

SUPPLEMENT DATED 27 FEBRUARY 2024 TO THE BASE PROSPECTUS DATED 26 MAY 2023 AS PREVIOUSLY SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED 18 SEPTEMBER 2023.



CPI PROPERTY GROUP

a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B102254

Euro Medium Term Note Programme

This Supplement (the **Supplement**) to the Base Prospectus dated 26 May 2023 as previously supplemented by the first supplement dated 18 September 2023 (the **Base Prospectus**) constitutes a prospectus supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and is prepared in connection with the Euro Medium Term Note Programme established by CPI Property Group (the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect the import of such information.

Purpose of the Supplement

The purpose of this Supplement is to:

- (a) update the section of the Base Prospectus entitled "*Risk Factors*";
- (b) incorporate by reference the Issuer's unaudited condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2023;
- (c) update the section of the Base Prospectus entitled "*Description of the Issuer – Directors of the Issuer and Group Executive Management*";
- (d) include a new section in the Base Prospectus entitled "*Description of the Issuer – Recent Developments*"; and
- (e) update the "*Significant or Material Change*" statement.

Risk Factors

In the section of the Base Prospectus entitled "*Risk Factors – Risks related to the Group's business and industry*" beginning on page 8 of the Base Prospectus, the following paragraphs shall be inserted at the end of such section:

"The Group may continue to be the target of short seller activist reporting

In recent months, the Group has been the target of reports by Muddy Waters LLC (**Muddy Waters**), a US based short selling investor. Although the Group is confident that all the allegations made by Muddy Waters in the reports targeted at the Group are untrue and that the transactions highlighted by Muddy Waters in their reports were properly and accurately disclosed by the Group, it cannot be excluded that further reports by Muddy Waters, or similar activist short selling investors, could be published about the Group, and risk further adverse media coverage. The principal risk to the Group of the reports of Muddy Waters is, in the opinion of the Group, the diversion of the Group's senior management, accounting and finance teams in preparing detailed, fulsome and transparent responses to each of the allegations. Despite the Group's full and transparent responses to all allegations made by Muddy Waters to date, the risk of reputational damage to the Group, which might have an impact on the Group's prospects, cannot be excluded. This is despite the Group's belief that the allegations made in the various Muddy Waters reports are baseless and based on Muddy Water's incorrect understandings of the Group's reporting and asset valuation methodologies."

Interim Financial Statements for the nine-month period ended 30 September 2023

On 30 November 2023, the Issuer published its third quarter results (the **Q3 Interim Report**), which contains the Issuer's unaudited condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2023 (the **Q3 Financial Statements**). A copy of the Q3 Interim Report has been filed with the Central Bank and, by virtue of this Supplement, the Q3 Financial Statements, as set out on the following pages of the Q3 Interim Report, are incorporated in, and form part of, the Base Prospectus:

Financial Highlights	Page 5
Condensed Consolidated Interim Income Statement.....	Page 6 - 7
Condensed Consolidated Interim Statement of Financial Position	Page 8 - 9
Glossary.....	Page 10
APM Reconciliation	Pages 11 - 13

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of Commission Delegated Regulation (EU) No. 2019/980.

Copies of the Q3 Interim Report are available for viewing on the website of the Issuer at <https://cpipg.com/storage/app/uploads/public/656/8e3/38d/6568e338d80d8726748045.pdf>.

Description of the Issuer

Directors of the Issuer and Group Executive Management

In the section of the Base Prospectus entitled "*Description of the Issuer – Directors of the Issuer and Group Executive Management*" on page 249 of the Base Prospectus, the following updates shall be made:

In the table setting out the Board of Directors on page 250:

1. the row containing Martin Němeček's details shall be amended and updated with the following:

<u>"Name</u>	<u>Birthyear</u>	<u>Current position</u>	<u>Position held since</u>
David Greenbaum	1977	CEO Managing Director	21 November 2023"

2. the row containing Tomáš Salajka's details shall be amended and updated with the following:

<u>"Name</u>	<u>Birthyear</u>	<u>Current position</u>	<u>Position held since</u>
Tomáš Salajka	1975	Director of Acquisitions, Asset Management & Sales Managing Director	10 March 2014 21 November 2023 (respectively)"

The paragraph headed "Martin Němeček" on page 250 shall be amended and updated with the following:

"Martin Němeček

Executive member (from 10 March 2014 until November 2023)

For further information, see "*—Recent Development—Changes to the Board of Directors and Senior Management Team*".

David Greenbaum

David Greenbaum was appointed a member of the Board of Directors and Group CEO in November 2023 (see section titled "*—Recent Development—Changes to the Board of Directors and Senior Management Team*") and is also a member of the Group's ESG Committee. David first joined the Group in February 2018, serving until November 2023, as Chief Financial Officer, responsible for the Group's capital structure, external financing, corporate finance, and other strategic matters. David joined the Group after 16 years at Deutsche Bank, where he was co-head of Debt Capital Markets for the CEEMEA region based in London and previously worked in Singapore and New York. During his career as a banker, he has worked with both private and public institutions on raising financing across various jurisdictions. He started his career at Alliance Capital Management in New York. David is a graduate of Cornell University, where he majored in English Language and Literature."

