



CPI PROPERTY GROUP
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PRESS RELEASE
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CPI PROPERTY GROUP – Governance, Liquidity and Litigation Update

CPI PROPERTY GROUP (“**CPIPG**” or the “**Group**”) has prepared the following update for our bond investors, banks, shareholders, external rating agencies and other stakeholders.

Corporate Governance

CPIPG’s 2018 management report contained additional detail and disclosure about the Group’s corporate and social governance practices, which have been consistently strengthened in recent years. The Group is committed to exceeding the disclosure requirements of our bond and equity listings and appreciates feedback from our stakeholders about potential future initiatives.

CPIPG’s board of directors is currently comprised of seven members, one of whom (Chairman Edward Hughes), is independent. At the Group’s annual general meeting to be held on 29 May 2019, a second independent board member will be proposed: Mr. Omar Sattar, a former managing director of Colliers International in the Czech Republic and a long-time CEE real estate specialist. The Group is hopeful that this appointment will be welcomed by our stakeholders; CPIPG will continue to explore changes to board composition over time. Following the annual general meeting, CPIPG also intends to make changes to the composition of certain board committees to increase the level of independence.

Liquidity, Investments and Funding

Following the successful issuance of hybrid bonds in April 2019, the Group’s liquidity position (cash and revolving credit facilities) currently exceeds EUR 1.5 billion. While the Group intends to maintain ample cash balances, CPIPG will continue investing in capex and refurbishment of our existing portfolio while pursuing real estate acquisitions involving individual assets, portfolios of assets, and through other strategies. At the moment, the Group is evaluating opportunities in the Czech Republic, the CEE region, Berlin and the UK. CPIPG may also use cash to retire debt early, as we have done in recent years, depending on the capital structure benefit, economic impact and feedback from the market. CPIPG’s commitment to achieving high BBB credit ratings is unwavering.

Litigation Update

In relation to the action filed by Kingstown and other parties in the Southern District of New York, CPIPG has retained an international law firm, Hogan Lovells, with an experienced team



of litigators and significant experience in RICO cases. Hogan Lovells has offices in New York, where the case is pending, as well as in our home jurisdiction of Luxembourg.

CPIPG notes that the plaintiffs have actively sought press coverage in the US and Europe. The Group believes the claim (for an unsubstantiated, headline-grabbing amount) and pursuit of press coverage were designed to exert pressure on CPIPG to settle. CPIPG believes that the complaint lacks factual substance and fails to substantiate or quantify the basis behind the alleged damages. Additional detail regarding CPIPG's legal and factual arguments will only be disclosed in conjunction with our public court filings.

CPIPG is prepared to defend the case vigorously and recognises that dismissal of the New York litigation could require several years. Service of the complaint has not yet been effectuated. With high levels of liquidity and the facts on our side, CPIPG has no intention to settle any claim and will not bow to undue pressure. Accordingly, CPIPG will not create any accounting provisions at this time.

For more on CPI PROPERTY GROUP, visit our website: www.cpipg.com

For further information please contact:

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