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PRESS RELEASE
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CPI PROPERTY GROUP – Update on New York Litigation

CPI PROPERTY GROUP (“**CPIPG**” or the “**Group**”) 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 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.

The New York lawsuit is baseless, has no merit, and was clearly designed to generate press coverage. The Group’s business has been totally unaffected by the New York lawsuit and by similar attempts by the Kingstown Plaintiffs to harm the reputation of CPIPG and Mr. Vitek. This morning, CPIPG reported superb preliminary operating results for 2019 and is pleased to have successfully issued nearly EUR 2 billion of bonds on the international capital markets since the New York lawsuit was filed.

On 10 September 2019, the CPIPG Defendants filed a motion to dismiss the case in the SDNY Court. On 22 November 2019, the Kingstown Plaintiffs filed an amended complaint in the SDNY Court. The amended complaint adds new non-US defendants and simply continues the false campaign against CPIPG and Mr. Vitek. The amended complaint does nothing to cure the serious jurisdictional deficiencies and pleading defects present in the original complaint.

On 14 February 2020, the CPIPG Defendants filed a motion to dismiss the amended complaint. The arguments presented in the motion resemble those presented by the CPIPG Defendants in September 2019 and are further refined given the new allegations:

- 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 against some of the CPIPG Defendants;



- v. The Kingstown Plaintiffs have nonetheless failed to adequately state any claim against the CPIPG Defendants.

CPIPG believes the motion to dismiss the amended complaint warrants dismissal and awaits a decision in due course. The Group will continue to update all of our stakeholders on progress in the case and appreciates the steadfast support that CPIPG has received from our tenants, bond investors, banks and other stakeholders.

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

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