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PRESS RELEASE
CORPORATE NEWS

Luxembourg, 15 February 2021

CPI PROPERTY GROUP – Profit and Credit Estimates for 2020

CPI PROPERTY GROUP (“**CPIPG**,” the “**Company**” or together with its subsidiaries the “**Group**”), the leading owner of income-generating real estate in the Czech Republic, Berlin, Warsaw and the CEE region, hereby publishes unaudited profit and credit estimates for the financial year ended 31 December 2020. While publication of the Company’s audited annual financial report is scheduled for 31 March 2021, the Company is proceeding with this unaudited disclosure so that our investors and stakeholders are updated about the Group’s performance.

“In 2020, CPIPG demonstrated the quality and resilience of our diversified property portfolio,” said Martin Nemecek, CEO. “COVID-19 remains a short-term factor, but we expect a more positive environment for 2021 and beyond.”

The Company estimates the following preliminary financial and operating results for the financial year ended 31 December 2020:

- **CPIPG’s property portfolio increased to €10.3 billion, (+13%** versus 2019), as the Group completed **more than €1 billion of income-generating acquisitions**. Notably, CPIPG became the **leading office landlord in Warsaw** and the **largest shareholder in Globalworth** Real Estate Investments Limited (“Globalworth”).
- **Total assets increased to €11.8 billion** (**+11%** versus 2019), primarily due to the increase in the property portfolio. Property valuations were slightly positive in offices (particularly in Berlin), positive in residential, and slightly to modestly negative in retail and hotels.
- At the end of 2020, the share of **office properties in the Group’s property portfolio increased to 53%, while retail declined to 21%**. Residential and hotels & resorts represented 8% and 7%, respectively.
- **Net rental income increased to €338 million** (**+15%** versus 2019) given the **contribution from acquisitions** in Q4 2019 and during 2020, **+0.8% like-for-like growth in gross rental income** (driven by Berlin), **resilient occupancy at 93.7%**, and the **limited impact of one-time discounts** provided to tenants (**less than 4%** of Group net rental income).
- **The Group collected 95% of contracted rent** before the impact of one-time COVID-19 discounts, and **98% including discounts.**
- **Net business income was €344 million** (unchanged versus 2019), reflecting the impact of increased net rental income, offset by a drop in income from hotels, which was the segment most affected by the COVID-19 pandemic.

- **Consolidated adjusted EBITDA increased to €337 million** (**+16%** versus 2019), driven by the increase in net rental income, contribution from Globalworth, and sharp cost control. These factors combined offset the lower income from hotels in 2020.
- **Funds from operations (FFO) was stable at €219 million** versus 2019, mainly reflecting increased levels of EBITDA offset by higher interest costs primarily due to increased borrowings during 2019 and 2020.
- **Net Loan-to-Value (LTV) at 40.7%** and **Net Interest Coverage Ratio (Net ICR) at 5.4x** remain comfortably within the Group´s financial policy. Net LTV temporarily increased from 36.2% at year-end 2019 primarily due to the impact of strategic acquisitions, in accordance with our financial policy which aims to enhance the Group's scale, income generation and credit ratings profile. Following the end of the period, **in early January 2021 the Group issued additional hybrid capital which further reduced LTV**.
- **EPRA NRV (NAV) at €5.1 billion** (unchanged versus 2019).
- **Average cost of funding was 1.7% p.a.** at the end of 2020, relative to 1.6% p.a. at the end of 2019. The increase mainly reflects the Group's issuance of longer-dated debt in 2020 and repayment of shorter-dated maturities**. During 2020, the Group repaid more than €1.2 billion of senior unsecured bonds, Schuldschein and hybrid bonds** well in advance of the scheduled maturity or call date. So far in 2021, the group has also refinanced almost €700 million of senior unsecured and undated subordinated bonds which are callable or mature between 2022-2024.
- **Unencumbered assets** as a percentage of total assets **remained stable at 70%**.
- **Secured debt slightly increased to 29%** of total debt versus 25% at the end of 2019, primarily due to the impact of the refinancing and increase of the loan facility in Berlin.
- **Total available liquidity** (comprising cash and undrawn revolving credit facilities) at the end of 2020 **exceeded €1.3 billion,** comparable to 2019. Cash balances decreased slightly compared to the prior year in light of the refinancing and increase in size of the Group's RCF in November 2020 to €700 million, which remained fully undrawn.

"CPIPG sees 2021 as an opportunity to grow our portfolio and further strengthen our capital structure," said David Greenbaum, CFO. "The Group is investing across our platforms and has a long-term focus."

Additional Information

Estimated 2020 Rent Collections by Segment

Segment	**Before Discounts**	**After Discounts**
Office	98.3%	98.8%
Retail	89.0%	97.0%
Residential	99.2%	99.2%
Logistics	99.1%	99.6%
Total group	95.1%	98.2%

The Group's strong collection rates reflect the quality of our properties and asset management. Currently more than 80% of the Group's properties (excluding hotels) are open and operating normally. Non-essential shops remain closed in the Czech Republic; fortunately, more than 50% of the Group's units remain open and the Czech government has provided support to local retailers. In general, the Group sees pent-up savings in the system and believes that people are eager to shop and travel. CPIPG also believes that people in our region will be glad to return to the office, even as working styles evolve.

Acquisition of NOVA RE

On 26 January 2021, CPIPG announced the conclusion of a mandatory takeover offer for Nova RE. The Group currently owns about 92.62% of NOVA RE shares; CPIPG continues to see NOVA RE as a platform for the Group's future investments and partnerships in Italy.

