Press Release
Luxembourg, 27 November 2014

Interim report as of 30 September 2014 - CPI PROPERTY GROUP continues to implement its financing and investment strategy by entering new business and further capital increase

Corporate highlights

Capital increases

- On 22 September 2014 the Board of Directors of CPI PROPERTY GROUP ("hereinafter as the "Company" and together with its subsidiaries as the "Group") resolved to implement a reserved capital increase and raise up to EUR 31 million pursuant to the authorization granted to it by its shareholders during the extraordinary General Meeting of 28 August 2014. The Board of Directors agreed to issue 65,957,446 new ordinary shares having a par value of EUR 0.10 each, at a subscription price of EUR 0.47 per new share, for a global cash contribution of EUR 31 million to ORCO PROPERTY GROUP ("OPG"). The new ordinary shares were issued on 25 September 2014. The corporate share capital of the Company has increased from EUR 292 million represented by 2,920,823,904 shares to EUR 299 million represented by 2,986,781,350 shares. The total number of shares comprising the share capital as well as the total number of voting rights attached thereto is 2,986,781,350 as of 30 September 2014.

Changes in the Board of Directors and management

- In July 2014, the Board of Directors decided to implement further changes in the management structure of the Group, notably integrating top managers of Czech Property Investments, a.s. ("CPI") and the Company into one management team, with the effective date as of 1 August 2014. Mr. Martin Němeček remains in the position of CEO. Mr. Tomáš Salajka previously Deputy CEO became Director of Asset Management and Sales. Mr. Zdeněk Havelka has been appointed Deputy CEO.
- In November 2014 the Company and Mr. Yves Désiront announced that they mutually agreed to terminate their collaboration. Mr. Désiront's position of CFO was terminated with immediate effect. The role of the CFO was taken over by Mr. Pavel Mechura.

Extraordinary General Meeting of 28 August 2014

- The Extraordinary General Meeting of 28 August 2014 (the „Meeting") resolved to change the name of the Company from GSG GROUP to CPI PROPERTY GROUP. The Meeting also resolved to approve the terms and conditions of the buy-back programme of the Company, enabling the redemption of Company's own shares. As such, the Board of Directors of the Company is authorised to repurchase, in one or several steps, a maximum number of 750,000,000 Company shares from the existing and/or future shareholders of the Company, for a purchase price comprised in the range between one eurocent (EUR 0.01-) and five euro (EUR 5.-), for a period of five (5) years from 28 August 2014. The Meeting further resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to an amount of EUR 400,000,000 for a period of five (5) years from the date of the Meeting and also approved the report of the Board of Directors relating to the possibility of the Board of Directors to cancel or limit any preferential subscription rights of the shareholders upon the increases of capital in the framework of the authorised share capital. Following the capital increase of 25 September 2014, the authorized share capital available to the Board of Directors is EUR 393,404,255.40 as of the date of this report.

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Investments and portfolio news

The Group continued to use proceeds raised from the capital increases in the investment and financing of new projects in the Group´s current activities as well as in expansion into new businesses.

Entering new agriculture business

- On 2 October 2014 the Company entered into agreements concerning the acquisition of 100% shares of Spojené farmy ("SF") for a contribution of EUR 43.5 million from a larger group of private individuals. The transaction was completed on 1 November 2014, after the approval by the anti-monopoly authority. SF is one of the largest owners of farmland and producer of high-quality organic food in the Czech Republic which operates almost 20,000 hectares of land. It produces high-quality organic beef, chicken and lamb with various certifications (kosher, halal and bio) and supplies international retail chains, restaurants, hotels and independent retailers in EU as well as in the Middle East. The expansion into agricultural business is an important move for the Group, as farmland is seen as one of the safest investments in real estate and with a high potential for growth in value, in particular in the Czech Republic. Additional investments in the expansion of SF are pre-contracted in the following two years with the approximate value of EUR 20 million and secured by the Company's corporate guarantee.

Other investments in Central Europe:

- In October 2014 the Group acquired 100% shares in Office Center Poštová s.r.o. ("OCP"), which owns a refurbished office building located in the prime downtown area of Bratislava, Slovakia for a consideration of EUR 8.5 million. The acquisition follows the completion of insolvency restructuring procedure of OCP. As part of its restructuring, OCP obtained a favourable bank financing of EUR 3.5 million.

Opening new commercial premises

- On 31 October 2014 the Group opened its prime commercial property in the Czech Republic – QUADRIO shopping center. This unique mixed-use complex is located in the historical centre of Prague, directly above the metro station and offers 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. Total capital investment amounts to EUR 115 million. Retail premises had been opened to the public upon the grand opening and are fully leased. Office tenants will start moving into the premises in the coming months. Out of 13 apartments, only one is remaining for sale at the date of this report. Thanks to its excellent location and its technical quality and efficiency, as well as to its panoramic views and own parking space, QUADRIO has no competition in central Prague. This project fits perfectly into the Group´s portfolio.

- In November 2014 the Group opened 25th retail park in its Czech portfolio. CPI Retail Park Čáslav is located about 90 kilometres east from Prague and offers 2,600 sqm of lettable area, which was fully occupied upon the grand opening.

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Capital markets' financing and investment strategy

The Company continues to look for further acquisitions in the Central and Eastern Europe, its main area of business, but also "high-end" projects further west in countries including France, Italy or Switzerland. The Board of Directors intends to raise capital looking for the best funds offers on the capital markets first with a long term financial partner and potentially in a second phase with a public offering. The funds raised will be used to finance acquisitions using opportunities from restructuring and to deleverage the Group.

- Acquisition of CPI bonds: In order to deleverage the Group, EUR 49 million of bonds issued by a consolidated subsidiary have been acquired as of the date of this report.
- Refinancing of the Berlin portfolio: With the improved operational performance and values, the Company has been studying the possibility to refinance existing mid-term bank loans with a long term financing to acquire additional funds for further enhancement of the new investment strategy. The issuance of bonds has been put on hold due to unsatisfactory market conditions and the Company is currently negotiating alternative refinancing options. As of 30 September 2014 a short term bank loan of EUR 26 million had been replaced by new long term financing with final maturity in July 2019.

Financial highlights

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

Net rental income grew by 32% over the first nine months of 2014 to EUR 140 million. This positive development was mainly driven by 30% increase in gross rental income resulted from acquisitions performed by the Group over the last 12 months. Operating result reach EUR 208 million which was positively influenced by the net valuation gain on investment property of EUR 93 million. On the other hand administrative expenses increased by 41% to EUR 22 million as a result of exceptional management termination costs of EUR 3 million and integration of new acquisitions. Net profit for the period amounts to EUR 122 million compared to EUR 67 million over nine months of 2013.

Total assets increased by EUR 304 million (8%) to EUR 4,122 million as at 30 September 2014. The increase is primarily connected with increase in real estate portfolio which rose by EUR 209 million. In addition, as a part of acquisition of 50% share in Hospitality Invest S.a.r.l., the Group acquired profit participating loan to this joint-venture, disclosed under financial assets as at 30 September 2014. After the major business combination and the related issuance of shares, EPRA Net Asset Value strongly increased to EUR 1,730 million.

For full Interim Report as of 30 September 2014, including Financial Highlights, Pro-forma Income Statement, and Pro-Forma Balance Sheet please refer to our website at www.cpipg.com

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