Interim report as of 31 March 2015
Luxembourg, 29 May 2015

CPI PROPERTY GROUP continues in successful business operations, expansion plans and refinancing of existing projects

Corporate highlights

Annual General Meeting of 28 May 2015

The Annual General Meeting of the shareholders of the CPI PROPERTY GROUP (the "Company" and together with its subsidiaries the "Group") was held on 28 May 2015 (the „Meeting") and approved the Company's audited consolidated and statutory annual accounts for the financial year ending 31 December 2014. The Meeting also resolved the allocation of the Company's 2014 financial results. The Meeting decided to renew the mandate of the current Board of Directors until the Annual General Meeting for 2016 and in consideration of the approval of the annual accounts for the Company for the financial year ending 31 December 2015. Accordingly, the current Board of Directors of the Company comprises of the following members: Mr. Martin Nemecek, Mr. Edward Hughes, Mr. Radovan Vitek, Mr. Tomas Salajka, Mr. Philippe Magistretti and Mr. Oliver Schlink. The Meeting also appointed Mr. Martin Nemecek as the Managing Director of the Company.

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Investments and portfolio news

The Group pursued new investments in line with its expansion strategy and was successful in obtaining project financing for new projects as well as existing ones under improved terms. The Group plans to grow further through purchases in Central and Eastern Europe as well as in Western Europe. The acquisitions shall be financed through existing cash in the Group as well as new funds where the market currently offers favourable conditions.

GSG Berlin continues its expansion

- In May 2015 the Company's German subsidiary Gewerbesiedlungs-Gesellschaft ("GSG Berlin") acquired the industrial complex Ullsteinstraße 73 in Berlin-Tempelhof for EUR 6.9 Million. Originally, it was a factory for electronic devices built by Philips between 1955 and 1956. The industrial complex is close to Tempelhofer Hafen (Tempelhof Harbour) and the subway station Ullsteinstraße; an emerging region that has performed very well in recent years. It offers architecturally impressive factory buildings with attached commercial buildings. The highlight of the area is a shed hall with a ceiling height of up to 10 meters. The five buildings offer a total of approximately 16,600 square meters. The unit sizes vary from 50 to 1,400 square meters and offer production, storage and office space for rent.

Opening new commercial premises

- In April 2015 the Group opened the third phase of the successful office project Meteor Centre Office Park in Prague´s Karlín district. The Meteor Centre Office Park C, located directly at Krizikova metro station, comprises approximately 5,000 sqm of offices, shops and other amenities, parking on two underground floors and rental apartments. With exceptional quality of construction and services it fulfils the current demands for work environment and lifestyle.

GSG Berlin obtained additional EUR 55 million financing on its Berlin's portfolio.

- GSG Berlin and a bank club composed of DG Hyp, HSH Nordbank, Düsseldorfer Hypothekenbank and Investitionsbank Berlin agreed to boost the existing GSG Berlin loan by EUR 55 million, now amounting to a total of EUR 305 million. This loan increase is a consequence of excellent operating performance and an increase in rental income within the portfolio of GSG Berlin, a leading provider of office and commercial space in Berlin.

EUR 30 Million Bond Issue on the Slovak market

- The Group issued new bonds through its subsidiary CPI Finance Slovakia, a.s. The bonds with a nominal amount of EUR 1,000 each and an aggregate amount of EUR 30 million were issued on 16 April 2015. On the same day EUR 25 million were subscribed and by 27 April 2015 the remaining EUR 5 million were also allocated to investors. The bonds, due in 2018, are registered under ISIN code SK4120010653 and carry a fixed rate coupon of 5.85% p.a. A request for the listing of the bonds on the Bratislava Stock Exchange was filed on 27 April 2015. The prospectus was approved by the National Bank of Slovakia.