The paragraph starting "Martin Němeček" on page 252 shall be amended and updated with the following:

"Martin Němeček resigned as Group CEO in November 2023 (see "*—Recent Development—Changes to the Board of Directors and Senior Management Team*")".

The paragraph starting "Zdeněk Havelka" on page 252 shall be amended and updated with the following:

"Zdeněk Havelka, Chief Operating Officer of CPI Property Group, was appointed in November 2023. Zdeněk is responsible for the Group's property management, operational risk management, communications and IT. Zdeněk has been at the Group since 2002, during which time he has held Chief Financial Officer, Chief Executive Officer and Executive Director roles. Zdeněk is a graduate of the Faculty of Agriculture, the University of South Bohemia in České Budějovice."

The paragraph starting "Tomáš Salajka" on page 252 shall be amended and updated with the following:

"Tomáš Salajka, Director of Acquisitions, Asset Management & Sales and Managing Director of CPI Property Group, was appointed in June 2014 and November 2023 (respectively). His biography is above. See "*—Board of Directors*"."

The paragraph starting "David Greenbaum" on page 252 shall be amended and updated with the following:

"David Greenbaum, Chief Executive Officer and Managing Director of CPI Property Group, was appointed in November 2023. His biography is above. See "*—Board of Directors*"."

Recent Developments

In the section of the Base Prospectus entitled "*Description of the Issuer*", which begins on page 210, a new section headed "*Recent Developments*" shall be inserted. Since the most recent published interim financial information as at and relating to the nine-month period ended 30 September 2023, the Group notes the following recent developments:

"Changes to the Board of Directors and Senior Management Team

On 20 November 2023, the Issuer announced that David Greenbaum, CFO of the Group since 2018, was appointed CEO and managing director and was co-opted to the Issuer's Board of Directors. David replaces Martin Němeček, who resigned from his role of CEO, managing director, and member of the Board of Directors. After a short break, Martin will remain with the Issuer in a newly created senior advisory role focused on high-value projects. Zdeněk Havelka, executive director, was appointed to the newly created position of Chief Operating Officer. Pavel Měchura, Group Finance Director, will remain in his role and will become sole head of the finance division. Tomáš Salajka, Head of Acquisitions, Asset Management and Sales, has been appointed as Managing Director (*administrateur délégué*) of the Issuer. His role and the role of Jan Kratina, Director of CPI Hotels, are otherwise unchanged.

Short Seller Reports

On 21 November 2023, Muddy Waters LLC (**Muddy Waters**) announced it was short the credit of the Group and published a research report on the Group. Muddy Waters alleged, among other things, looting of the Group by the controlling shareholder and overstatement of Group asset values, by reference to certain identified transactions. Muddy Waters published a further document on 29 November 2023 relating to these initial allegations. Subsequently, on 22 January 2024, Muddy Waters published a further research report making further allegations of, among other things, overstatement of Group asset values, and understatement of vacancy rates, by reference to certain identified properties. On 25 January 2024, Muddy Waters published a third research report making further allegations, among other things, of money laundering. The various Muddy Waters reports and documents are collectively referred to herein as the **Muddy Waters Reports**.

The Issuer has published fulsome and detailed rebuttals to each of the allegations in the Muddy Waters reports, on 8 February 2024 and 8 December 2023, each of which are available on the Issuer's website (together the **CPI Responses to Muddy Waters**). As demonstrated in the CPI Responses to Muddy Waters, the Issuer is confident that all the allegations made by Muddy Waters are untrue and that the transactions highlighted in the Muddy Waters Reports were properly and accurately disclosed, did not cause any negative implications for the Group's banks and bondholders, had a clear business rationale and brought value to the Group. The Issuer is a closely held company which cares deeply about its reputation and its obligations to its stakeholders. The Issuer believes that the Muddy Waters Reports have had no material impact on the Group's access to liquidity, ability to make disposals or to pursue its strategic plans, and has engaged extensively with the Group's stakeholders in relation to its responses to the Muddy Waters Reports.

Update on the Group's property disposals pipeline

In August 2022, the Issuer announced a EUR 2 billion disposal pipeline.

In November 2023, S IMMO completed the sale of 161 residential and nine commercial units in Vienna to Thalhof Immobilien. On 20 November 2023, the Issuer announced the signing of a binding agreement for the sale of the owning and operating companies of Sunčani Hvar Hotels to Eagle Hills, an Abu Dhabi-based

investor, conditional on approval by the Croatian antitrust agency. Finally, on 30 November 2023, the Issuer announced the sale of 84 per cent. of the shares of Remontées Mécaniques Crans Montana Aminona (CMA) SA, the company owning and operating the Issuer's assets in the Crans Montana ski resort to Vail Resorts for more than CHF 100 million.

