

CPI Property Group to Raise EUR450 Million of Additional Equity—Need to Watch Its Impact on Financial Structure

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on CPI Property Group S.A.'s announcement on its plan to raise additional equity of EUR450 million.

- (1) On 22 November, CPI Property Group S.A. (CPIPG) announced its plan to raise additional equity of EUR450 million. The announcement noted that CPIPG has agreed with the funds (the "Apollo Funds") managed by affiliates of Apollo Global Management, Inc. upon subscription for new shares for a total amount of EUR300 million by the end of 2021, subject to satisfaction of certain conditions. Following this, the Apollo Funds is expected to hold an equity stake of 5.5%. It was also announced that Mr. Radovan Vitek, founder and majority shareholder of CPIPG, also subscribed to new shares amounting to EUR150 million. As a result, CPIPG's share capital was increased from EUR817 million to EUR842 million and Mr. Vitek owns 93.9% of share capital.
- (2) According to the announcement, proceeds from these share issuances will be used for acquisitions and deleveraging. When CPIPG announced in April 2021 its plan to acquire remaining shares of Globalworth, it expressed its intention to remain committed to its financial policy through initiatives including third-party equity investments (see the press release published by JCR on April 15, 2021). JCR sees the capital increase announcement this time to be in line with this financial policy. JCR will monitor future development of acquisitions and progress on CPIPG's efforts for deleveraging, and will factor their impact on the group's financial structure in its rating.

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<Reference>

Issuer: CPI Property Group S.A.

Foreign Currency Long-term Issuer Rating: A-

Outlook: Stable

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