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<u>Financing of EUR 117.7 million for its shopping centers in the Czech Republic.</u>

- The Group obtained three investment loans and two development loans for an aggregate amount of EUR 117.7 million. The funds will be used to refinance and increase the existing investment loans and also to finance construction of a new shopping center in the Czech Republic. An investment loan for the sum of EUR 36.5 million is allocated for the refinancing of the shopping center Olympia Teplice and another investment loan for the sum of EUR 27.9 million is allocated for the refinancing of the shopping center Olympia Mladá Boleslav. These syndicate loans were provided in equal portions by a bank club composed of UniCredit Bank, which is the arranger and security agent, and Komerční banka. The second loan portfolio for the IGY shopping center in Ceske Budejovice is allocated as follows: a EUR 30 million investment loan will be used for the refinancing of the existing loan, a EUR 9 million development loan will be used for the modernization and expansion of a cinema multiplex to be built in the current office space, and a EUR 14.3 million development loan will be used for the construction of a new IGY Center 2 with approximately 8,500 square meters of new retail space. The estimated construction time is 18 months, with the opening expected in spring 2017. This loan portfolio is again syndicated by a bank club composed of Komerční banka, which is the arranger and security agent, and UniCredit Bank.

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Financial highlights

Key figures

All the figures representing the profit and loss for Q1 2014 commented in this press release relate to the pro forma presentation of the profit and loss statement for the Company as if CPI PROPERTY GROUP and Czech Property Investments, a.s. were combined as of 1 January 2013 (except if specifically specified otherwise).

Performance		31-Mar-15	31-Mar-14**	Change in %
Gross rental income	MEUR	53	48	10%
Occupancy in %*	%	88%	87%	1%
Net rental income	MEUR	49	47	4%
Total revenues	MEUR	63	54	17%
Operating result	MEUR	45	136	-67%
Funds from operations (FFO)	MEUR	26	23	13%
Profit before tax	MEUR	44	116	-62%
Net interest expense	MEUR	(15)	(15)	0%
Net profit for the period	MEUR	37	80	-54%

*excluding hotels
** as if Czech Property Investments, a.s. and CPI PROPERTY GROUP were combined as of 1 January 2013

Assets		31-Mar-15	31-Dec-14	Change in %
Total assets	MEUR	4,315	4,219	2%
Property Portfolio	MEUR	3,599	3,553	1%
Gross lettable area *	sqm	2,913,000	2,907,000	0%
Total number of properties**	No	335	335	0%
Total number of residential units	No	12,514	12,536	0%
Total number of hotel beds	No	9,987	9,987	0%
EPRA NAV	MEUR	1,994	1,940	3%
EPRA NAV per share	EUR	0,604	0,587	3%

*excluding hotels

** excluding residential properties

Financing structure		31-Mar-15	31-Dec-14	Change in %
Total equity	MEUR	1,602	1,559	3%
Equity ratio	%	37%	37%	0%
Net debt	MEUR	1,982	1,978	0%
Loan to value ratio in %	%	55.1%	55.7%	-0.6%

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Income statements

Income statement for the period of 3 months ended 31 March 2015 is as follows:

MEUR	31 March 2015	Pro forma * 31 March 2014
Gross rental revenue	53	48
Net service revenue	3	4
Property operating expenses	-7	-5
Net rental income	**49**	**47**
Development sales	1	1
Cost of goods sold	-1	--
Development operating expenses	0	0
Net development income	**--**	**1**
Hotel revenue	3	1
Cost of goods sold	0	0
Hotel operating expenses	-1	-1
Net hotel income	**2**	**0**
Revenues from other business operations	3	0
Cost of goods sold	-1	0
Related operating revenues	-2	0
Net income from other business operations	**0**	**0**
Total revenues	**63**	**54**
Total direct business operating expenses	**-12**	**-6**
Net business income	**51**	**48**
Net valuation gain or loss on investment property	8	97
Amortization, depreciation and impairments	-5	1
Other operating income	2	1
Administrative expenses	-10	-9
Other operating expenses	-1	-2
Operating result	**45**	**136**
Interest income	7	3
Interest expense	-22	-18
Other net financial result	14	-5
Net finance income / (costs)	**-1**	**-20**
Profit / (Loss) before income tax	**44**	**116**
Income tax expense	-7	-36
Net profit / (Loss) for the period	**37**	**80**

* as if Czech Property Investments, a.s. and CPI PROPERTY GROUP were combined as of 1 January 2013

Net rental income

The gross rental income increased by 10% to EUR 53 million and the net rental income grew by 4% to EUR 49 million compared to the same quarter last year. The increase was mainly driven by new acquisitions and completed development projects in Q4 2014. The Group expects the net rental income to grow further following the realisation of the full rental income on the Quadrio and Meteor developments.

