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PRESS RELEASE
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CPI PROPERTY GROUP – New York Litigation Status Update

CPI PROPERTY GROUP (“**CPIPG**” or the “**Company**”), the leading owner of income generating real estate in the Czech Republic, Berlin and the CEE region, has prepared the following update for our stakeholders regarding the 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 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 (“**RIICO**”) in the United States.

The New York lawsuit is baseless and has no merit. The CPIPG Defendants have vigorously denied the allegations since the inception of the case, and continue to believe that the lawsuit was intended to compel an unwarranted settlement by creating sensational and negative headlines in the press. The New York complaint also contains many similarities to a lawsuit filed in Luxembourg by Kingstown in 2015, from which CPIPG was dismissed on 21 June 2019. On 10 September 2019, the CPIPG Defendants filed a motion to dismiss the New York case in the SDNY Court based on a lack of jurisdiction and other pleading defects.

Rather than replying to the motion to dismiss, on 22 November 2019 the Kingstown Plaintiffs filed an amended complaint in the SDNY Court. The amended complaint does nothing to cure the serious pleading defects and jurisdictional infirmities present in the original complaint, and the CPIPG Defendants will be moving to dismiss the case on substantial grounds in due course. Because the complaint was amended to add additional parties, a new timetable and briefing schedule will be determined.

Among other false and misleading statements, the amended complaint alleges that in May 2019, Mr. Cmejla and Mr. Divis (owners of Investhold and Verali) filed a fraud complaint in the High Public Prosecutor’s Office in Prague against Mr. Vitek and other CPIPG Defendants. While more than six months have elapsed since the purported complaint was filed, none of the CPIPG Defendants have been notified of any such complaint or inquiry in the Czech Republic or any other jurisdiction. All past attempts by Mr. Cmejla and Mr. Divis to allege wrongdoing by Mr. Vitek and/or CPIPG have failed and will continue to fail. Indeed, the only fraudulent activity



of which the CPIPG Defendants are aware relates to the convictions of Mr. Cmejla and Mr. Divis for fraud and money laundering in Switzerland in 2013.

CPIPG appreciates the consistent support of bondholders, banks and other stakeholders since the New York litigation was introduced. CPIPG's position and strategy with regard to the litigation are unchanged, and the Company's business and capital structure are stronger than ever. CPIPG is currently focused on completing a substantial acquisition pipeline in Warsaw; investors should expect further updates on acquisitions in coming days and weeks.

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

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