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CPI PROPERTY GROUP - Acquisition Strategy Update

CPI PROPERTY GROUP (“**CPIPG**” or the “**Group**”), the largest owner of income-generating real estate in the Czech Republic, Berlin and the CEE region, has prepared an update for our key stakeholders regarding the Group’s acquisition strategy and pipeline.

Warsaw Office Pipeline

CPIPG expects to acquire more than €800 million of high-quality offices in Warsaw, Poland during Q4 2019 and early Q1 2020. Our team in Warsaw has identified eight properties totaling more than 235,000 sqm and has signed letters of intent (with exclusivity) on assets valued at more than €700 million. Properties under consideration can generally be characterized as “core plus,” in central Warsaw locations. Transaction sizes are expected to range between €30 million and €200+ million, with the majority expected to close before the end of 2019. Two acquisitions in CPIPG’s pipeline are expected to be signed in the coming days: Green Corner A and Equator IV. Both assets are centrally located in Warsaw and represent more than 35,000 sqm of GLA with high occupancy and solid green credentials.

“CPIPG has a highly experienced team in Poland and our existing Warsaw office assets have performed well,” said Tomas Salajka, Head of Acquisitions and Asset Management for CPIPG. “Office market conditions in Warsaw are favorable, fueled by the robust Polish economy and excess demand for space from international and local tenants. CPIPG intends to purchase properties in a disciplined manner to capture attractive yields representing excellent long-term value.”

Other Opportunities

Property markets in the Czech Republic and Berlin continue to benefit from high demand and limited availability of attractively priced assets. CPIPG is disciplined on pricing but maintains a close watch on possible acquisitions in our regions. While the Group is primarily focused on office acquisitions, CPIPG will continue to consider other property investments which fit our areas of expertise and long-term strategy.

Impact on CPIPG’s Portfolio and Credit Profile

The Group’s acquisition strategy is guided by CPIPG’s financial policy, which is focused on improving CPIPG’s credit ratings and maintaining financial flexibility. The Warsaw office acquisitions are expected to improve CPIPG’s scale, diversification and level of rental income, while increasing the Group’s portfolio of green certified buildings. The Czech Republic and Berlin will remain more than 70% of the Group’s portfolio, with Poland expected to increase to



10% or more. The proportion of retail exposure in the Group's portfolio is also expected to decline.

Funding Strategy

CPIPG can comfortably fund our acquisition pipeline with existing sources of liquidity, which totaled about €1.5 billion at the end of June 2019 (cash and undrawn revolving credit facilities). In order to maintain a high degree of flexibility, CPIPG may seek to replenish cash balances by issuing senior unsecured bonds. The Group also continues to evaluate offers for potential loans (secured and unsecured) with attractive pricing.

For more on CPI PROPERTY GROUP, visit our website: www.cpipg.com

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