The overall positive development in the real estate sector motivated the Group to invest more in repairs and maintenance costs to support the long-term value and marketability of the assets.

Net business income

The net business income improved by 6% from EUR 48 million to EUR 51 million compared to last year's Q1. This positive development is reflected mainly by the improved result from rental and hotel activities.

Net valuation gain on investment property / valuation of the investment property

The valuation of investment property was kept stable in Q1 2015 with a modest EUR 8 million net gain on properties with a major improvement on operational results. In comparison, the Group revalued the Berlin portfolio in Q1 last year, which was the key reason for a gross revaluation gain of EUR 97 million.

Administrative expenses

Administrative expenses are showing a slight increase of EUR 1 million to EUR 10 million in the first three months of 2015 compared to EUR 9 million over the same period in 2014. The increase corresponds to the growth the Group achieved as well as increased reporting and regulatory standards which the Group has applied.

Net finance income / costs

Total net finance costs dropped by EUR 19 million to EUR 1 million over 3 months in 2015. This was caused by other net financial results where the Group showed a profit of EUR 14 million compared to a loss of EUR 5 million in Q1 2014. The main driver of the change is represented by a foreign exchange gain of EUR 12 million. A gain on the revaluation of derivatives of EUR 2 million also contributed to the positive result.

An increase in interest expenses by 25% from EUR 18 million to EUR 22 million is reflected mainly by the additional cost of financing due to the Group's portfolio extension. The increase in interest income of EUR 4 million is a result of newly provided loans in 2014.

Income tax expense

Income tax represents mainly the deferred tax expense and is primarily reflected by net valuation gains on investment property.

Net Profit

As a result of the above, the net profit for the period amounted to EUR 37 million.

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Balance sheet

MEUR	31 March 2015	31 December 2014
NON-CURRENT ASSETS		
Intangible assets and goodwill	73	73
Investment property	3 434	3 373
Property, plant and equipment	90	105
Biological Assets	2	2
Financial assets at fair value through profit or loss	0	0
Other non-current assets	108	86
Total non-current assets	**3 707**	**3 639**
CURRENT ASSETS		
Inventories	83	85
Biological Assets	4	4
Trade receivables	65	47
Cash and cash equivalents	125	108
Other current assets	331	336
Total current assets	**608**	**580**
TOTAL ASSETS	**4 315**	**4 219**
EQUITY		
Equity attributable to owners of the Company	1 595	1 552
Non-controlling interests	7	7
Total equity	**1 602**	**1 559**
NON-CURRENT LIABILITIES		
Bonds issued	485	507
Financial debts	1 315	1 220
Deferred tax liabilities	393	385
Other non-current liabilities	67	57
Total non-current liabilities	**2 260**	**2 169**
CURRENT LIABILITIES		
Bonds issued	20	33
Financial debts	287	326
Trade payables	33	32
Other current liabilities	113	100
Total current liabilities	**453**	**491**
TOTAL EQUITY AND LIABILITIES	**4 315**	**4 219**

Total assets and total liabilities

Total assets increased by EUR 96 million (2%) to EUR 4,315 million as at 31 March 2015. The increase is primarily connected with the increase in the property portfolio which rose by EUR 46 million to EUR 3,599 million. The increase in Cash and cash equivalents was EUR 17 million to EUR 125 million which is 16% higher than at 31 December 2014 and also contributed to an increase in total assets. Finally, the Group experienced a seasonal increase in trade receivables of EUR 20 million primarily due to tenants' services charges to be collected in Q2 2015.

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Non-current and current liabilities total EUR 2,713 million as at 31 March 2015 which represents an increase of EUR 52 million (2%) compared to 31 December 2014. The main drivers of this increase were:

- Slight growth in external financing and related financial derivatives in total by EUR 21 million;
- EUR 8 million increase in deferred tax liabilities mainly as a result of the revaluation of the property portfolio;

Growth in non-current liabilities of EUR 91 million and a decrease in current liabilities of EUR 38 million mainly relate to a change in the maturity profile of bank loans reflecting the refinancing in Q1 2015.

Net Asset Value (NAV)

The increase in EPRA NAV to EUR 1,994 million is mainly reflected by a solid profit of EUR 37 million for the first quarter of 2015.

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