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PRESS RELEASE
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CPI Property Group - Financial Results for the Third Quarter of 2020

CPI PROPERTY GROUP ("**CPIPG**" or the "**Group**"), the leading owner of income-generating real estate in Berlin, Prague, Warsaw and the CEE region, is pleased to publish unaudited financial results for the third quarter of 2020.

"CPIPG's excellent performance continues despite uncertainty and new challenges, thanks to the quality of our assets and the expertise of our local teams," said Martin Nemecek, CEO. "CPIPG's Q3 results demonstrate that COVID-19 had a mild impact on CPIPG's business and that our markets are fundamentally sound."

Key highlights for the third quarter of 2020 include:

- **CPIPG's property portfolio increased by 8% to €9.9 billion** compared to the end of 2019, primarily due to the acquisition of six office properties in Warsaw, Poland and a 29.4% stake in Globalworth Real Estate Investments Limited. Portfolio growth was partly offset by €293 million of revaluation effects since the end of 2019, of which only €41 million was recognised in the third quarter;
- **Total assets increased by 6% to €11.3 billion** compared to the end of 2019 due to the increase in the property portfolio, partly offset by a reduction in cash and equivalents;
- **Net rental income increased by 15% to €251 million** compared to the first nine months of 2019, reflecting the effect of acquisitions, resilient occupancy at **94%** and **1.9%** like-for-like growth in gross rental income;
- **Consolidated adjusted EBITDA increased by 15% to €257 million** compared to the first nine months of 2019 due to the increase in net rental income, the contribution from acquisitions and the impact of cost reduction measures. This performance is particularly remarkable considering the backdrop for hotels;
- **Net business income** and **funds from operations (FFO) were stable** compared to the first nine months of 2019 at **€260 million** and **€173 million**, respectively;
- **Net Interest Coverage Ratio (Net ICR)** at 5.6x and **Net Loan to Value (Net LTV)** at 41.0% reflect an increase in net debt related to acquistions, but are comfortably within the Group´s financial policy. Notably, actions taken by the Group have reduced Net LTV by 1.5 p.p. versus 30 June 2020;
- During the third quarter of 2020, the Group issued **HUF 30 billion (€86 million-equivalent) of 10-year green bonds** and **€525 million of perpetual hybrid bonds callable in 2026**. Proceeds were partially used to refinance €328 million of 2023 hybrid notes and €12 million of the 2022 unsecured notes;
- In July 2020, the Group increased its Berlin loans by €259 million to a total of €750 million. The first additional tranche of €138 million was drawn during the third quarter and the second tranche of €121 million was drawn in October 2020, after the end of the period;

- In addition to the refinancing of a portion of the 2023 hybrid and 2022 unsecured notes, the Group also repaid €39.5 million of Schuldschein loans maturing in 2023;
- Total available liquidity at the end of Q3 was more than **€1.1 billion.** In November, the Group further strengthened our liquidity position by **signing a new €700 million revolving credit facility which expires in 2026, with 10 international banks as lenders**, replacing the €510m facility expiring in 2022. The Group's current liquidity position exceeds **€1.3 billion**.

Recent COVID-19 Developments

- On 26 October 2020, the Group provided an update to our stakeholders on the impact of COVID-19, following the second wave in the Czech Republic and introduction of a national lockdown on 22 October;
- Following significant declines in new cases and deaths in recent weeks, on 29 November the Czech government **provisionally permitted all retail including shopping centres to reopen from Thursday 3 December** – at which point nearly all of the Group's portfolio will be open;
- Some restrictions remain in force in other countries; for example, all non-essential retail closed in Poland on 6 November, though this only accounts for less than 2% of the Group's portfolio. Hotels still remain largely closed and will be reopened gradually in line with demand;

Rent Collection Rates

- Collection rates have remained consistently strong throughout the year. In the first 9 months of 2020, the Group **collected 95% of rent before the impact of one-time COVID-19 discounts and 99% after discounts**;
- On 26 October, the Group reported that it had collected 95% of third quarter rents before the impact of one-time COVID-19 discounts and 97% after discounts. As the group has continued to invoice and collect rents after the period, **third quarter collections have improved to 96% and 98% respectively**;
- **94% of rent before discounts was collected in October**. This is expected to increase as invoicing and collections continue beyond the end of the period.

