Press Release
Luxembourg, 28 August 2015

# CPI PROPERTY GROUP – steady growth, improved operations, successful acquisitions and refinancing.

## Corporate highlights

Annual General Meeting of 28 May 2015

- The Annual General Meeting of the shareholders of the CPI PROPERTY GROUP (the "Company" and together with its subsidiaries the "Group") was held on 28 May 2015 (the „Meeting") and approved the Company's audited consolidated and statutory annual accounts for the financial year ending 31 December 2014. The Meeting also approved the allocation of the Company's 2014 financial results. The Meeting decided to renew the mandate of the current Board of Directors until the Annual General Meeting for 2016 concerning approval of the annual accounts for the Company for the financial year ending 31 December 2015. Accordingly, the current Board of Directors of the Company comprises of the following members: Mr. Martin Nemecek, Mr. Edward Hughes, Mr. Radovan Vitek, Mr. Tomas Salajka, Mr. Philippe Magistretti and Mr. Oliver Schlink. The Meeting also appointed Mr. Martin Nemecek as the Managing Director of the Company.

## Investments and portfolio news

The Group pursued new investments in line with its expansion strategy and was successful in obtaining project financing for new projects as well as existing ones under improved terms. The Group plans to grow further through purchases in Central and Eastern Europe as well as in Western Europe. The acquisitions shall be financed through existing cash in the Group as well as new funds where the market currently offers favourable conditions.

GSG Berlin continues its expansion

- In May 2015 the Company's German subsidiary Gewerbesiedlungs-Gesellschaft ("GSG Berlin") acquired the industrial complex Ullsteinstraße 73 in Berlin-Tempelhof for EUR 6.9 Million. Originally, it was a factory for electronic devices built by Philips between 1955 and 1956. The industrial complex is close to Tempelhofer Hafen (Tempelhof Harbour) and the subway station Ullsteinstraße; an emerging region that has performed very well in recent years. It offers architecturally impressive factory buildings with attached commercial buildings. The highlight of the area is a shed hall with a ceiling height of up to 10 meters. The five buildings offer a total of approximately 16,600 square meters. The unit sizes vary from 50 to 1,400 square meters and offer production, storage and office space for rent.

Acquisition of the shopping centre in the Czech Republic

- On 17 June 2015 the Group acquired Futurum Shopping Centre in Kolin, Czech Republic. The shopping centre, with a leasable area of 10,100 sqm comprises of supermarket, shopping gallery with 50 shops, restaurants and other amenities, as well as underground parking for 320 cars. The aggregate acquisition price in a share transaction amounts to EUR 23 million, with bank financing provided by Ceskoslovenska obchodni banka at the level of EUR 17.25 million.

Opening new premises:

- In April 2015 the Group opened the third phase of the successful office project Meteor Centre Office Park in Prague´s Karlín district. The Meteor Centre Office Park C, located directly at Krizikova metro station, comprises approximately 5,000 sqm of offices, shops and other amenities, parking on two underground floors and rental apartments. With exceptional quality of construction and services it fulfils the current demands for work environment and lifestyle.

## Capital markets' financing

Additional financing obtained on Berlin portfolio:

- During April 2015 GSG Berlin), a leading provider of office and commercial space in Berlin, and the bank club composed of DG Hyp, HSH Nordbank, Düsseldorfer Hypothekenbank and Investitionsbank Berlin agreed to boost the existing loan by EUR 55 million now amounting to a total of EUR 305 million. This loan increase is a consequence of excellent operating performance and increase in rental income within the GSG Berlin portfolio.

Financing secured for Quadrio:

- The Group has obtained financing for its major project in the Czech Republic, QUADRIO centre. Following the successful completion of QUADRIO project, the Group agreed with the current club of financing banks, Helaba and UniCredit, on a major increase of the financing from EUR 73 million up to EUR 135 million. QUADRIO is a modern shopping centre located in the heart of Prague 1, directly above the metro station Narodni trida. QUADRIO is a unique mixed-use project comprised of 16,400 sqm of modern A-class office space, 8,500 sqm of retail premises, 13 exclusive apartments and an underground car parking for 250 cars. Recently QUADRIO became head office for the CEE operation of the Group.