On 21 December 2023, the Issuer and Best Hotel Properties (**BHP**), an investor in hospitality properties across the CEE region, agreed to create a Joint Venture (**JV**) consisting of eight Czech hotel properties owned by the Issuer, and CPI Hotels, which operates the Group's hotel portfolio.

During the first three quarters of 2023, the Group executed EUR 731 million of disposals. More than EUR 1.5 billion of disposals have been signed since the Group's EUR 2 billion disposal plan was announced in August 2022.

Financing

The Issuer signed EUR 205 million of new secured and unsecured financing since the reporting period ending in September 2023. In addition, on 30 November 2023, the Issuer drew a new EUR 635 million three-year bridge loan from Santander, Societe Generale/Komerční banka, RBI, SMBC, Barclays and Erste Bank. This loan replaces all previous bridge facilities related to the acquisitions of IMMOFINANZ and S IMMO. In total, the Issuer has repaid more than EUR 2 billion of bridge financing since the end of June 2023.

On 28 December 2023 GSG Berlin, the Issuer's subsidiary in Berlin, signed an agreement with BerlinHyp regarding a EUR 404 million, 7-year extension of a loan that was scheduled to mature in October 2024. The new maturity will be in October 2031.

In December 2023, IMMOFINANZ secured refinancing of its Czech Office Portfolio with RLB Niederösterreich and RLB Oberösterreich in the amount of EUR 49.7 million, which is scheduled to mature in December 2028.

On 20 December 2023, the IMMOFINANZ and Erste Group Bank AG signed a loan for refinancing of a portfolio of six retail assets across Poland (City Markets: Tarnów, Zgorzelec, Radom, Zamość, Zamość Sadowa & Rembertów) in the total amount of EUR 78 million. The existing bank loan has been topped up by EUR 17.5 million.

Share Buy-back offer

On 7 December 2023, the Issuer announced it had completed the acquisition of 85,537,468 shares which had been presented for tender by the Issuer's shareholders, for an aggregate price of EUR 79,525,200.18 (or EUR 0.932 per tendered share). The Issuer intends to cancel the tendered shares through a share capital reduction at the next general meeting. Of the total, 84,227,468 shares were tendered by Clerius Properties (Apollo), with 1,100,000 tendered by management.

As of 6 December 2023, the Issuer directly holds 85,327,468 of its own shares, which represent approximately 0.98 per cent. of the total 8,704,850,259 shares outstanding. In addition, the Issuer's indirect subsidiary, Pietroni, holds 67,000,000 Issuer shares (0.77 per cent. of the total shares outstanding). On a consolidated basis, the Issuer holds and controls 152,327,468 of its own shares which represent approximately 1.75 per cent. of the total 8,704,850,259 shares outstanding. The voting rights attached to the 152,327,468 of its own shares are suspended.

Sale of Retail Properties

On 21 December 2023, the Issuer announced the sale of the Olympia Pilsen shopping centre and a retail park in the Czech Republic to IMMOFINANZ. The transaction value was EUR 165.5 million.

Partial Sale of IMMOFINANZ Shares

On 22 December 2023, the Issuer announced the sale of 2,575,000 shares of IMMOFINANZ to Petrus Advisers Investments Fund L.P. (PAIF), a London-based investment manager and existing shareholder of IMMOFINANZ. The sale amounted to the equivalent of 1.86 per cent. of the total outstanding on that date, and the Issuer's shareholding remained above 75 per cent. as at the date of the transaction. The transaction value was approximately EUR 51.9 million, equivalent to EUR 20.15 per share. Concurrently, PAIF granted the Issuer call options which are exercisable for up to two years.

Addition of Residential Properties

On 29 December 2023, the Issuer's subsidiary Endurance Hospitality Finance S.a.r.l (EHF) entered into an arrangement with the Issuer's primary shareholder, Radovan Vitek, concerning the transfer of all the issued share capital of Rising Falcon Holding Limited (**Rising Falcon**), an Abu Dhabi Global Market free zone company, to EHF.

Rising Falcon owns 20 residential properties in Dubai, United Arab Emirates which were recently valued at EUR 349 million. The purchase price for the Rising Falcon portfolio was EUR 273 million, or a discount of about 22 per cent.. No cash consideration was paid for the transaction; the purchase price has been offset against shareholder loans previously provided to Mr Vitek."

Significant/Material Change

The paragraph "*Significant or Material Change*" on page 277 of the Base Prospectus shall be deemed updated with the following paragraph:

"Significant or Material Change

Save as disclosed in the "*Recent Developments*" section above, there has been no significant change in the financial performance or financial position of the Group since 30 September 2023 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2022."

General

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus.