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PRESS RELEASE  
Luxembourg, 23 March 2020

## **CPI PROPERTY GROUP – Update Regarding the Impact of COVID-19**

CPI PROPERTY GROUP (“**CPIPG**” or the “**Group**”) has prepared the following update for our stakeholders regarding the Group’s response to the challenges posed by the COVID-19 outbreak.

The Group is proud to be the leading owner of income-generating real estate in the Czech Republic, Berlin and Central/Eastern Europe. Across our region, governments have taken early and decisive actions to combat the impact of COVID-19 and have announced substantial financial support for businesses and individuals.

“At this time, CPIPG is primarily focused on the well-being of our tenants, employees and local communities,” said Martin Nemecek, CEO. “Our portfolio is diversified, our capital structure is strong and we are well-prepared for the challenges ahead.”

### Portfolio Update: Benefits of Diversification

Offices represented about 46% of the Group’s portfolio by value at the end of 2019, and the share has continued to grow in 2020 through additional acquisitions of office properties in Warsaw and CPIPG’s investment in Globalworth. With limited exceptions, the Group’s offices in Berlin, Prague, Warsaw, and Budapest remain open. CPIPG’s office portfolio benefits from a diverse range of international and local tenants.

Retail properties are about 24% of CPIPG’s portfolio by value and include shopping centres, retail parks and grocery stores primarily located in the Czech Republic, Poland and Hungary. While most units in shopping centres have been ordered to close by local authorities, shops in some categories (grocery and drug stores, pet stores, certain electronics) remain open. In total, approximately 30% to 40% of CPIPG’s retail space is open and continues to serve the local community. Notably, grocery and drug store operators are five out of CPIPG’s top ten tenants by rental income (across all operating clusters). Rents across the retail portfolio are overwhelmingly fixed, with an extremely small share of turnover rent. The affordability ratio of CPIPG’s retail space was 12% during 2019.

“Tenant sales and footfall rose across CPIPG’s retail portfolio during 2019, and a strong pace continued into early 2020,” said Tomas Salajka, Head of Acquisitions and Asset Management. “Despite short-term uncertainties, I am confident we have the best properties and tenants for the long-term.”



Hotels are about 9% of CPIPG's property portfolio by value and are mostly closed. CPIPG operates nearly all the hotels owned by the Group and was able to act quickly to reduce costs. March and April are considered the "low" season in Prague and the CEE region and some hotels were partially closed for renovations before the outbreak began. CPIPG's residential and other properties in the Czech Republic are generally operating normally, representing nearly 10% of the total portfolio by value.

In some cases, CPIPG has been approached by tenants requesting rent reductions or other assistance. While CPIPG always requests our tenants to contact local authorities to take advantage of possible financial support, CPIPG is working closely with tenants on temporary solutions. The Group's local presence, highly experienced teams, and ability to maintain a close daily dialogue with tenants are distinct advantages in this environment.

#### Capital Structure: Prepared for Uncertainty

CPIPG currently has over €1 billion of liquidity comprised of more than €500 million of cash and an undrawn €510 million revolving credit facility with 11 local and international banks maturing in 2022. The Group does not have any meaningful loan or bond maturities until 2022. 70% of CPIPG's assets are unencumbered.

CPIPG has a policy to retain a minimum of 50% of funds from operations (FFO) annually and does not pay a dividend. CPIPG continues to target a net LTV of 40% or below.

"CPIPG has ample financial flexibility," said David Greenbaum, CFO. "All of the strategies we put in place since entering the international bond markets in 2017 have prepared us for this moment."

CPIPG is taking actions to reduce overhead and other costs, including employee headcount and remuneration wherever feasible. Capital expenditure and development plans are being reassessed and reprioritized. The Group's office acquisition pipeline in Warsaw is substantially complete and was funded by CPIPG's successful green bond and hybrid transactions in late 2019 and early 2020.

The Group continues to receive attractively priced offers from banks for secured lending facilities and may consider modest incremental borrowings in the coming months. Although CPIPG generally intends to preserve cash in the near-term, CPIPG closely monitors secondary bond prices and may consider debt repurchase activities to proactively manage the Group's maturity profile.

#### Caring for Our Community

In response to the COVID-19 outbreak, CPIPG offered the Government of the Czech Republic the possibility of using the Group's hotels in Prague, Ostrava, Olomouc, Liberec, Ústí nad Labem, České Budějovice, Františkovy Lázně, Hradec Králové and Brno to increase the country's hospital capacity by more than 5,000 beds.

The Group also partnered with Chance for Children to offer food supplies from hotel restaurants to children's homes in and around Prague.



“CPIPG and our primary shareholder, Radovan Vitek, are committed to help the local community however we can during this period,” said Jan Kratina, director of CPI Hotels. “We remain optimistic for the future and our spirit is strong.”

For more on CPI PROPERTY GROUP, visit our website: [www.cpipg.com](http://www.cpipg.com)

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