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PRESS RELEASE
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CPI PROPERTY GROUP – Update on New York Litigation

CPI PROPERTY GROUP (“**CPIPG**”), the leading owner of income generating real estate in the Czech Republic, Berlin and the CEE region, wishes to update our stakeholders about the status of a lawsuit filed in April 2019 against CPIPG and other parties in the United States District Court for the Southern District of New York (the “**SDNY Court**”).

The lawsuit concerns a group of Kingstown companies, Investhold LTD and Verali Limited (together, the “**Kingstown Plaintiffs**”) who filed a claim in the United States against, among others, CPIPG and Mr. Radovan Vitek (the “**CPIPG Defendants**”). The claims brought by the Kingstown Plaintiffs include alleged violations of the Racketeer Influenced and Corrupt Organizations Act (“**RICO**”) in the United States.

As stated previously, the CPIPG Defendants see no merit to the claims brought by the Kingstown Plaintiffs. CPIPG believes the lawsuit, for a headline-grabbing unsubstantiated amount, was intended to force an undue settlement through bad press about CPIPG and Mr. Vitek. CPIPG is delighted that since the time when the lawsuit was filed, the group’s business has continued to thrive and CPIPG’s financial position has strengthened. CPIPG will not settle under any circumstances and has hired the international law firm of Hogan Lovells US LLP to mount a vigorous defense.

On 10 September, the CPIPG Defendants filed a motion to dismiss the case in the SDNY Court. At this stage of the proceedings, the motion seeks dismissal based on jurisdictional deficiencies and pleading defects, as opposed to analyzing the merits underlying the allegations. CPIPG set forth the following core arguments in its motion to dismiss:

- i. The Kingstown Plaintiffs have failed to justify the application of RICO outside the United States;
- ii. The SDNY Court lacks jurisdiction over the CPIPG Defendants;
- iii. The Kingstown Plaintiffs’ alleged RICO claims are time-barred under RICO’s four-year statute of limitations;
- iv. The SDNY Court is an improper forum to hear the case given that, among other things, Kingstown initiated nearly identical proceedings in Luxembourg in January 2015 which are still pending; and
- v. The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPIPG Defendants.

CPIPG believes these arguments are extremely well-supported by judicial authority.



The SDNY Court scheduled a preliminary conference with all parties, including the CPIP Defendants and the Kingstown Plaintiffs, on 13 September 2019. CPIP believes the motion to dismiss is strong and expects a decision in due course, but remains prepared for a long defense process if necessary.

“CPIP is moving confidently forward with our business plans and sees bright prospects across our property portfolio,” said Martin Nemecek, CEO of CPIP. “We appreciate the support of our banks, investors and other stakeholders as CPIP focuses on growth and long-term sustainable value.”

Copies of the motion to dismiss can be obtained from the SDNY Court.

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

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