Response to Short-Seller Report

Muddy Waters: Fishing Expedition


Bubenská 1, Prague

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Table of Contents

Quadrio, Prague

Introduction to CPI Property Group

- **CPIPG is the leading owner of income-generating real estate in Central and Eastern Europe, with a property portfolio of more than €20 billion.**
  - » Our real estate generates more than €1 billion of revenue annually, with more than 8,000 tenants across over 700 commercial properties and 13,000 apartments.
- **CPIPG is a closely held company, with a long history and long-term vision.**
  - » Our roots can be traced back to the 1990s, when the Group was founded by Radovan Vítek following the Velvet Revolution and end of socialism in the Czech Republic.
  - » Radovan Vítek owns nearly 90% of CPIPG shares, Apollo owns 4.6%, with the remaining 5% owned by others. Year-to-date, about 130k shares have traded per Bloomberg (0.001% of outstanding).
- **Today, CPIPG's most important external stakeholders include our bondholders and banks.**
  - » For these stakeholders, we have promised to meet the terms of our financing agreements; to be transparent, accurate and accessible; to operate the business well; to pursue good governance, and to fight for our credit ratings and a conservative capital structure.
- **CPIPG is confident that we have met, and will continue to meet, all our obligations to our key stakeholders.**


Zlatý Anděl, Prague

Muddy Waters Got it Wrong

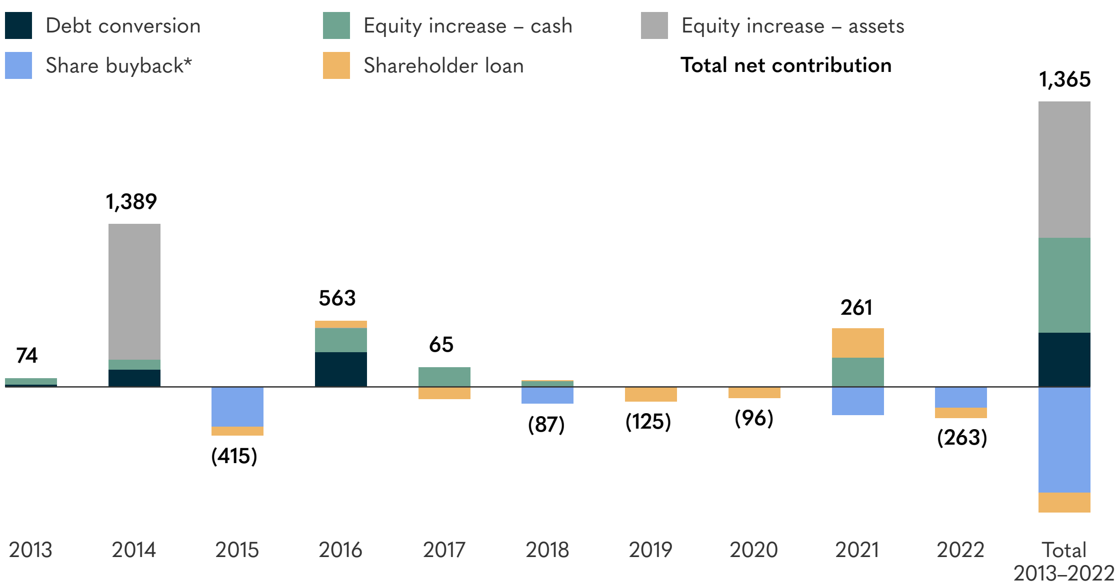
- **Muddy Waters' report paints a misleading picture by taking facts out of context.**
- **Muddy Waters attempted to create an impression that CPIPG was hiding related party transactions** and overstating valuations without any basis.
  - While some transactions are complex, CPIPG has never obscured our relationship with Radovan Vítek, his family, or any other related parties.
  - Radovan Vítek did not "cream," "squeeze" or "brazenly loot" his company. **He has contributed nearly €1.4 billion to CPIPG in the past 10 years.**
  - None of the "evidence" presented by Muddy Waters to date indicates any errors from an accounting or valuation perspective.
  - CPIPG received clean audit opinions from KPMG (2011–2018) and EY (since 2019).
  - All valuations are conducted annually by reputable third parties. The Group signed more than €2 billion of disposals in 2022/2023 at a premium to book value.
- Each of Muddy Waters' allegations against CPIPG can be explained by a careful review of the facts, **which is where the research of Muddy Waters clearly falls short. In the desire to prove a case, critical points were omitted.**

