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PRESS RELEASE  
Luxembourg, 11 April 2019

### **CPI PROPERTY GROUP – further statement in relation to the alleged action filed by Kingstown and other parties**

CPI PROPERTY GROUP ("CPIPG") has prepared this additional statement with regard to our press release "CPI PROPERTY GROUP – statement in relation to the alleged action filed by Kingstown and other parties" published on 10 April 2019. The purpose of this release is to provide additional details to our investors and other stakeholders.

CPIPG yesterday received an e-mail from a reporter at the Financial Times (FT) concerning a lawsuit filed by several Kingstown entities, Investhold Ltd. and Verali Limited against CPIPG and Mr. Radovan Vitek, among others, in the United States District Court for the Southern District Court of New York. CPIPG confirms that service of the complaint has not been effectuated and CPIPG's knowledge about the case is based largely on press coverage and information provided by FT.

This press release expands upon our pronouncement yesterday that the claims asserted against CPIPG are completely unjustified and without merit.

Kingstown is a U.S.-based "special situations" hedge fund which appears to invest through U.S. and off-shore vehicles. Kingstown alleges that it suffered harm through the acquisition/buyout of Orco Property Group. Kingstown's claim has no merit. Kingstown was not, at the relevant times, a shareholder of CPIPG. Indeed, Kingstown has unsuccessfully pursued litigation against Mr. Vitek, CPIPG, Orco Property Group (as a subsidiary of CPIPG) and certain other parties in Luxembourg for several years. The Luxembourg court has not yet decided if the Kingstown's claims are admissible for the pleadings on merits. Moreover, information regarding the Luxembourg litigation was disclosed in CPIPG's recent disclosure documents.

Investhold Ltd. and Verali Limited are offshore vehicles of Mr. Marek Čmejla, a Czech citizen, and Jiří Diviš, a Swiss citizen of Czech origin (jointly "Investhold"). Mr. Čmejla and Mr. Diviš participated in certain privatization processes in the Czech Republic. In connection with the privatization of Mostecká uhelná (a Czech coal mining company) Mr. Čmejla and Mr. Diviš were convicted of fraud and money laundering in Switzerland in 2013. In the local Czech press, Investhold has in the past claimed that it had a partnership with our primary shareholder, Mr. Radovan Vitek. This position has no merit.

The claims are further based on the allegations that Mr. Vitek engaged in certain financial transactions, but there is no factual basis or grounds for these claims. Neither is there any basis for plaintiffs' claim that Mr. Vitek engaged in criminal activity.



The lawsuit also suggests that Kingstown, Alchemy and Mr. Vitek, as the largest shareholders of Orco, were engaged in a dispute upon Mr. Vitek's arrival to Orco. This a false statement. Kingstown, Alchemy and Mr. Vitek consulted on board composition, voted in support of respective nominees on general meetings, and jointly injected equity capital into OPG in 2013. The disagreement came later when it became clear that OPG was in poorer shape than expected (e.g., a dispute over the value of Zlota residential development in Warsaw, Poland), and would require further capital injections. Such long-term capital injections were palatable to Mr. Vitek as a long-term investor in the property market, but less attractive to hedge funds looking to make a quick profit.

In CPIPG's view, Kingstown and Investhold have joined together to file suit in the U.S. for the sole purpose of inflicting maximum reputational damage to CIPIG, including through various press coverage based on false allegations. Working together, Kingstown and Investhold are foisting highly flagrant "RICO" allegations to sensationalize their claims and generate publicity, with an excessively large damages claim not grounded in fact.

This lawsuit is meant to harm CIPIG, damage the company's reputation in the eyes of its investors, and as such, CIPIG will take all appropriate action to defend itself and its shareholders. Additionally, CIPIG will take all appropriate steps to seek relief against Kingstown and Investhold. Once again, CIPIG confirms that the allegations set forth in the U.S. lawsuit are false, misleading and without merit.

It is not surprising that plaintiffs have commenced this lawsuit while CIPIG is in the process of financing. The financing is based on a foundation of strong financial performance. Specifically, as of the end of Q1 2019, the group had over EUR 1 billion of liquidity, in the form of cash and revolving credit facilities. CIPIG does not have significant debt maturities in the coming years, and there is no significant acquisition pipeline at this time. Therefore, CIPIG's liquidity and financial ratios remain extremely strong. To the extent that CIPIG continues to observe secondary trading in CIPIG's bonds which does not reflect the fundamental strength of the company, debt repurchase activities may be considered (subject to legal and regulatory guidelines). Despite news regarding the complaint CIPIG received strong support from the international bond markets.

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

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