



CPI Property Group

(société anonyme)

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Press Release - Corporate News

Luxembourg, 24 May 2023

CPI PROPERTY GROUP – Update on Distributions and Disposals

CPI Property Group (“**CPIPG**”, or together with its subsidiaries, the “**Group**”) has prepared an update for our stakeholders regarding the Group’s efforts to reduce leverage and preserve cash.

Reduced Shareholder Distributions

CPIPG is proud to be a family-owned company. While a small portion of our shares are listed in Frankfurt, trading volume is limited.

In order to support a minimum level of liquidity and provide reasonable returns to existing and future shareholders, CPIPG has established a distribution policy targeting 65% of total FFO1. Distributions are made via share buybacks once a year, typically in Q4.

In recognition of market sentiment in 2022, CPIPG’s board agreed to reduce our payout ratio from 65% to 55%. Many of our peers in the sector have followed suit.

While the Group continues to see positive developments in terms of our operations, rents, occupancy, disposals and financing, CPIPG has decided to go a step further and announce an early cut to our distribution target for 2023.

Today, the board approved management’s recommendation to reduce the Group’s distribution target for 2023 from 65% to less than 25%, with the final payout to be decided by the board in Q4 2023.

In future years, CPIPG will consider similar measures to adjust the payout ratio depending on the real estate environment and considering our commitment to investment-grade credit ratings and our long-term financial policy.

Disposals

In the interest of transparency, CPIPG intends to regularly update our stakeholders about disposals both small and large. Recently, CPIPG completed the disposal of a brownfield site with a land area of almost 45,000 m² in the Lambrate district of Milan, Italy. The buyer is one of the largest global private real estate investors. In addition, IMMOFINANZ also successfully closed the sale of landbank in Turkey with about 197,000 m² of land area. The buyer was a local real estate investor. Gross proceeds from the two sales were about €55 million.

The Group’s disposal plans are on track: nearly €850 million of gross sales have been achieved since CPIPG announced our €2bn disposal pipeline in August 2022. Q1 2023 was especially active, with about €400 million of disposals signed. Q2 is expected to be lighter in terms of total sales, with a significant increase in Q3/Q4 2023. As a result, the Group expects to make meaningful progress on deleveraging and reaffirms our LTV target of 45-49% for year-end 2023.



Other Initiatives

CPIPG continues to explore other measures to preserve cash including significant reductions to discretionary capex and accelerated cuts to administrative expenses. More details will be announced when available.

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