Quadrio, Prague

Shareholder Contributions Far Exceed Distributions

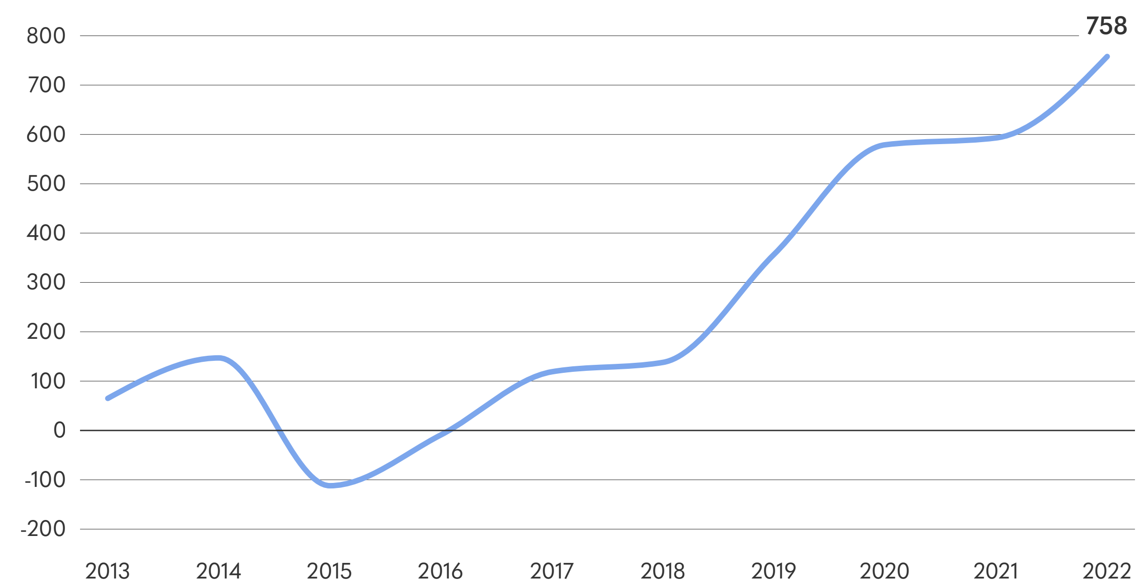
- **CPI Property Group SA (the entity) is the former Orco Germany, which was a nearly bankrupt company rescued by Radovan Vítek along with Orco Property Group in 2013/2014.**
  - Radovan Vítek recapitalised Orco Germany by contributing his longstanding 100% owned vehicle, CPI a.s., into the Group.
- **In total, Radovan Vítek contributed a net amount of almost €1.4 billion to CPIPG between 2013 and 2022.**
  - Contribution of assets, contribution of cash, and conversion of debt into equity, net of all cash outflows to Radovan Vítek.

Mr. Vítek's net contribution into CPIPG (€ million)



* Radovan Vítek only

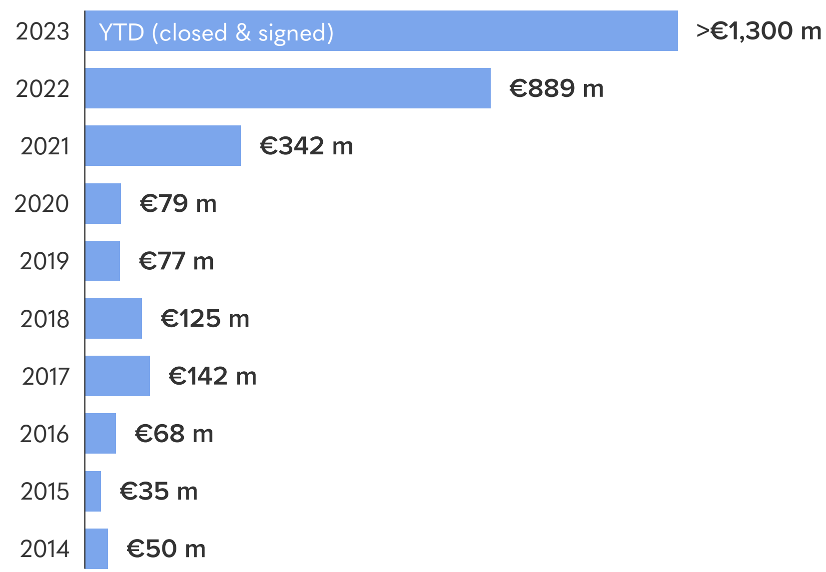
FFO retained cumulative (€ million)



Third Party Valuations are Verified Through Sales

- **Muddy Waters alleges, but provides no evidence to prove, that valuations are inflated.**
- **CPIPG's valuations are conducted annually by external reputable independent valuers** such as CBRE, JLL, Savills and others.
- Valuations are reviewed by the Group's auditors: EY (since 2019) and KPMG (2011-2018).
- **Since 2022, CPIPG has signed disposals to third parties for over €2 billion at a premium to book valuation.**
- In addition, CPIPG signed nearly €1.2 billion of new secured and unsecured financing during 2023. **Banks always conduct a fresh valuation before lending.**
- Other processes during 2023, including those involving possible equity investments in Germany and Poland, have further confirmed the **accuracy and professionalism of our valuations.**

Over €3.1 billion in disposals since 2014



Largest Valuers of the Group's assets, 2022

Valuer	% of total
CBRE	36%
JLL	25%
Savills	14%
Colliers	8%
Cushman & Wakefield	4%
Total top 5	**87%**

Crans-Montana Ski Resort

ESG Has Driven Positive Change for CPIPG

- While Muddy Waters has described ESG as a “delusion”, **for CPIPG, ESG has been a catalyst of positive change since 2018/2019.**

2019

Dentons reviewed CPIPG’s compliance, procurement and other policies, leading to the implementation of further policies and procedures. Omar Sattar joined as a second independent board member.

2020

Radovan and Marie Vítek retired from the board of directors while Jonathan Lewis joined as a third independent member.

2021

Funds managed by Apollo become a new equity investor in CPIPG after conducting comprehensive due diligence; Tim Scoble appointed to the board of directors.

2023

White & Case will conduct a fresh review of CPIPG’s compliance, governance, related party transactions, and other policies. The Group will report on the progress of the review and any actions to be taken.

- **CPIPG follows the Ten Principles of Corporate Governance of the Luxembourg Stock Exchange and has taken many steps to strengthen our corporate governance, including but not limited to:**
  - » Increasing independent members of the Board and Committees.
  - » Strengthening of Group Internal Audit Team in 2021.
- **Strong ESG ratings from leading independent research companies.**
- Significant increase in independent committee members’ since 2018 with today’s audit committee and remuneration and related party transaction committees consisting only of independent members.

SUSTAINALYTICS

Low Risk: 12.6 / 100 (2023)

from 15.2 / 100 (2020)

Top 6% of issuers globally

MSCI ESG RATINGS **BBB**

CCC	B	BB	**BBB**	A	AA	AAA

Electric car charger, Spektrum, Prague

Fishing Expedition Came Up Empty

Allegation	Muddy Waters said	The facts
1 (2016)	*Undisclosed related party*	→ Not a related party
	Valuation issue	→ Valuation easily justified
2 (2016)	*Undisclosed related party*	→ Disclosure was correct
	Conflicts of interest	→ No conflict of interest
3 (2022)	*Improper payment*	→ Clear legal advice on treatment of minorities
	Share price manipulation	→ A typo (a rarity for our team)
4 (2021)	*Bought a golden yacht!*	→ Primarily bought a shopping mall

1 Polygon BC and MQM

Kolbenova Residential Development Prague
(Polygon BC) as of September 2023

1 Polygon BC and MQM

The allegation

"In 2014, in an undisclosed related party transaction a proxy entity for Vitek acquired two HoldCos from CPIPG for €14.2 million. In 2017, Vitek sold the HoldCos back to CPIPG for €50.9 million. Vitek seemingly 'creamed' €30.9 million."

Our response

- All aspects of the sale and subsequent reacquisition of the properties were transparently disclosed, and transactions took place at arm's length.
- The sale in 2014 was not to a related party.
- The price difference upon repurchase in 2017 was driven by market conditions and improvements in the permitting situation.
- Since the acquisition, CPIPG has made a significant profit on the properties and expects to monetise further profits.

The facts

1) In 2014, Czech Property Investments, a.s. sold two entities holding landbank in Prague for a total sales price of €20 million to a fund called Nas Prvy Realitny. At the time, the group needed cash for other strategic priorities.

2) Nas Prvy Realitny **was not a related party of CPIPG.** The fund is owned and managed by Poštová banka (now 365 Bank), which is a well-known bank and real estate investor in Slovakia and the Czech Republic.

Visualisation of ongoing Kolbenova (Polygon BC) development

1 Market-Driven Pricing

The facts (continued)

3) At the time of sale in 2014, the land plots were valued using the comparable transactions method as potential development was considered a long way off.

4) In the following years, planning permission on the land plots (particularly within Polygon BC) progressed significantly, and the valuation shifted to the future development value (FDV) method. The valuation increase was driven by general improvement of the real estate market in the Czech Republic and the prospect for obtaining building permits for about 1,000 apartments.

5) In 2017, Radovan Vítek acquired the properties and contributed the assets to CPIPG at the valuation price and **disclosed a related-party transaction.**

6) Polygon BC refers to CPIPG's residential land plot in Kolbenova. Construction began on the units in Q2 2022, and the most recent valuation by JLL was €113.5 million (2017: €37.2 million and 2014: €16.7 million), meaning that the transaction brought significant value to CPIPG stakeholders.

7) MQM Czech refers to Řitka, which finally received a building permit in 2022 and was valued by JLL at the end of 2022 at €38 million (2017: €13.7 million and 2014: €3.3 million).

Visualisation of ongoing Kolbenova (Polygon BC) development

1 Arms-Length, Not Related Party

Nas Prvy Realitny was Not a Related Party

1) Certificate showing beneficial owner of Nas Prvy Realitny.
https://365invest.sk/media/vhily3iy/rocna-sprava-2014.pdf

A. **General information on the Fund - continued**

2. **Business name of the management company and its immediate parent company**

The manager of the Fund shall be the OUR FIRST REAL ESTATE O.P.F. – FIRST PENSION MANAGEMENT COMPANY OF THE POST BANK, admin, company, a.s. ('the management company'), registered in the Commercial Register of the District Court of Bratislava I., Section Sa. rider no. 896/B.

Identification number: 31 621 317

Tax identification number: 2020822243

Administrator's seat: Dvořákovo nábrežie 4, Bratislava, PSC 811 02, IČO: 316 213 17.

The parent company of the management company is Poštova banka, a.s., based in Bratislava, Dvořákovo nábrežie 4, Bratislava, PSC 811 02, registered in the Commercial Register of the District Court Bratislava I., Section Sa, rider no. 501/B.

The ultimate owner of the entire Group is J&T FINANCE GROUP SE, a.s., Pobřežni 297/ 14, 186 00 Prague, Czech Republic.

The depositary of the Fund is "Poštová banka, a.s.", with its registered office in Bratislava. Dvořákovo nábrežie 4, Bratislava, PSC 811 02, registered in the Commercial Register of the District Court Bratislava I., Section Sa, rider No 501/B.

Translated with DeepL.com

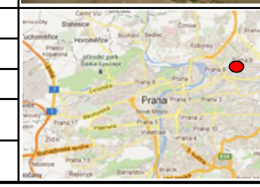
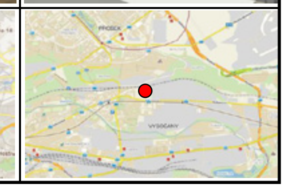
2) Polygon BC and MQM Czech – DTZ (Cushman & Wakefield today) valuation reports 2013 snapshots

DTZ a UGL company

Ablon Praha
Kolben Site in Prague 9 - Valuation Report

Property No.	137_8
Valuation Date	**31.12.2013**
Property Address	Kolbenova, Prague 9
Date of Inspection	18.9.2013
Cadastral Area	Vysočany
List of Ownership	2152
Site area (sq m)	55,841
Exchange Rate (CZK/EUR)	27.517
Valuation Methodology	Comparable Method
Market Value (CZK)	**279,200,000**
Market Value (EUR)	10,150,000