Financing secured for Spojene farmy:

- The Group obtained a credit facility to refinance the acquisition of the unique farmland and farm business held in Spojene farmy, the Czech Republic. The facility in the amount of EUR 34.5 million was provided by Ceskoslovenska obchodni banka. Spojene farmy is one of the largest owners of farmland and producers of high-quality organic food in the Czech Republic. Spojene farmy operates almost 20,000 hectares of land and has additional investments in the Czech Republic, Germany, Poland and Slovakia.

Refinancing for Hospitality Invest:

- In July 2015 the Group obtained a 5-year refinancing for its boutique hotels portfolio located in the Czech Republic, Slovakia, Poland, Hungary and Russia, held under the Hospitality Invest S.a.r.l. subholding. The Group now achieved the long-term EUR 58 million refinancing with Erste bank. The hotels portfolio is mostly operated under the brand Mamaison Hotels and Residences and represents a unique collection of well-established luxury boutique hotels and all-suite residences, mostly located in prime central locations of the CEE capitals (Prague, Warsaw, Budapest, Bratislava and Moscow).

Refinancing and new financing for the shopping centres in the Czech Republic:

- The Group obtained three investment loans and two development loans in an aggregate amount of EUR 117.7 million. The funds will be used to refinance and increase the existing investment loans of three shopping centres that are located in the Czech Republic and also to finance construction of a new shopping centre in the Czech Republic.

EUR 30 million bonds issue on the Slovak market:

- The Group issued new bonds through its subsidiary CPI Finance Slovakia, a.s. The bonds with a nominal amount of EUR 1,000 each and an aggregate amount of EUR 30 million were issued on 16 April 2015. The bonds, due in 2018, carry a fixed rate coupon of 5.85% p.a. The bonds are governed by Slovak law. The prospectus was approved by the National Bank of Slovakia.

EUR 170 million bonds issue on the Luxembourg market:

- On 20 August 2015 the Company issued new notes in total value of EUR 170 million. The notes with EUR 100,000 nominal value are due in 2025 and carry a fixed coupon of 5%. The notes are governed by Luxembourg law. The notes have been admitted to the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

EUR 50 million bonds issue on the Czech Market:

- On 24 August 2015 the Group issued new bonds in total value of app. EUR 50 million. The bonds with CZK 10,000 nominal value are due on 24 August 2019 and carry a fixed coupon of 4.75%. The fixed coupon is payable on quarterly basis. The bonds are governed by Czech law. The bonds CPI 4.75/19 have been admitted to trading on the Prague Stock Exchange.

## Financial highlights

All comparative figures commented in this press release relate to the pro forma presentation of the Income statement of the Group as if CPI PROPERTY GROUP and Czech Property Investments, a.s. were combined as at 1 January 2013.

Net rental income grew by 10% over the first six months of 2015 to EUR 105 million compared to the same period in 2014 (EUR 95 million). This positive development was driven by 6% increase in gross rental income resulted from acquisitions performed by the Group over the last 12 months as well as from the increase in volume of services rendered to the third parties.

Operating result reached EUR 94 million and was by EUR 76 million lower than in the same period in 2014. The principal reason of the decrease represents the revaluation of the Berlin's portfolio in Q1 2014 last year, which was the key reason for a substantial revaluation gain of EUR 95 million.

Net profit for the period amounts to EUR 58 million compared to EUR 112 million over six months of 2014. The decrease has the same cause as explained above in relation to the operating result.

Total assets increased by EUR 205 million (5%) to EUR 4,424 million as at 30 June 2015. The increase is primarily connected with the increase in property portfolio which rose by EUR 91 million. In addition, as a result Group's operations and successful refinancing process of key properties, the cash and cash equivalents balance held by group rapidly increased by 51% from EUR 108 million to 163 million.

Reflecting the strong performance of the Group, EPRA Net Asset Value exceeded EUR 2 billion for the first time and represents EUR 2,027 million as at 30 June 2015,

**For full Interim Management Report as of 30 June 2015, including Condensed Consolidated Interim Financial Statements as at 30 June 2015 please refer to our website at www.cpipg.com**

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