		% of rent collected				
	% of portfolio (Q3 2020)	Q3 YTD before discounts	Q3 YTD after discounts	Q3 before discounts	Q3 after discounts	October before discounts
Group	--	95%	99%	96%	98%	94%
Office	52%	99%	99%	99%	99%	95%
Retail	22%	89%	97%	91%	96%	91%
Residential	7%	99%	99%	99%	99%	96%

Notable events occurring after the end of Q3 2020

- On 15 October 2020, the Group drew the second additional tranche of loans in Berlin for €121 million;

- On 2 November 2020, CPIPG subscribed for 11,012,555 of newly issued ordinary shares of **Nova RE** for a total consideration of **€25,989,630** (€2.36 per share). Nova RE owns income-generating properties primarily in Rome, Milan and Bari valued at €123.3 million as of 30 June 2020. Nova RE is one of only five Italian companies to obtain SIIQ (*Società di Investimento Immobiliare Quotata*) status, which is similar to a REIT regime and offers tax benefits for investors. CPIPG expects that Nova RE will be a platform for the Group's current and future investments in Italy. Following the capital increase, CPIPG owns more than 50% of Nova RE and subject to regulatory approvals, will launch a mandatory takeover offer for the remaining shares in Nova RE at €2.36 per share;

- On 25 November 2020, the Group signed **a new €700 million revolving credit facility maturing in 2026 with ten international banks**. The facility replaces the existing €510 million revolving credit facility which matures in 2022.

"CPIPG is proud of our achievements thus far in 2020, and we look forward to a successful finish to the year," said David Greenbaum, CFO. "We believe that the Group's portfolio and capital structure are well-positioned for the future."

FINANCIAL HIGHLIGHTS

Performance		Q3 YTD 2020	Q3 YTD 2019	Change
Gross rental income	€ million	264	234	13%
Net rental income	€ million	251	217	15%
Total revenues	€ million	451	491	(8%)
Net business income	€ million	260	261	0%
Consolidated adjusted EBITDA	€ million	257	223	15%
Funds from operations (FFO)	€ million	173	171	1%
Net profit for the period	€ million	58	221	(74%)

Assets		30-Sep-2020	31-Dec-2019	Change
Total assets	€ million	11,267	10,673	6%
Property portfolio	€ million	9,860	9,111	8%
Gross leasable area	sqm	3,572,000	3,465,000	3%
Occupancy	%	94.0	94.3	(0.3 p.p.)
Like-for-like gross rental growth*	%	1.9	4.4	(2.5 p.p.)
Total number of properties**	No.	338	332	2%
Total number of residential units	No.	11,927	11,919	0%
Total number of hotel beds***	No.	12,276	12,416	(1%)

* Based on headline rent, excluding one-time discounts
** Excluding residential properties in the Czech Republic
*** Including hotels operated, but not owned by the Group

Financing structure		30-Sep-2020	31-Dec-2019	Change
Total equity	€ million	5,555	5,469	2%
EPRA NRV (NAV)	€ million	4,844	5,100	(5%)
Net debt	€ million	4,046	3,300	23%
Net Loan-to-value ratio (Net LTV)	%	41.0	36.2	4.8 p.p.
Secured consolidated leverage ratio	%	11.0	9.6	1.4 p.p.
Secured debt to total debt	%	26.4	24.8	1.6 p.p.
Unencumbered assets to total assets	%	70.1	69.7	0.4 p.p.
Net ICR		5.6x	7.2x	(1.6x)

STATEMENT OF COMPREHENSIVE INCOME*

The income statement for the nine-month period ended 30 September 2020 and 2019 was as follows:

INCOME STATEMENT (€ million)	30-Sep-20	30-Sep-19
Gross rental income	264	234
Service charge and other income	96	88
Cost of service and other charges	(72)	(62)
Property operating expenses	(37)	(43)
Net rental income	**251**	**217**
Development sales	17	32
Development operating expenses	(16)	(30)
Net development income	**1**	**2**
Hotel revenue	37	103
Hotel operating expenses	(37)	(68)
Net hotel income	**-**	**35**
Other business revenue	37	34
Other business operating expenses	(29)	(27)
Net other business income	**8**	**7**
Total revenues	**451**	**491**
Total direct business operating expenses	**(191)**	**(230)**
Net business income	**260**	**261**
Net valuation gain (net of foreign exchange gain)	(11)	89
Net gain or loss on the disposal of inv. prop. and subsidiaries	1	-
Amortization, depreciation and impairment	(63)	(25)
Administrative expenses	(34)	(38)
Other operating income	4	8
Other operating expenses	(2)	(4)
Operating result	**155**	**291**
Interest income	12	9
Interest expense	(58)	(37)
Other net financial result**	(19)	(14)
Net finance costs	**(65)**	**(42)**
Profit before income tax	**90**	**249**
Income tax expense	(32)	(28)
Net profit from continuing operations	**58**	**221**

** The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34.*

*** Including net foreign exchange gains and losses (including valuation gains classified within valuation gain under IFRS), share of profit of equity accounted investees and other financial gains and losses.*

Gross rental income

Gross rental income increased by €30 million (13%) to €264 million in the nine-month period ended 30 September 2020. The increase was driven by acquisitions of offices in Warsaw, Poland since the fourth quarter of 2019, combined with continued like-for-like growth in rents.

Net hotel income

Because of lockdowns and travel restrictions related to the COVID-19 outbreak, hotel revenue decreased by €66 million (64%) to €37 million in the nine-month period ended 30 September 2020. However, given the Group operates our own hotels, we were able to sharply reduce hotel operating expenses by €31 million (46%) to €37 million.

Net valuation loss

The valuation loss of €11 million in the nine-month period ended 30 June 2020 primarily reflects decreased fair value of two retail properties in Budapest, Hungary.

Amortization, depreciation and impairment

Amortization, depreciation and impairment increased by €38 million to €63 million in the period due to the negative revaluation of hotels (€34.4 million).

Interest expense

Interest expense increased by €21 million to €58 million in the period as the Group increased gross debt to fund acquisitions.

BALANCE SHEET*

BALANCE SHEET (€ million)	30 September 2020	31 December 2019
NON-CURRENT ASSETS		
Intangible assets and goodwill	101.8	107.0
Investment property	8,390.9	8,156.8
Property, plant and equipment	771.0	885.7
Deferred tax assets	142.0	168.1
Equity accounted investees	657.5	3.7
Other non-current assets	297.4	242.5
Total non-current assets	**10,360.6**	**9,563.8**
CURRENT ASSETS		
Inventories	45.1	51.2
Trade receivables	70.4	80.9
Cash and cash equivalents	611.3	804.5
Assets linked to assets held for sale	11.3	21.5
Other current assets	168.6	150.9
Total current assets	**906.7**	**1,109.0**
TOTAL ASSETS	**11,267.3**	**10,672.8**
EQUITY		
Equity attributable to owners of the Company	4,116.8	4,334.2
Perpetual notes	1,390.2	1,085.5
Non-controlling interests	48.2	49.8
Total equity	**5,555.2**	**5,469.5**
NON-CURRENT LIABILITIES		
Bonds issued	3,273.6	2,870.9
Financial debts	1,157.1	1,165.3
Deferred tax liabilities	769.3	805.9
Other non-current liabilities	112.1	73.9
Total non-current liabilities	**5,312.1**	**4,916.0**
CURRENT LIABILITIES		
Bonds issued	37.6	20.8
Financial debts	189.0	47.7
Trade payables	57.7	86.0
Other current liabilities	115.7	132.8
Total current liabilities	**400.0**	**287.3**
TOTAL EQUITY AND LIABILITIES	**11,267.3**	**10,672.8**

** The presented financial statements do not represent a full set of interim financial statements as if prepared in accordance with IAS 34*

Total assets

Total assets increased by €594.5 million (6%) to €11,267.3 million at 30 September 2020 compared to 31 December 2019. The increase was driven by the acquisition of a 29.4% stake in Globalworth Real Estate Investments Limited and six offices in Warsaw, partially offset by fair value adjustments (including the impact of changing foreign exchange rate).