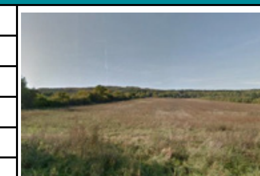
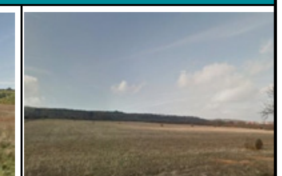


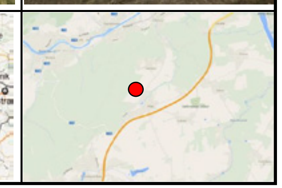



DTZ a UGL company

Ablon Praha
Site in Řitka - Valuation Report

Property No.	137_6
Valuation Date	**31.12.2013**
Property Address	Řitka
Date of Inspection	18.9.2013
Cadastral Area	Řitka
List of Ownership	799
Site area (sq m)	394,701
Exchange Rate (CZK/EUR)	27.517
Valuation Methodology	Comparable Method
Market Value (CZK)	**78,900,000**
Market Value (EUR)	2,870,000



1 Clear Third-party Valuations

3) Polygon BC and MQM Czech – RSM valuation reports 2017 snapshots

RSM

6 Final Result

On the basis of our examination and the analyses conducted, which analyses form a part of this Economic Study, and in accordance with the purpose of valuation specified above, we hold the opinion that the fair value of real estates under valuation at 30th June 2017 is:

Company	Fair Value of Real Estates
Kolbenova - Land plots for future development	CZK 956,900,000

€37 m

RSM

5 Final Result

On the basis of our examination and the analyses conducted, which analyses form a part of this Economic Study, and in accordance with the purpose of valuation specified above, we hold the opinion that the fair value of real estate under valuation at 30th June 2017 is:

Company	Fair Value of Real Estates
Řitka - Land plots	CZK 351,700,000

€13.5 m

Note: Based on CZK/EUR FX rate at the date of valuation

4) Polygon BC and MQM – JLL valuation reports 2022 snapshots

SUMMARY REPORT

Valuation Date	31/12/2022
Property Name	Land for development
Country	Czech Republic
City	Prague
Address	Kolbenova Street
Market Value Polygon BC a.s.	**2,739,000,000 CZK**
Market value per sqm	55,069 CZK/sq m

€113.5 m

SUMMARY REPORT

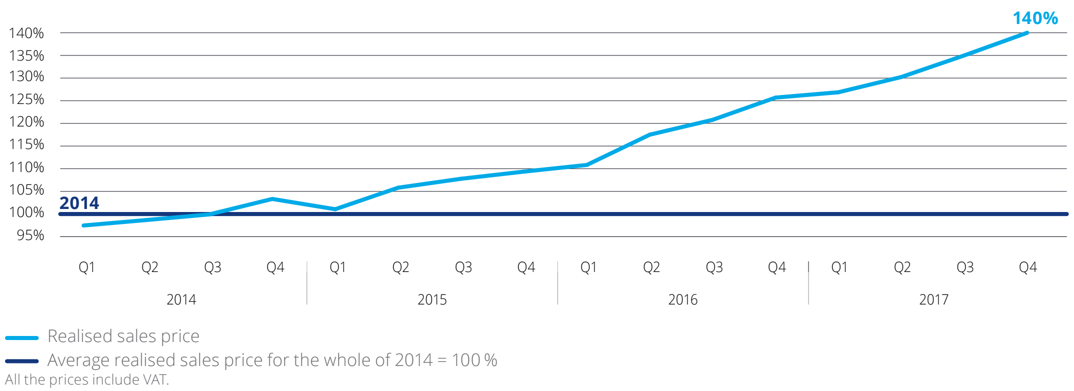
Company:	MQM Czech, a.s.
Valuation Date	31/12/2022
Property Name	Land bank Řitka
Country	Czech Republic
City	Řitka
Address	Řitka, Všenorská Street
Market Value	**918,200,000 CZK**
Market value per sqm	2,300 CZK/sq m

€38 m

1 Significant Demand for Land and Residential Units

5) The growth in apartment prices was a key driver for the value increases of the land in combination with the progress on the process to obtain zoning permits.

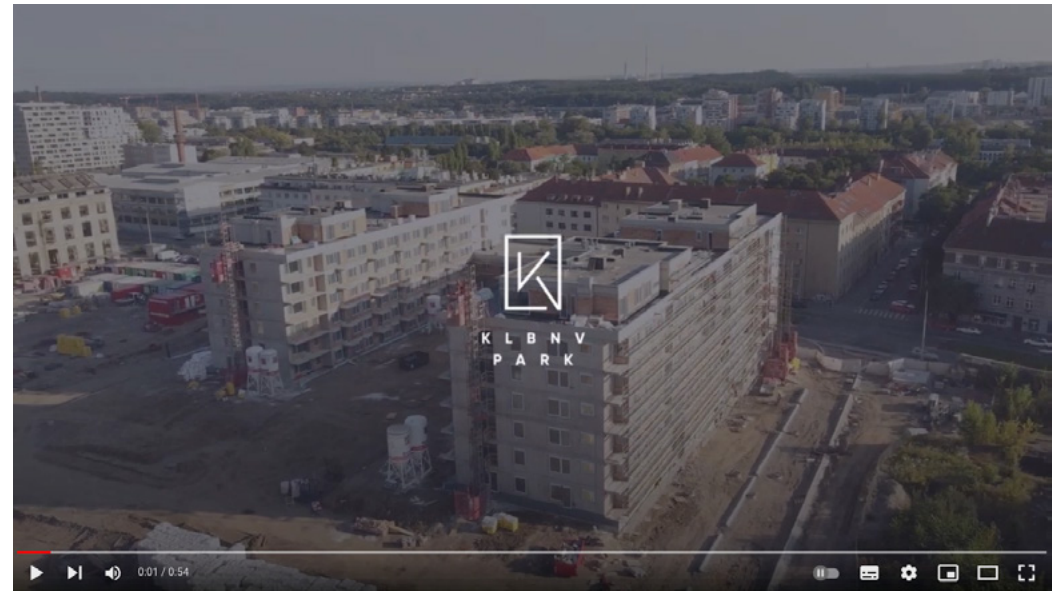
Development of the actual apartment sales prices index in Prague and regional capitals



