CPI PROPERTY GROUP
(*société anonyme*)
40, rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg: B 102 254

PRESS RELEASE
Luxembourg, 17 December 2018

CPI PROPERTY GROUP – Update on Acquisitions and Financing

CPI PROPERTY GROUP ("**CPIPG**" or the "**Company"**), the leading owner of income-generating real estate in the Czech Republic, Berlin and the CEE region, today announced several updates regarding the Company's acquisition and financing activities for 2018.

Acquisitions

The Company has completed acquisitions of about EUR 289 million in 2018, relative to EUR 939 million in 2017. "CPIPG's focus on conservative capital structure, plus the long-term nature of our business and stable shareholder base, mean that CPIPG is not under pressure to grow through acquisitions," said Martin Nemecek, CEO of CPIPG. The Company has also made disposals totalling EUR 95 million and may complete additional disposals of small assets before year-end.

In April, CPIPG acquired Futurum, a strongly-performing regional shopping centre in Hradec Králové, Czech Republic. This was followed by the purchase of five HopStop retail parks in Poland, which complement CPIPG's existing Polish retail portfolio. In May, the Company acquired Atrium Centrum & Atrium Plaza office buildings in Warsaw, which are very well-located and where CPIPG sees strong potential for improved levels of rents and occupancy. Today, the Company also completed the acquisition of 11 luxury apartments at Buxmead in North London. The apartments were purchased at an attractive price and are expected to make a positive contribution to gross rental income in the residential segment during 2019. The acquisition was funded through a senior unsecured loan in GBP provided to the Company by Barclays and Deutsche Bank.

Disposals completed in 2018 include small retail assets in the Czech Republic, an office park in Hungary, and an office building in Prague. The Company continues to explore disposals of small retail assets in the Czech Republic, given CPIPG's focus on regionally dominant shopping centres.

Earlier in 2018, CPIPG provided investors with guidance on the target long-term composition of the Company's property portfolio. The guidance remains unchanged: a minimum of 70% of CPIPG's portfolio (by value) will be located in the Czech Republic and Germany, while office/retail will be each be limited to 50% and hotels/residential/development will each be limited to maximum 10% of CPIPG's long-term property portfolio.

"While our total acquisition activity in 2018 was less than 2017, all the acquisitions we made this year were priced attractively and complement our existing portfolio," said Nemecek. "For 2019, we are hopeful that good acquisition opportunities will emerge in the CEE region and Berlin where we see strong underlying economies and demand for real estate. However, we will remain disciplined on costs and focused on CPIPG's financial policy."

Financing

The Company has used cash and proceeds from hybrid and senior unsecured bonds issued during 2018 (total of approximately EUR 1.4 billion) to repay subsidiary bonds and secured bank loans. In total during 2018, CPIPG has already repaid more than EUR 1.12 billion of subsidiary bonds and secured bank loans. The Company also recently signed a EUR 50 million 3-year senior unsecured term loan with HSBC. Proceeds from the term loan, along with cash, will be used to repay more than EUR 340 million of additional secured bank loans before the end of 2018. As a result, the Company expects further improvement in CPIPG's ratio of unencumbered assets to total assets, and a reduction in both total leverage and secured leverage at year-end.

"CPIPG appreciates the support demonstrated by our bond investors and banks during 2018," said David Greenbaum, CFO of CPIPG. "Working together, we have implemented positive changes to our capital structure that will serve the Company well in the future."

For further information please contact:

INVESTORS

CPI PROPERTY GROUP
David Greenbaum
Chief Financial Officer
d.greenbaum@cpipg.com

MEDIA/PR

Kirchhoff Consult AG
Andreas Friedemann
Borselstraße 20
22765 Hamburg
T +49 40 60 91 86 50
F +49 40 60 91 86 60
E andreas.friedemann@kirchhoff.de