Total liabilities

Total liabilities increased by €508.8 million (10%) to €5,712.1 million at 30 September 2020 compared to 31 December 2019. The Group issued senior unsecured bonds of €1.23 billion and completed new loans and leases for €245 million while repaying and decreasing loans and bonds of €916 million.

EQUITY AND EPRA NRV

Total equity increased by €85.7 million from €5,469.5 million as at 31 December 2019 to €5,555.2 million as at 30 September 2020. The movements of equity components were as follows:

- Increase of retained earnings due to the profit for the period of €17.4 million;
- Increase of perpetual bonds by €304.7 million;
- Decrease in revaluation and hedging reserve of €33.9 million;
- Decrease in translation reserve of €200.9 million;
- Decrease in non-controlling interest of €1.6 million.

EPRA NRV was €4,844 million as at 30 September 2020, representing a decrease of 5% compared to 31 December 2019. The decrease of EPRA NRV was driven by the above changes in the Group's equity attributable to the owners (the increase of retained earnings, perpetual bonds and hedging reserve).

	30 September 2020	31 December 2019
Equity attributable to the owners (NAV)	**4,117**	**4,334**
Effect of exercise of options, convertibles and other equity interests	-	-
Diluted NAV	**4,117**	**4,334**
Revaluation of trading property and PPE	1	2
Fair value of financial instruments	0	0
Deferred tax on revaluations	769	807
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV (€ million)	**4,844**	**5,100**

GLOSSARY

Alternative Performance Measures (APM)	Definition	Rationale
Consolidated adjusted EBITDA	Net business income as reported deducting administrative expenses as reported.	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Group's depreciation and amortization policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Consolidated adjusted total assets	Consolidated adjusted total assets is total assets as reported deducting intangible assets and goodwill as reported.	
EPRA Net Reinstatement Value (NRV) (former EPRA NAV)	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
Funds from operations or FFO	It is calculated as net profit for the period adjusted by non-cash revenues/expenses (e.g. deferred tax, net valuation gain/loss, impairment, amortization/depreciation, goodwill etc.) and non-recurring (both cash and non-cash) items (e.g. net gain/loss on disposals etc.). The calculation also excludes accounting adjustments for unconsolidated partnerships and joint ventures.	Funds from operations provide an indication of core recurring earnings.
Net Loan to Value or Net LTV	It is calculated as Net debt divided by fair value of Property Portfolio.	Loan-to-value provides a general assessment of financing risk undertaken.
Net ICR	It is calculated as Consolidated adjusted EBITDA divided by a sum of interest income as reported and interest expense as reported.	This measure is an important indicator of a firm´s ability to pay interest and other fixed charges from its operating performance, measured by EBITDA.
Secured consolidated leverage ratio	Secured consolidated leverage ratio is a ratio of a sum of secured financial debts and secured bonds to Consolidated adjusted total assets.	This measure is an important indicator of a firm´s financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Secured debt to total debt	It is calculated as a sum of secured bonds and secured financial debts as reported divided by a sum of bonds issued and financial debts as reported.	This measure is an important indicator of a firm´s financial flexibility and liquidity. Lower levels of secured debt typically also means lower levels of mortgage debt - properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales.
Unencumbered assets to total assets	It is calculated as total assets as reported less a sum of encumbered assets as reported divided by total assets as reported.	This measure is an important indicator of a commercial real estate firm´s liquidity and flexibility. Properties that are free and clear of mortgages are sources of alternative liquidity via the issuance of property-specific mortgage debt, or even sales. The larger the ratio of unencumbered assets to total assets, the more flexibility a company generally has in repaying its unsecured debt at maturity, and the more likely that a higher recovery can be realized in the event of default.