Source: Deloitte Real Index Q4 2017

6) The development is financed by Raiffeisenbank a.s., Czech subsidiary of Raiffeisenbank International and was reviewed by the lender as part of its customary underwriting process.

7) Kolbenova development (Polygon BC) in Prague.



https://www.youtube.com/watch?v=IhuJ0A2PFkI

1 Kolbenova: Successful Development

Current status

1) Construction underway of 246 apartments (1st phase – all phases will be appr. 1,000 apartments).
2) Website: https://klbnvpark.cz/
3) Expected completion: Q3 2024
4) 151 apartments already sold for CZK 1,042 million (€42 million)
5) Amount spent so far on 1st phase: CZK 531 million (€22 million) out of CZK 884 million (€36 million)
6) Expected profit: > CZK 700 million (€28 million) (1st phase only)

Note: Based on CZK/EUR exchange rate 30 November 2023

Visualisations of ongoing Kolbenova (Polygon BC) development

2 CPI Hotels

Clarion Congress Hotel Prague

2 CPI Hotels: Proud Owner Since 2016

The allegation

"CPI Hotels... was an arms-length company until CPIPG acquired it in 2016. However, it appears to have been secretly owned by Vitek through a proxy prior to the sale. At the time CPIPG took ownership, CPI Hotels and its parent owed CPIPG €61.2 million. CPIPG 'purchased' CPI Hotels by forgiving €44.9 million of receivables due and Radovan Vitek also sold back a receivable of €14.9 million to CPIPG."

Our response

- CPIPG is pleased that we acquired CPI Hotels in 2016. CPI Hotels operates the vast majority of CPIPG's hotel properties.
- CPI Hotels generated €81 million of turnover and €23 million in net income in the first nine months of 2023 and is a valuable part of the Group.
- Through CPI Hotels, CPIPG can fully control hotel operations, enjoy synergies, avoid third-party operator risk and react quickly to market changes, which paid off in particular during the COVID pandemic.
- All interests were properly disclosed, the seller in 2016 (Mr. Savic) was not a related party, and the purchase price was verified by an independent valuation from Mazars.

The facts

1) CPI Hotels began operations about 30 years ago as Fortuna Hotels, which operated several hotels in the Czech Republic. For many years, the ownership was highly fragmented among multiple investors and entities.
2) Edward Hughes acquired CPI Hotels (via an entity called Mark Gilbert International or MGI) in 2009 by purchasing shares from many different owners.
3) Edward Hughes has resided in the Czech Republic since 1991 and is an entrepreneur who founded the premier Czech residential brokerage, LEXXUS, now called LEXXUS-NORTON. Mr. Hughes also invested in real estate development projects in Serbia with a partner, Mr. Savic.

Mamaison Riverside Prague

2 Proper Disclosure and Arms-Length Valuation

The facts (continued)

4) CPIPG was not interested in owning the hotel operating business in 2009, because owner-operator and management contract operating models were not then widely accepted by banks, leading to potential challenges with bank financing. Over the years, as more institutional investors entered the hospitality sector and owner-operator and management contract operating models were proven to be robust, banks gradually became more comfortable to finance these structures.

5) In 2014, Edward Hughes was appointed as a director of CPIPG and disclosed his related party interest in CPI Hotels. Disclosures were repeated in 2015.

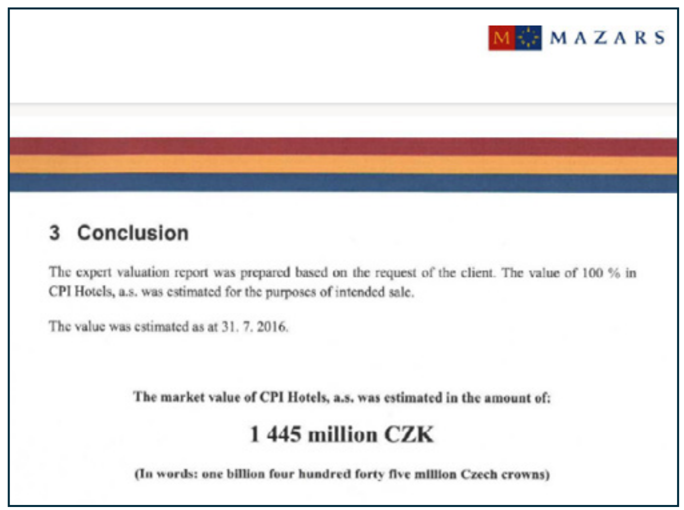
6) In 2016, Mr. Hughes sold MGI to Mr. Savic. Mr. Savic has never been an employee, partner or a related party of CPIPG.

7) Later in 2016, CPIPG reassessed our view of the strategic benefits of owning the operating business and saw an opportunity to potentially acquire CPI Hotels and gain full control over the operations.

8) Mazars provided a valuation in 2016 for CPI Hotels, which served as the basis for the purchase price. The market value of CPI Hotels was estimated at CZK 1,445,000,000 (€53.5 million).

9) The purchase price amounted to CZK 1,219 million (approximately €44.9 million) and it was not paid in cash, but settled against outstanding receivables.

10) The purchase price agreed between CPIPG and MGI was CZK 1,219,000,000 (€44.9 million) less than the market value estimated by Mazars.


MAZARS

3 Conclusion

The expert valuation report was prepared based on the request of the client. The value of 100 % in CPI Hotels, a.s. was estimated for the purposes of intended sale.

The value was estimated as at 31. 7. 2016.

The market value of CPI Hotels, a.s. was estimated in the amount of:

1 445 million CZK

(In words: one billion four hundred forty five million Czech crowns)


Clarion Hotel Prague Old Town

2 Conjecture and Incomplete Research

Muddy Waters Got Several Things Wrong

1) Muddy Waters tries to relate CPI Hotels to Radovan Vítek by noting that Tomáš Rybář, a well-regarded attorney in the Czech Republic, had power of attorney for MGI.
   - It's true that Mr. Rybář and his colleagues provide legal services to CPIPG and Radovan Vítek via the law firm Rybář, Soppé & Partners. However, Mr. Rybář has many other clients.
   - Prague is a relatively small market, and the best law firms work for many clients.
   - A company's external lawyer holding a standing power of attorney is very common practice in the Czech market (and many other European markets with notarial systems).
2) Muddy Waters then tries to relate Mr. Savic to CPIPG, saying that Mr. Savic "has been a CPI Group Serbia project management partner since 2010-2023."
   - Mr. Savic has never been an employee or an associate of CPIPG, nor has CPIPG conducted any business in Serbia until the acquisition of IMMOFINANZ in 2022.
3) MGI was never "controlled" by CPIPG. MGI was first controlled by Mr. Hughes as an unrelated party to CPIPG, then for several years by Mr. Hughes as disclosed related party, then finally by Mr. Savic as an unrelated party.
4) The settlement of the purchase price was complex and involved the set-off of receivables and debt.
5) No cash was paid to Radovan Vítek in connection with the purchase.

Mamaison Riverside Prague

2 MGI was Responsible for its Own Filing Delay

The allegation

"In June 2017, a Companies House filing retroactively reported Savic had acquired significant control (i.e., 75% or greater interest). We suspect this delayed reporting was a deliberate attempt to conceal another Vitek associate (in addition to Tomáš Rybár) at MGI."

Our response

- While CPIPG was not in any way responsible for the regulatory filings of MGI (as an unrelated company), we would like to highlight some important facts.

The facts

1) Excerpt from the Companies House blog:
https://companieshouse.blog.gov.uk/2016/06/29/advice-on-filing-psc-changes-with-companies-house/

   On 6 April 2016 the law changed requiring all companies to keep a PSC register and from 30 June 2016 companies will start to file this PSC information via their confirmation statements. As each company has a different filing date, based on the anniversary of their incorporation, it will take up to 12 months to develop a full picture of all UK companies' PSCs.

2) Snapshots from Muddy Waters' report on page 19 show in the Notification Details that Mr. Savic became a registrable person effective from 6 April 2016 – the exact date from when the law changed requiring all companies to keep a record of Persons with Significant Control (PSC).

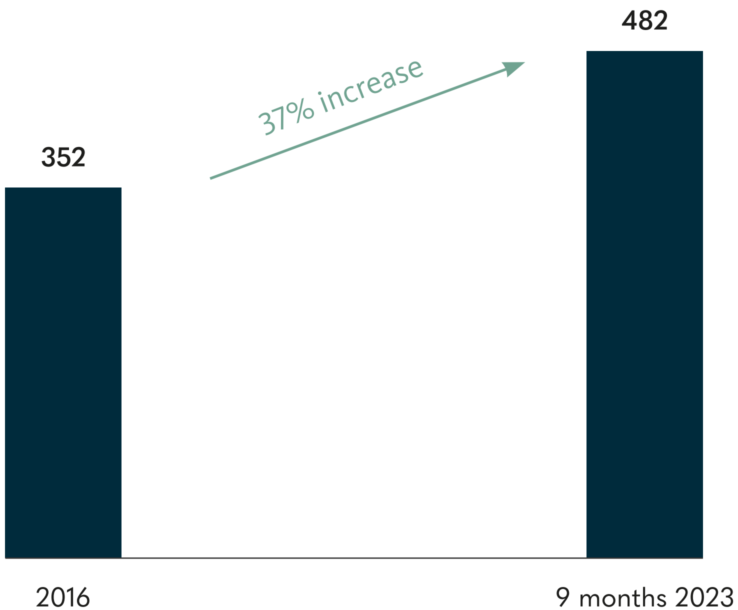
3) As described by Companies House in the excerpt above, each company, having different filing dates, could take longer to file such statements.

4) Therefore, we think that Muddy Waters has come to a **premature and incorrect conclusion** that the delayed filing was a deliberate attempt to conceal an associate.

