Interim report as of 31 March 2017

Luxembourg, 31 May 2017

CPI Property Group Interim Report as of 31 March 2017: Completion of landmark acquisition on CEE market

Portfolio highlights

CPI Property Group boosts its retail portfolio

CPI Property Group ("CPIPG" and together with its subsidiaries the "Group") acquired the high-quality retail portfolio ("Retail portfolio") of predominantly 11 shopping centres located in Czechia, Hungary, Poland and Romania with a total gross leasable area[1] of approximately 265,000 sqm. The closing of this historic deal for the Group was completed on 29 March 2017. The total

The acquired portfolio consists of:

- major shopping centres Olympia Plzeň and Nisa Liberec in Czechia, Ogrody in Poland, Polus and Campona in Hungary and Felicia in Romania;
- multifunctional complexes Zlatý Anděl in Prague and Andrássy Complex in Budapest
- two Interspar stores in Hungary.

In total, the Group has acquired a portfolio of quality assets, of which 92,000 sqm of gross leasable area are located in capital cities Prague and Budapest and the rest of the assets are located in major cities of Czechia, Hungary, Poland and Romania. The average occupancy rate of the acquired portfolio as of the day of acquisition was 95% with more than 750 tenants ranging from Nationale-Nederlanden (NN) to Hennes & Mauritz (H&M) and Interspar.

Bank financing has been arranged through several loans with multiple banks across several countries at a total of EUR 440 million, with the Group providing the remaining amount from its own funds.

[1] For definition of „gross leasable area", please refer to ANNUAL MANAGEMENT REPORT 2016, page 83

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Further reinforcement of hotel portfolio

On 7 March 2017, the Group acquired Hotel Vladimír in Ústí nad Labem. Hotel Vladimír is a 3 star hotel with 172 beds. The operation of this hotel will be secured by CPI Hotels a.s., operator of the majority of the Group´s hospitality portfolio.

Sale of Capellen Invest, Lozorno Logistics park and Purkyňova office building

On 25 January 2017, the Group disposed of Capellen building in Luxembourg, an office project with a gross leasable area of approximately 8,000 sqm.

On 28 February 2017, the Group disposed of Lozorno logistics park, located outside of Bratislava, Slovakia. The logistics park, comprising of 5 halls with total leasable space of 118,000 sqm, was sold in a share deal transaction.

On 7 March 2017, the Group disposed of the Purkyňova office building located in Brno, Czech Republic.

All the assets that were disposed during Q 1 2017 did not fit into the Group's business strategy.

Corporate news and financing

Refinancing of CPI BYTY bonds

On 5 May 2017 two maturing tranches of CPI BYTY, a.s. bonds, amounting to CZK 300 million and CZK 500 million, were repaid from equity.

On 10 May 2017, CPIPG's subsidiary CPI BYTY, a.s. issued the seventh and eighth tranche of secured bonds pursuant to its bonds programme. The seventh tranche, registered under ISIN code CZ0003516551, amounts to CZK 530 million, carries a fixed coupon of 1.85% and matures on 10 May 2019. The eight tranche, registered under ISIN code CZ0003516569, amounts to CZK 270 million, carries a fixed coupon of 2.25% and matures on 10 May 2019.

Both new issuances bear lower coupon rates (by 1.65% and 0.25% respectively) than the refinanced bonds. The issuance reflects the immense market interest, which has significantly exceeded the total volume of the actual subscription amount.

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Financial highlights

Gross rental income has decreased due to the transfer of hotel rental fee (approx. EUR 5 million) into hotel revenues. The decrease in gross rental income by 4% was compensated by lower property operating expenses and higher revenues from services provided. Net rental income increased by 10 % to EUR 54 million in 2017. The substantial increase in hotel revenues primarily reflects the acquisition of CPI Hotels, a.s., the operator of the majority of the Group´s hospitality portfolio, in June 2016.

Other net financial result was positively affected by the decreasing cost of external capital while net interest expenses decreased by EUR 2 million to EUR 21 million in Q1 2017.

Total assets increased by MEUR 468 to MEUR 6,130 as of 31 March 2017. The property portfolio and financial debts increased by EUR 525 million and EUR 454 million respectively and cash and cash equivalents decreased by EUR 112 million primarily due to Retail portfolio acquisition (see the Portfolio highlights). EPRA NAV[2] totals EUR 2,745 million as at 31 March 2017 and rose by 0.6% compared to 31 December 2016.

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[2] For definition of „EPRA NAV“, please refer to ANNUAL MANAGEMENT REPORT 2016, page 83

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