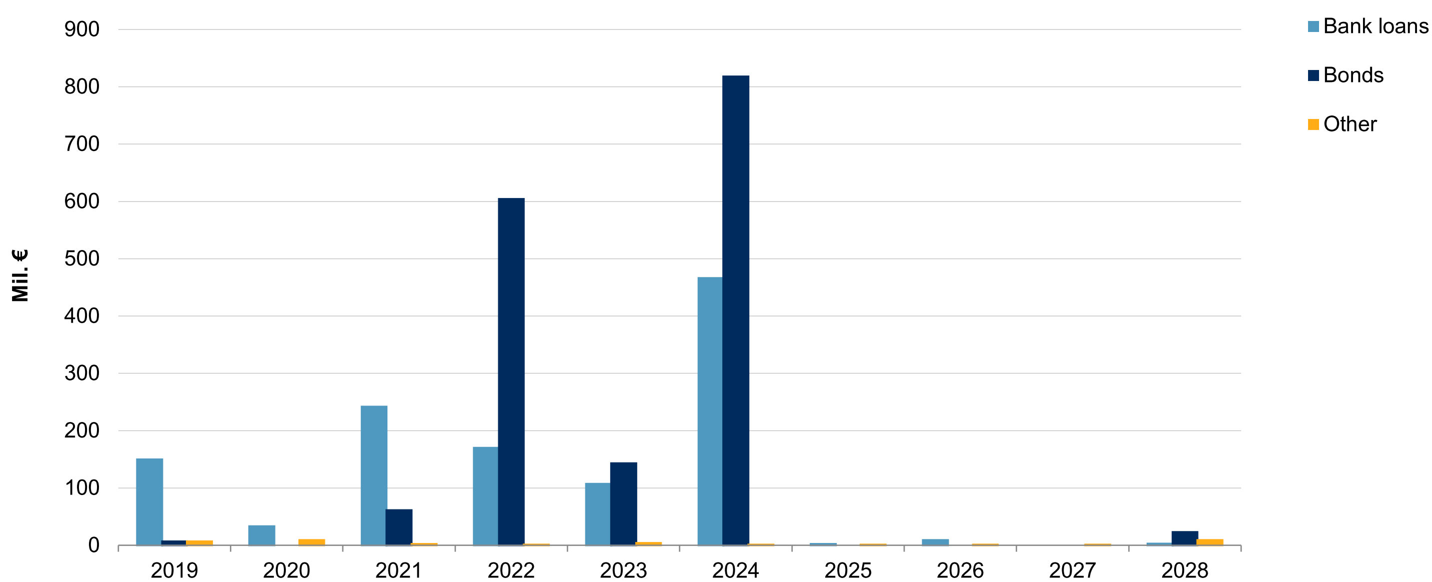
Principal liquidity sources over the 12 months from March 2019	Principal liquidity uses over the same period
• Average funds from operations of about €240 million-€260 million. • Cash and marketable securities estimated at about €432 million. • €510 million of undrawn revolving credit facility available. • Hybrid proceeds of €550 million.	• Debt maturities of about €160 million-€180 million. • Around €150 million-€200 million of planned capex. • About €50 million-€60 million of acquisitions. • Dividends from hybrid securities of €24 million.

Debt maturities

The average debt maturity is 5.5 years.

Chart 8

CPI Property Group--Debt Maturity



Source: Company report.

Covenant Analysis

We understand that CPI has financial covenants for its existing debt. We estimate that the headroom for these covenants is adequate (more than 15%).

Other Credit Considerations

In April 2019, New York-based hedge fund Kingstown Capital Management filed a lawsuit against CPI (see "CPI Property Group S.A. Ratings Currently Unaffected By Kingstown Capital Management L.P. Lawsuit Filing," published April 11, 2019). Kingstown alleges that it suffered harm through the acquisition/buyout of Orco Property Group and certain financial transactions in which Mr. Radovan Vitek, CPI's main shareholder, engaged. CPI has publicly stated that the allegations are false and without merit and that there is no factual basis or grounds for the claims. We continue to monitor the situation regarding these litigation claims.

Issue Ratings - Subordination Risk Analysis

Capital structure

As of Dec. 31, 2018, the group's capital structure comprises 37% secured debt and 63% unsecured debt, spread across bond and bank debt.

Table 7

CPI Property Group--Capital Structure And Liquidity, 2018	
Average interest cost (%)	1.61
Weighted average debt maturity (years)	5.5
Average fixed debt (including hedge, %)	82
Composition of debt (secured, %)	37
Liquidity (sources/uses)	Adequate

Analytical conclusions

We expect that CPI's secured debt will remain lower than 40% of total assets (less than 14% as of Dec. 31, 2018). As a result, although unsecured debt issuance is structurally subordinated to other debt obligations, the subordination does not affect the rating on the unsecured debt.

The 'BB+' issue rating on the outstanding subordinated hybrid bonds includes two downward notches: one for subordination and one for deferability.

Reconciliation

Table 8

Reconciliation Of CPI Property Group Reported Amounts With S&P Global Ratings' Adjusted Amounts

	--Fiscal year ended Dec. 31, 2018--							
CPI Property Group reported amounts								
(Mil. €)	**Debt**	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**
	2,854.90	4,318.10	272.10	785.50	78.40	271.60	239.40	--
S&P Global Ratings' adjustments								
Cash taxes paid	--	--	--	--	--	(16.00)	--	--
Cash taxes paid - other	--	--	--	--	--	--	--	--
Cash interest paid	--	--	--	--	--	(86.60)	--	--
Reported lease liabilities	19.40	--	--	--	--	--	--	--
Intermediate hybrids reported as equity	275.00	(275.00)	--	--	8.55	(6.25)	(6.25)	(6.25)
Postretirement benefit obligations/deferred compensation	2.59	--	--	--	--	--	--	--
Accessible cash & liquid investments	(74.40)	--	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	13.60	--	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	(74.60)	--
Noncontrolling interest/minority interest	--	44.20	--	--	--	--	--	--
EBITDA - gain/(loss) on disposals of PP&E	--	--	(2.00)	(2.00)	--	--	--	--
EBITDA - business divestments	--	--	1.50	1.50	--	--	--	--
D&A - asset valuation gains/(losses)	--	--	--	(578.90)	--	--	--	--
D&A - impairment charges/(reversals)	--	--	--	32.90	--	--	--	--
Total adjustments	222.59	(230.80)	(0.50)	(532.90)	8.55	(108.85)	(80.85)	(6.25)
S&P Global Ratings' adjusted amounts								
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Dividends paid**
	3,077.49	4,087.30	271.60	252.60	86.95	162.75	158.55	(6.25)

Ratings Score Snapshot

Issuer Credit Rating

BBB/Stable/--

Business risk: Satisfactory

- **Country risk:** Intermediate
- **Industry risk:** Low
- **Competitive position:** Satisfactory

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Fair (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : bbb

Related Criteria

- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Criteria Clarification On Hybrid Capital Step-Ups, Call Options, And Replacement Provisions, Oct. 22, 2012
- Criteria | Financial Institutions | General: Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers, Feb. 10, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Insurance | General: Hybrid Capital Handbook: September 2008 Edition, Sept. 15, 2008

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	**bbb/bbb-**	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of June 10, 2019)*

CPI Property Group SA	
Issuer Credit Rating	BBB/Stable/--
Senior Subordinated	BB+
Senior Unsecured	BBB
Subordinated	BB+
Issuer Credit Ratings History	
09-May-2018	BBB/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.