



CPI Property Group

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Press Release - Corporate News

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CPI PROPERTY GROUP – Strategic Next Steps for S IMMO

CPI Property Group (“**CPIPG**” or the “**Group**”) has prepared the following update for our investors and key stakeholders regarding the Group’s investment in S IMMO AG (“**S IMMO**”).

“CPIPG is committed to Central and Eastern European real estate and to our conservative financial policy,” said Martin Nemecek, CEO of CPIPG. “The strategy announced today is another logical step forward in the Group’s evolution from a regional leader into a European real estate champion.”

Background

On 3 December 2021, CPIPG announced the purchase of a 10.8% stake in S IMMO, which owns an attractive real estate portfolio in Central Europe. S IMMO also has high cash balances following a series of successful disposals. Since the initial purchase, CPIPG has continued to acquire shares in S IMMO and currently owns a stake of 16.1%.

On 24 February 2022, CPIPG announced the initial results of our takeover offer for IMMOFINANZ AG (“**IMMOFINANZ**”), wherein the Group achieved a majority stake of 54.9%. In addition to direct ownership of a high-quality portfolio of real estate in Central and Eastern Europe, for legacy reasons IMMOFINANZ also owns a stake of 26.5% of S IMMO. As a result, CPIPG directly and indirectly owns a total of 42.6% in S IMMO.

S IMMO’s articles of incorporation include an unusual voting cap feature which limits the voting rights of shareholders to 15%, regardless of their actual shareholding. In recent years, the voting cap along with the inefficient cross-ownership between IMMOFINANZ and S IMMO has prevented shareholders from driving an effective long-term strategy, resulting in failed mergers and share price underperformance.

Request for EGM and Mandatory Offer for S IMMO

Today, CPIPG requested the management and supervisory boards of S IMMO to convene an extraordinary general meeting (EGM) to resolve on the abolishment of the 15% voting cap. Due to merger control laws in multiple jurisdictions where CPIPG and S IMMO operate, CPIPG proposes that the resolution will become effective upon merger control clearances, which have already been initiated.

If the resolution to abolish the voting cap is approved, and once the amended articles are registered in the Austrian companies register, CPIPG will obtain a controlling interest which conveys a dominating influence over S IMMO. Thus, the Group intends to file a mandatory takeover offer (“**Offer**”) for all outstanding shares of S IMMO not held by CPIPG or parties acting in concert with the Group. The final offer price will be set and publicly communicated one week prior to the EGM at a minimum of €22 per share cum dividend.



Timing and Financing of the Offer

CPIPG requested S IMMO to call the EGM without undue delay. In total, we estimate that the EGM and subsequent mandatory offer process will be completed during Q3 or Q4 2022.

The Group is confident that the Offer can be funded in a manner consistent with our financial policy and current “mid BBB” credit ratings. CPIPG is operating from a strong capital structure baseline, with a record-low LTV of 35.7% achieved at year-end 2021. The Group also recorded solid growth across key income measures in 2021, including net rental income, EBITDA and FFO. CPIPG’s disposal pipeline of €1 billion, which was announced in August 2021 and is already substantially complete, will be significantly expanded. Issuance of hybrid bonds and/or common equity are likely depending on market conditions and take-up in the offer. CPIPG is aware of recent changes to bond market pricing, but continues to receive strong indications of support from banks and investors and sees no obstacle to financing the offer at prevailing market rates.

In relation to the Offer, CPIPG has signed a €1.25 billion bridge loan facility from Banco Santander, Bank of China, Barclays Bank, Credit Suisse, Goldman Sachs Bank, Raiffeisen Bank International, Société Générale, Komerční Banka, UniCredit Bank Austria, and UniCredit Bank Czech Republic and Slovakia.

M&A advisors to CPIPG are Banco Santander, Barclays Bank, Goldman Sachs, and UniCredit. Legal advisors to CPIPG are Wolf Theiss and Dentons.

For further information please refer to our ad-hoc news “CPI PROPERTY GROUP - request to call an extraordinary shareholders' meeting of S IMMO to resolve on the abolishment of the voting cap and announcement of the intention to launch a cash offer to all S IMMO shareholders to acquire their shares,” published earlier today.

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