Shareholder Distributions

CPIPG's policy is to retain at least about 50% of the Group's annual FFO. The Group intends to make distributions primarily via share repurchase.

In 2019, the Group distributed 50% of FFO through share repurchases. In 2020, the Group did not conduct any share repurchases given the uncertainties around COVID-19. With a more confident backdrop in 2021, the Group expects to shortly announce a repurchase of up to 650 million shares. The effect of the repurchase will be primarily non-cash: Radovan Vitek is expected to tender shares and will apply cash received towards repayment of shareholder loans. The total distribution to Mr. Vitek plus any third parties would be less than 50% of the Group's expected FFO for 2020 and 2021. The Group's subsidiary, CPI FIM SA, also holds shares and may participate in the offer, which would also be non-cash for the Group and continues to simplify the overall capital structure. The offer will be open to all shareholders.

Further information and analysis will be disclosed in the Group's 2020 Annual Report, which will be published on 31 March 2021. An investor webcast will also be conducted on 6 April 2021, with details to be provided in due course.

CPI PROPERTY GROUP's 2021 financial calendar

Publication of 2020 annual results – 31 March 2021
Annual general meeting – 28 May 2021
Publication of 2021 first quarter results – 31 May 2021
Publication of 2021 half year results – 31 August 2021
Publication of 2021 third quarter results – 30 November 2021
Publication of 2021 annual results – 31 March 2022

DISCLAIMER:

BASIS OF PREPARATION OF ESTIMATES:

THE GROUP HAS BEEN PREPARING ITS CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EU. THE SAME ACCOUNTING POLICIES, EXCEPT WITH RESPECT TO NEWLY ADOPTED IFRS MEASURES, AND METHODS OF COMPUTATION HAVE BEEN FOLLOWED IN THE PROPER PREPARATION OF THE ESTIMATES CONTAINED IN THIS PRESS RELEASE.

THE GROUP'S OBJECTIVES AND POLICIES FOR MANAGING CAPITAL, CREDIT RISK AND LIQUIDITY RISK WERE THE SAME AS THOSE THAT APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019. THESE ESTIMATES HAVE BEEN PREPARED ON A BASIS COMPARABLE WITH THE BASIS UPON WHICH THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP HAS BEEN PREPARED. THESE ESTIMATES HAVE NOT BEEN AUDITED.

FACTORS AND ASSUMPTIONS - WITHIN THE CONTROL OF MANAGEMENT:

THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS THESE ESTIMATES REQUIRES MANAGEMENT TO MAKE JUDGEMENTS, ESTIMATES AND ASSUMPTIONS THAT AFFECT THE APPLICATION OF ACCOUNTING POLICIES AND THE REPORTED AMOUNTS OF ASSETS AND LIABILITIES, INCOME AND EXPENSES. THE ESTIMATES AND ASSOCIATED ASSUMPTIONS ARE BASED ON HISTORICAL EXPERIENCE, INTERNAL CALCULATIONS AND VARIOUS OTHER FACTORS THAT MANAGEMENT BELIEVES TO BE REASONABLE UNDER THE CIRCUMSTANCES, THE RESULTS OF WHICH FORM THE BASIS OF JUDGEMENTS ABOUT THE CARRYING VALUES OF ASSETS AND LIABILITIES THAT ARE NOT READILY APPARENT FROM OTHER SOURCES.

THE ACTUAL RESULTS MAY DIFFER FROM THESE ESTIMATES. IN PREPARING THESE ESTIMATES, THE SIGNIFICANT JUDGEMENTS MADE BY MANAGEMENT IN APPLYING THE GROUP'S ACCOUNTING POLICIES AND THE KEY SOURCES OF ESTIMATION UNCERTAINTY WERE THE SAME AS THOSE THAT APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019.

FACTORS AND ASSUMPTIONS – OUTSIDE THE INFLUENCE OF MANAGEMENT:

ASIDE FROM THE ABOVE FACTORS, THE GROUP CANNOT EXCLUDE CERTAIN OMISSIONS OR ERRORS OCCURRING DURING THE COLLECTION, CONSOLIDATION AND ACCOUNTING OF DATA THAT WERE THE SOURCE OF THE PRESENT ESTIMATES. IF SUCH OMISSIONS OR ERRORS OCCUR, IT CAN HAVE AN IMPACT ON THE FINAL CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020.

AS THESE ESTIMATES RELATE TO FINANCIAL INFORMATION NOT YET AUDITED AND HAVE BEEN PREPARED ON THE BASIS OF ASSUMPTIONS ABOUT ACCOUNTING POLICIES AND FINANCIAL FIGURES, IT NATURALLY ENTAILS SUBSTANTIAL UNCERTAINTIES. DUE TO THESE UNCERTAINTIES, IT IS POSSIBLE THAT THE GROUP'S ACTUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 MAY DIFFER MATERIALLY FROM THESE ESTIMATES.

ALL DATA CONTAINED IN THIS RELEASE ARE UNAUDITED BEST ESTIMATES, SOLELY FOR INFORMATION PURPOSES. CPIPG MAKES NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY, FAIRNESS OR INTEGRITY OF THIS INFORMATION AND SHALL, IN THIS RESPECT, HAVE NO LIABILITY. THE FINAL AUDITED 2020 ANNUAL RESULTS WILL BE IN THE COMPANY'S FULL AUDITED ANNUAL FINANCIAL REPORT, WHICH IS EXPECTED TO BE PUBLISHED ON 31 MARCH 2021.

For further information please contact:

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