Press Release

Luxembourg, 27 May 2016

CPI PROPERTY GROUP - corporate capital changes, new acquisitions and refinancing

Corporate news

Increase of share capital in amount of EUR 251.5 million

CPI Property Group (the "**Company**" or together with subsidiaries the „**Group**“) issued on 21 April, 2016 the 2,514,691,202 new ordinary shares in a debt-to-equity contribution through the existing authorised share capital of the Company and realized within the framework of the EUR 350 million share capital raising goal (the "**In Kind Increases**").

The aggregate subscription price of EUR 251,469,120.20 was paid by the transfer of bonds issued by the Company and the Company's subsidiary Czech Property Investments, a.s. The contributed bonds were valued at their nominal value inclusive of the accrued interest as of 21 April, 2016. The Company is contemplating further potential debt-to-equity contributions in order to continue to strengthen its balance sheet for the entire Group.

General meetings of shareholders held on 26 May 2016

The annual general meeting (the **“AGM**”), with approximately 85.5% of the voting rights present or represented, unanimously approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2015, as well as the allocation of financial results for the financial year ending 31 December 2015. The AGM also granted a discharge to the members of the Company's board of directors and the auditors for the performance of their duties during the financial year ending 31 December 2015.

The AGM further resolved to appoint the following persons as members of the Company's board of directors as of the date of the AGM and until the annual general meeting of 2017 concerning the approval of the annual accounts for the financial year ending 31 December, 2016: Edward Hughes, Philippe Magistretti, Martin Nemecek, Tomas Salajka, Oliver Schlink, and Radovan Vitek. Martin Nemecek was also appointed as the Managing Director (*administrateur délégué*) of the Company.

The extraordinary general meeting (the “**EGM**”), held in front of a public notary with approximately 85.5% of the voting rights present or represented, has resolved to decrease the corporate capital of the Company in the amount of EUR 55,069,491.50 by means of the cancellation of 550,694,915 shares held in treasury by the Company as of the EGM date, without distribution of the reduction proceeds to the shareholders of the Company, such reduction proceeds being allocated to a non-distributable reserve of the Company. Accordingly, the share capital of the Company amounts to EUR 526,776,458.70 represented by 5,267,764,587 shares with a par value of EUR 0.10 each.

Furthermore, the EGM has resolved to modify, renew and replace the existing authorised share capital of the Company and to set it to the amount of one billion euro (EUR 1,000,000,000) for a period of five (5) years from 26 May, 2016. The board report related thereto, which would authorise the issuance of up to ten billion (10,000,000,000) new ordinary shares in addition to the 5,267,764,587 shares currently outstanding.

Additionally, the EGM has acknowledged and ratified the In Kind Increases. In addition, the EGM acknowledged, approved and ratified the decision of the board of directors, approving in principle the capital raising goal of EUR 330,376,830, to be raised through the new authorised share capital of the Company adopted during the EGM. By giving to the Company's shareholders a possibility to participate at a future capital increase of the Company, on terms to be further determined, through contributions in cash for a global amount of EUR 330,376,830, at an issue price of EUR 0.10 per new share to be issued, such issue price being equivalent to the par value of the Company's existing shares and equal to the issue price of the shares that have been issued through the In Kind Increases.

The EGM has finally approved the modifications of the Company’s articles of association reflecting the above resolutions taken during the EGM.

‘Double win’ for CPI Property Group at Microsoft project awards 2016

In May 2016, the Group received more accolades at the Microsoft Project Awards, 2016. This year, along with its partner KPCS CZ, the company won the ‘Solution for Business Mobility Award and together with its partner WEBCOM, was awarded the ‘Solution for Automation, Integration and Management of Business Processes Award’. In 2016, CPI PG became the first company in the competition’s 18 year history to win in two categories within the same year.

Portfolio highlights

Acquisition of the shopping centre in Mladá Boleslav

On 1 February 2016, the Group acquired Bondy Centrum, the largest shopping centre in Mladá Boleslav, Czech Republic. The shopping centre with a leasable area of approximately 16,800 sqm comprises of 80 shops, a food court, a multiplex cinema and other amenities, as well as a 400 capacity car park. The centre also includes office space with a floor area of approximately 2,800 sqm.

Acquisition of Géčko shopping centre in České Budějovice

In March 2016, the Group acquired Géčko shopping centre in Česke Budějovice, Czech Republic. The shopping centre with 11,000 sqm of leasable area comprises of 50 shopping units, a food court and other amenities, with a 400 capacity car park.

Acquisition of major stake in Suncani Hvar

On 19 May 2016, the Group acquired a company, which holds approximately 62% participation in the shareholding of Suncani Hvar, d.d., a hotel company operating on the Island of Hvar, Croatia.

Acquisition of Retail Shopping in Tarnow, Poland

On 22 March 2016, the Group acquired a small retail shopping asset in Tarnow in southern Poland, comprised of 5 retail units and totalling 2,160 sqm.

The Group begins work on the New IGY Centre in České Budějovice

The Group has started the construction of the retail project New IGY Centre in České Budějovice, which involves the upgrade and modernisation of the existing IGY shopping centre and the construction of the new building, IGY2. Investment in the construction of IGY 2 will reach EUR 16 million and the renovation of the current IGY is expected to be an additional EUR 12 million.

Capital market financing

Amendment of terms of CZK 2 billion of Czech Property Investments, a.s. bonds

The meeting of the Bondholders, held on 22 January, 2016 approved the amendment of the terms and conditions of CPI VAR CZK 2019 bonds. The approved amendment entails, inter alia, the decrease in the interest from 6M PRIBOR plus 6.5% to the fixed 5.1% p.a. has enabled a 2 year extension of maturity of bonds until 2021. The amendment of the terms and conditions has been in effect since 25 January, 2016.

Bonds issue valued at EUR 50 million

On 26 February, 2016 the subsidiary CPI Finance Slovakia, a.s. issued new bonds with the nominal amount of EUR 1,000 each and the aggregate amount of up to EUR 50 million. The bonds, due in 2020, are registered under ISIN code SK4120011487 and carry a fixed rate coupon of 5.00% p.a. The prospectus, which since has been approved by the National Bank of Slovakia on 22 February, 2016 is available in electronic form at www.cpifinanceslovakia.sk.

EUR 49 million Bonds repayment

During Q1 2016, bonds CPI 6.05/16 and CPI VAR/19 (EUR) in the total amount of EUR 49 million were repaid.

Financial highlights

Gross rental income grew by 8% to EUR 57 million compared to EUR 53 million in Q1 2015. The increase was principally driven by the new acquisitions performed by the Group over the last 12 months as well as from the completed development projects.

The increase in total revenue has been driven by the strong performance of the recently acquired mountain resort in Switzerland. Additionally, there has been a positive effect on the operating result which increased from EUR 45 million in Q1 2015 to EUR 48 million. Net profit for the period amounted to EUR 21 million (Q1 2015 – EUR 37 million).

Total assets increased by EUR 123 million (3%) to EUR 4,449 million as of 31 December, 2015. This upturn is primarily associated with the expansion in property portfolio which rose by EUR 65 million to EUR 3,887 million and a boost in cash and cash equivalents by EUR 29 million. EPRA NAV increased to EUR 1,750 million as a result of the performance of the Group during Q1 2016.

For Q1 2016 financial information as of 31 March 2016, including full Financial Highlights, Income Statement, and Balance Sheet please refer to our website at www.cpipg.com.

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