



CPI Property Group

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Press Release – Corporate News

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CPI PROPERTY GROUP – Update on disposals, financing and distributions

CPI PROPERTY GROUP (hereinafter “**CPIPG**”, the “**Company**” or together with its subsidiaries the “**Group**”) has prepared an update for our stakeholders regarding the Group’s disposals, financing and distributions.

Disposal Strategy

Executing disposals to reduce leverage is a top priority for CPIPG in the coming 12 to 24 months, in line with the Group’s financial policy commitments. At the end of August 2022, CPIPG announced a disposal pipeline exceeding €2 billion, with more than 30 potential sales in various stages of execution across office, retail, hotels, residential sectors, and landbank. Despite a volatile global market backdrop, the Group continues to see good appetite for high-quality real estate from a broad range of investors.

The Group’s disposal strategy focuses on low-yielding mature assets, single-tenant properties, assets that can achieve attractive sale prices and non-strategic assets outside of the Group’s core markets. Sector and geographic diversification, along with a high degree of granularity (pipeline disposals range from €10 million to more than €200 million), is a significant advantage for the Group.

Since the Group’s announcement at the end of August, CPIPG has made significant progress on the disposal pipeline, closing sales with gross proceeds exceeding €300 million.

Notable recent disposals by the Group

In September 2022, IMMOFINANZ closed the disposal of an office building in Prague, BBC Gamma, to Passerinvest Group, a local real estate investor and developer. The building has roughly 31,000m² and is rented in full to a single tenant through a long-term lease. The transaction was concluded at a premium to the book value as of 30 June 2022.

In October 2022, S IMMO sold two portfolios of German residential properties in Rostock and Leipzig. The Rostock portfolio comprises 17 properties, including two additional properties in Berlin. The properties are apartment buildings as well as mixed-use residential and commercial buildings in very good city centre locations. The sale includes 210 residential and 26 commercial units with a total rental area of over 16,000 m². The Leipzig portfolio consisted of a total of 32 residential properties with over 450 residential and almost 50 commercial units and a total rental area of over 37,000 m².



In November 2022, IMMOFINANZ disposed of two office buildings in Vienna to Wienegg Group, a local Austrian real estate investor. The two properties comprise a total lettable area of approximately 7,000 m². The transaction was concluded at a premium to book value.

Also in November, CPIPG sold a landbank in Slovakia to an international investor. The land plot has a site area of more than 138,000 m² and is located in the Bratislava region, with a connection to the D1 highway, and is suitable for industrial and logistic developments. The sale was closed at a premium to book value.

Net proceeds from the €300 million of sales (after repayment of associated debt) were approximately €190 million.

The Group's active disposal pipeline still exceeds €2 billion, excluding the recent successful closed disposals. Currently, more than half of our disposal pipeline has received letters of intent from one or more buyers outlining the transaction parameters. A meaningful portion of these transactions are in advanced stages of due diligence and documentation.

Sales of assets to S IMMO

Yesterday, CPIPG contracted the sale of a portfolio of office properties in Budapest to S IMMO. The portfolio consists of 8 properties (Gateway Office Park, Arena Corner, Andrassy Palace and the five-part BC99 Office Park) and a plot of land. The transaction volume amounts to €238.3 million. Because the assets were sold to a related party, the sale is not counted as part of CPIPG's external disposal pipeline.

Financing activities

At the start of November, CPIPG refinanced and upsized a portion of our €750 million bank loan in Berlin, which is due in 2024. The new loan totalling €515 million, with an additional €200 million of proceeds received, matures in 2029. The loan was concluded with the existing lender (BerlinHyp) at similar terms to the original loan in 2017.

A portion of the proceeds raised from recent disposals and financing activities will be used to repay part of the bridge loans associated with the Group's acquisitions of IMMOFINANZ and S IMMO. The bridge facilities will mature in 2025.

While CPIPG continues to prefer the simplicity and efficiency of unsecured capital markets funding, current market pricing is unreasonable given the quality of CPIPG's assets and our ability to access secured bank pricing at significantly tighter levels. As demonstrated over a long period of time, CPIPG will consider debt repurchases from time to time depending on our liquidity and market pricing.

Shareholder distributions

In 2021, CPIPG welcomed Apollo as a new equity investor. Concurrently, CPIPG's distribution policy was increased from 50% to 65% of FFO1, which remains well below our industry peers. Distributions are made via share repurchase, as CPIPG does not pay dividends.



Considering CPIPG's desire to preserve cash and maintain financial policy, CPIPG's Board of Directors today agreed to reduce 2021 distributions to 55% of combined FFO1 and to proceed with a share buyback offer. Detailed terms of the share buyback offer will be published after 18:00 CET today.

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