Non-financial definitions	Definition
Company	CPI Property Group S.A.
Property Portfolio value or PP value	The sum of value of Property Portfolio owned by the Group
Gross Leasable Area or GLA	Gross leasable area is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.
Group	CPI Property Group S.A. together with its subsidiaries
Net debt	Net debt is borrowings plus bank overdraft less cash and cash equivalents.
Occupancy	Occupancy is a ratio of estimated rental revenue regarding occupied GLA and total estimated rental revenue, unless stated otherwise.
Property Portfolio	Property Portfolio covers all properties and investees held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

APM RECONCILIATION

EPRA NRV reconciliation (€ million)	30-Sep-20	31-Dec-19
Equity attributable to owners of the company	**4,117**	**4,334**
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	**4,117**	**4,334**
Revaluation of trading property and property, plant and equipment	1	2
Fair value of financial instruments	0	0
Deferred tax on revaluation	769	807
Goodwill as a result of deferred tax	(43)	(43)
EPRA NRV	**4,844**	**5,100**

Net LTV reconciliation (€ million)	30-Sep-20	31-Dec-19
Financial debts	1,346	1,213
Bonds issued	3,311	2,892
Net debt linked to assets held for sale	0	0
Cash and cash equivalents	(611)	(805)
Net debt	**4,046**	**3,300**
Total property portfolio	**9,860**	**9,111**
Net LTV	**41.0%**	**36.2%**

Net Interest coverage ratio reconciliation (€ million)	30-Sep-20	31-Dec-19
Interest income	12	14
Interest expense	(58)	(54)
Consolidated adjusted EBITDA	257	292
Net Interest coverage ratio	**5.6x**	**7.2x**

Secured debt to total debt reconciliation (€ million)	30-Sep-20	31-Dec-19
Secured bonds	0	0
Secured financial debts	1,228	1,017
Total debts	4,657	4,105
Secured debt to total debt	**26.4%**	**24.8%**

Unencumbered assets to total assets reconciliation (€ million)	30-Sep-20	31-Dec-19
Bonds collateral	0	0
Bank loans collateral	3,371	3,236
Total assets	11,267	10,673
Unencumbered assets ratio	**70.1%**	**69,7%**

Consolidated adjusted EBITDA reconciliation (€ million)*	30-Sep-20	30-Sep-19
Net business income	260	261
Administrative expenses	(34)	(38)
Other effects	31	-
Consolidated adjusted EBITDA	**257**	**223**

Funds from operations (FFO) reconciliation (€ million)*	30-Sep-20	30-Sep-19
Net profit/(loss) for the period	58	221
Deferred income tax	23	19
Net valuation gain or loss on investment property**	11	(89)
Net valuation gain or loss on revaluation of derivatives	(1)	0
Net gain or loss on disposal of investment property and subsidiaries	(1)	0
Net gain or loss on disposal of inventory	(1)	(3)
Net gain or loss on disposal of PPE/other assets	0	(1)
Amortization, depreciation and impairments	63	25
Other non-recurring/non-cash items**	3	0
Other effects	19	0
Funds from operations	**173**	**171**

Secured consolidated leverage ratio reconciliation (€ million)	30-Sep-20	31-Dec-19
Secured bonds	0	0
Secured financial debts	1,228	1,017
Consolidated adjusted total assets	11,165	10,566
Secured consolidated leverage ratio	**11.0%**	**9.6%**

* Includes pro-rata EBITDA / FFO for Q3 2020 of Equity accounted investees
** Adjusted, refers to paragraph 2.2 of Consolidated Financial Statements as at 30 June 2020

Property portfolio reconciliation (€ million)	30-Sep-20	31-Dec-19
Investment property – Office	4,487	4,186
Investment property – Retail	2,126	2,173
Investment property – Residential	719	756
Investment property – Land bank	681	697
Investment property – Development	169	142
Investment property – Industry & Logistics	105	99
Investment property – Agriculture	95	101
Investment property – Other	4	3
Property, plant and equipment – Hospitality	660	775
Property, plant and equipment – Mountain resorts	79	76
Property, plant and equipment – Agriculture	11	13
Property, plant and equipment – Office	10	7
Property, plant and equipment – Residential	5	6
Property, plant and equipment – Retail	1	1
Equity accounted investees/Other financial assets	658	12
Inventories – Development	39	45
Assets held for sale	11	19
Total	**9,860**	**9,111**

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