



CPI PROPERTY GROUP

(société anonyme)

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Press Release

Corporate News

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CPI PROPERTY GROUP – Recharging our Financial Profile for Growth

CPI PROPERTY GROUP (“CPIPG” or the “Group”) is pleased to announce positive developments in the Group’s financial profile and corporate governance.

CPIPG and funds (the “Apollo Funds”) managed by affiliates of Apollo Global Management, Inc. (together with its consolidated subsidiaries, “Apollo”), as a leading global real estate investor, entered into a subscription agreement for a total of €300 million relating to the issuance of 487,012,987 new ordinary shares of CPIPG priced at €0.616/share. Subject to the satisfaction of certain closing conditions, CPIPG expects the shares to be issued to Apollo before the end of 2021, resulting in a stake of about 5.5%.

The Group’s majority shareholder and founder Radovan Vitek also subscribed to 243,506,494 new ordinary shares of CPIPG at €0.616/share, increasing the Group’s equity by a further €150 million. Following this capital increase, Mr. Vitek owns 7,902,846,980 shares representing 93.90% of CPIPG’s share capital (94.66% of voting rights). Mr. Vitek is not expected to subscribe for additional shares in 2021.

Once the issuance of new ordinary shares to the Apollo Funds is completed, CPIPG will have successfully raised €550 million of equity from Mr. Vitek and the Apollo Funds during H2 2021. Mr. Vitek will retain clear majority ownership of CPIPG with a stake of nearly 90% following Apollo’s investment.

“Proceeds from the ordinary share issuances will be used for acquisitions and deleveraging,” said David Greenbaum, CFO of CPI PROPERTY GROUP. “We see an opportunity to continue growing our portfolio while maintaining a conservative financial profile.”

About Apollo Funds’ Investment in CPIPG

CPIPG is proud to be a family-owned company with a 30-year track record as the leading owner of Central European real estate, with a property portfolio exceeding €11 billion. CPIPG is also proud of our excellent access to global bond and bank markets, credit ratings, financial policy, disclosure, transparency, and ESG initiatives.

The investment by the Apollo Funds diversifies and strengthens CPIPG’s access to external sources of equity and underscores the company’s commitment to corporate governance. Upon completion of the Apollo Funds’ investment, real estate expert Tim Scoble will join CPIPG’s Board of Directors, increasing the total number of directors to eight (four members of management, three independents, and one Apollo representative).



Financial Policy and Net LTV

The Group expects to demonstrate a recharged financial profile in the near term. Net LTV for Q3 2021 is expected to be below 40%, driven by positive revaluations and a €100 million capital increase completed in September. At year-end, CPIPG expects the combined effect of capital increases, disposals, revaluations, and other actions to result in meaningful headroom below 40% Net LTV, thus creating capacity to pursue investment opportunities.

CPIPG's financial policy is unchanged: the Group targets a net LTV of 40% or below, and temporarily up to 45% in the case of acquisitions with high strategic merit. Over time, the Group expects to preserve and eventually tighten our financial policy to achieve "high BBB" credit ratings.

Distribution Policy

CPIPG has not paid dividends in the past; in recent years the Group has made limited distributions to our shareholder via share repurchase. To accommodate Apollo as a new equity investor and further regularize the Group's equity shareholder distributions, CPIPG will increase our FFO I distribution target from 50% to 65% beginning in 2022.

Distributions will continue to be determined by the Board of Directors in light of CPIPG's financial profile and credit ratings. The Group places great value on reinvesting a substantial portion of FFO back into the business, which has been a hallmark of our successful growth.

Changes in Share Capital

CPIPG's share capital was increased today from €817,239,581.70 to €841,590,231.10, represented by 8,415,902,311 ordinary shares. The total number of voting rights attached to the shares is 8,415,902,311. Voting rights attached to 67,000,000 shares held by CPIPG's subsidiary are suspended.

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For more on CPI Property Group, visit our website: www.cpipg.com

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