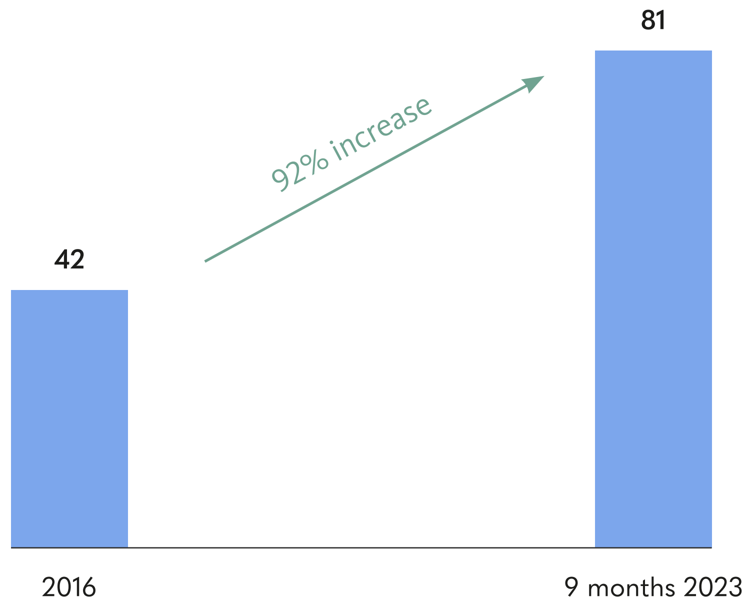
Clarion Congress Hotel Prague

2 Hotels Bring Significant Value to CPIPG

Growth in hotel property values (€ million)



Growth in hotel revenues (€ million)



€ million	2016	2017	2018	2019	2020	2021	2022	Q3 2023
No. of properties	25	26	26	29	29	30	29	29
No. of rooms	4,251	4,197	4,121	4,679	4,679	4,854	4,824	4,824
No. of beds	8,483	8,212	8,212	9,328	9,328	9,678	9,540	9,540

Mamaision Riverside, Prague

Clarion Hotel Špindlerův Mlýn

Clarion Hotel Prague City

3 WXZ 1

STOP SHOP Langenrohr, Austria

Warsaw Spire

myhive S-Park, Bucharest

3 WXZ 1: Disclosed and Appropriate

The allegation

"Using his 23 year old son, Patrick Vitek, as an intermediary, Vitek appears to have manipulated the share price CPIPG paid for shares in Immofinanz AG, causing CPIPG to overpay his son by at least €52.1 million."

Our response

- CPIPG treated all shareholders of IMMOFINANZ equally in the course of the mandatory takeover offer (MTO). Such fair and equal treatment is a fundamental principle of Austrian takeover law.
- All aspects of the transaction were discussed by the CPIPG board and disclosed to the public. Muddy Waters suggested in their report that CPIPG should have treated one shareholder in a different way because of a family relationship. This would have been a wrong and inequitable approach.

The facts

1) Patrick Vítek is an independent investor. The suggestion he was "used" is not correct.
2) Patrick Vítek bought an 8.4% stake in IMMOFINANZ in Q2 2021 following a failed merger between IMMOFINANZ and S IMMO.
3) On 1 December 2021, Patrick agreed to sell his shares to CPIPG at €19.30/share, a price negotiated bilaterally. CPIPG subsequently contracted the purchase of additional 10.6% of IMMOFINANZ from RPPK Immo (an unrelated third party).
4) On 3 December 2021, as a consequence of these transactions, CPIPG announced the launch of a (anticipatory) mandatory offer for IMMOFINANZ at €21.20/share. The offer price was subsequently raised to €23/share.

myhive am Wienerberg

3 Fair Treatment of all Shareholders

The facts (continued)

5) All shareholders who tendered within the offer or sold their shares in the course of the MTO were paid €23/share. In April 2022, Patrick Vítek approached CPIPG and demanded to be compensated in line with all other shareholders.

6) Based on advice from a reputable external legal counsel, the CPIPG board decided to settle the issue and top up Patrick Vítek to €23/share to avoid any legal risk or reputational damage.

myhive Ungargasse, Vienna

IMMOFINANZ takeover timeline

01-Dec-21

CPIPG signs purchase agreement to buy shares from Patrick Vítek for **€19.30 per share.**

03-Dec-21

CPIPG announces anticipatory mandatory takeover offer for all outstanding IMMOFINANZ shares.

CPIPG signs conditional purchase agreement with RPPK Immo for €21.2 per share.

26-Jan-22

CPIPG signs a share purchase agreement with Petrus Advisers for **€22.7 per share.**

31-Jan-22

CPIPG agrees with CEE Immobilien (a subsidiary of S IMMO) to raise the offer price to €23 per share and for the acquisition of its owned shares and all shares subject to CEE Immobilien's offer for IMMOFINANZ shares at the time.

10-Feb-22

CPIPG published amended anticipatory mandatory takeover offer for €23 per share.

Patrick Vítek approaches CPIPG regarding lower price received for IMMOFINANZ shares versus the amended offer price.

30-May-22

Final result mandatory additional acceptance period for IMMOFINANZ offer with all tendering shareholders and RPPK IMMO, Petrus Advisors and CEE Immobilien receiving €23 per share.

3 A Typo Led to Some Confusion

The allegation

"However, CPI PG's FY2021 management report disclosed that on the same day it acquired InvestCo from Mountfort, it also purchased a small amount of shares—just 150,800 shares—for €23.00 / share, from Patrick Vitek's Mountfort. These 150,800 shares amount to only 1% of the total shares obtained via Mountfort. The stock had closed the prior day, November 30th, at €20.50."

Typo

- 180,500 is the correct amount of shares, not 150,800 as reported in CPIPG's FY 2021 report by mistake.
- We regret the typo (a rarity for our team), but it only shows how Muddy Waters is trying to create noise from nothing. Typo math suggests a price of €23/share, but the truth is CPIPG paid €19.3/share.
- The correct amount was properly disclosed in the offer documents.

1.4 Shareholdings and voting rights of the Bidder and Parties Acting in Concert with the Bidder in the Target Company at the time of publication of the Offer Document

In the time period between 20 November 2020 and 3 December 2021, the Bidder acquired a total of 12,549,547 IMMOFINANZ Shares in 39 transactions. Out of these, 38 transactions were "on exchange" and 180,500 shares were acquired off-market from Mountfort Investments S.à.r.l., Luxemburg, by share purchase agreement dated 1 December 2021. The purchase prices for the "on exchange" acquisitions ranged from EUR 14.53 to EUR 21.00 per IMMOFINANZ Share, the purchase price per IMMOFINANZ Share payable to Mountfort amounted to EUR 19.30 and thus all were below the Share Offer Price.

4 BT2 Vessel Ltd and Polma 1

4

Polma 1: About a Shopping Centre

The allegation

"Vitek Seems to Have Used CPIPG to Finance a New Super yacht for his Personal Use Calling into Question Whether There Was Any Good Rationale for Acquiring Polma 1."

Our response

- Polma 1 was an investment vehicle separate from CPIPG, which carried out acquisitions of distressed real estate assets in Italy. Polma 1 served as a special situation company to restructure the assets before transferring them into CPIPG.
- The acquisition of Polma 1 portfolio was a real estate deal comprised of 10 assets, including Maximo, a brand-new shopping centre in Rome. The shipyard (Eurocraft) was an incidental and minor part of the transaction.
- The newly constructed yacht was never planned to be in the transaction perimeter which is well documented through the respective documentation.

Maximo Shopping Centre Rome

4 BT2: Owned for a Month

The facts

1) Part of the Polma 1 acquisition included 49% of shares in Eurocraft, holding a shipyard located on a strategic plot of land directly adjacent to the new ship container loading platform and the railway in Liguria. Polma 1 holds an option to acquire the remaining 51% after regulatory conditions are met (the transfer was subject to approvals by the port authority).

2) It was planned that the process of transfer of Eurocraft to Mr. Vítek would be resumed once the Italian port authorities issued consent to such transfer.

3) The newly constructed yacht (EXPLORER 44, construction 607) was never planned to be in the transaction perimeter of Polma 1. CPIPG acquired Polma 1 on 25 June 2021. On the same date, Polma 1 and Aspermont signed a set of documents in relation to the transfer of BT2 Vessel outside of Polma 1 to a vehicle of Mr. Vítek. Accordingly, BT2 Vessel and the yacht were not mentioned in the acquisition perimeter.

4) Due to technicalities, the actual share transfer of BT2 Vessel occurred on 27 July 2021, approximately one month after the transfer of Polma 1 to CPIPG.

Eurocraft Cantieri Navali S.r.l.

4 Maximo: The Core Asset in Polma 1

The Property	
Address	Via Laurentina 865, Rome
Opening	November 2020
GLA	60,300 m²
Retail Units	152 + kiosks
Retail Levels	3
Parking	3,000 (3 basement levels + a multi-storey parking)
Green Certification	BREAAM “Very Good”
Tenants	
Key Tenants	Primark, Pam, Uci Luxe Cinema, Decathlon, Pellizzari, Joy Village, Maisons du Monde, H&M, Mc Fit, OVS, Euronics, Piazza Italia, Toys ConTe
Occupancy	99%
Income and Performance (Oct 2022–Sep 2023)	
Headline Rent	Ca. €20,880,000
Turnover LTM	€149,980,000 on ca. 40,100 m²
Footfall LTM	9,680,000

4 Increase in Value since Acquisition

The gaps in Muddy Waters report

- Since the acquisitions, asset values of properties within Polma have increased. The current appraiser is Colliers.

Polma Group						
Entity	**Property**	**Valuation method**	**% of total**	**Value at acquisition**	**Value in 2021**	**Value in 2022**
Parco delle Acacie 2	Pietralata	Residual/ DCF	1.8%	6,030,000	11,150,000	11,400,000
Samar	Fleming	Residual/ DCF	10.5%	35,590,000	27,850,000	27,550,000
Parsec	Maximo	DCF	77.4%	262,100,000	305,000,000	326,400,000
Istica	Catania e Palermo	DCF	3.5%	11,930,000	32,035,000	29,950,000
Vicovaro	Vicovaro	DCF	1.6%	5,368,000	9,000,000	8,800,000
Ranchmatti	Ranchmatti SA	DCF	3.5%	11,754,536	12,888,394	13,111,000
Eurocraft (Shipyard)	Eurocraft Cantieri Navali S.rl.	N/A	1.7%	5,909,051	5,953,825	5,974,016*

€338,681,587 acquisition value of Polma Group

€403,877,219 year-end 2021 value of Polma Group

€423,185,016 current valuation of Polma Group

** PPA adjustment, shipyard building not revalued*

Pietralata:
Residential visualisation

Conclusions

- CPIPG is a closely held company which cares deeply about our reputation and our obligations to key stakeholders.
- Muddy Waters went on a fishing expedition, recycling themes that have proven successful for them in the past.
- Upon further review, CPIPG is confident that all the transactions highlighted by Muddy Waters:
  1) Were properly disclosed;
  2) Did not cause any negative implications for our key stakeholders;
  3) Brought significant value to CPIPG.
- CPIPG is committed to strong corporate governance and will follow any recommendations of White & Case following their review of our policies and procedures.

myhive Medienhafen, Düsseldorf